

**BOARD OF DIRECTORS
SAN JACINTO RIVER AUTHORITY
MINUTES OF REGULAR MEETING
SEPTEMBER 22, 2022**

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 8:00 a.m., September 22, 2022, at the San Jacinto River Authority General and Administration Building. A notice of said meeting was posted as required by law. President Ronnie Anderson, Secretary Wil Faubel, Secretary Pro-Tem Ricardo Mora, Treasurer Mark Micheletti, and Director Stacey Buick were present. Vice President Ed Boulware and Director Stephanie Johnson were absent. Also in attendance were Jace A. Houston, General Manager; Tom Michel, Director of Financial and Administrative Services; Heather Ramsey, Director of Communications and Public Affairs; Ed Shackelford, Director of Utility Enterprise Operations; Wayne Owen, Director of Raw Water Operations; Cynthia Bowman, Administrative Services Manager; Bret Raley, Lake Conroe Division Manager; Richard Tramm, Highlands Division Manager; Matt Barrett, Water Resource and Flood Management Division Manager; and Mitchell Page, General Counsel.

1. CALL TO ORDER

The meeting was called to order at 8:00 a.m.

2. PLEDGES OF ALLEGIANCE

The Pledges of Allegiance were led by Director Anderson.

3. PUBLIC COMMENTS

Mr. Dan Krueger spoke about lake lowering.

4. DIVISION UPDATES

a. G & A:

Mr. Houston reported on recent legislative visits, the Rainmaker Awards dinner, and the upcoming Texas Water Conservation Association's River Authorities Managers meeting taking place in Conroe.

b. G & A

Ms. Ramsey provided updates related to various division and department projects, initiatives, meetings, and tours.

c. G & A

Mr. Michel introduced the Information Technology Department.

d. Utility Enterprise

Mr. Meeks provided no update related to the Utility Enterprise.

e. Lake Conroe

Mr. Raley provided no update related to the Lake Conroe Division.

f. Highlands

Mr. Tramm provided an update related to invasive plant species in the Highlands canals.

g. Flood Management

Mr. Barrett provided no update related to the Flood Management Division.

5. CONSENT AGENDA

Director Micheletti made a motion to approve the Consent Agenda, as recommended. The motion was seconded by Director Mora and carried unanimously.

a. Approval of Minutes - Regular Meeting of August 25, 2022.

b. Quarterly Investment Report

Approved the Quarterly Investment Report for the Quarter Ended August 31, 2022.

c. Amendment No. 3 - 2026 Region H Water Plan

Authorized the General Manager to negotiate and execute Amendment No. 3 with Freese and Nichols, Inc., in an amount not to exceed \$1,714,315, for development of the 2026 Region H Water Plan on behalf of the Region H Water Planning Group.

d. Resolution - Authorized Signatories

Adopted Resolution No. 2022-R-09 of the San Jacinto River Authority Board of Directors designating the authorized signatories of all Authority financial transactions with the authorized depository banks and any other financial institutions in order to execute necessary financial transactions to conduct the Authority's financial business.

e. Sale of Real Property

Declared to be surplus and authorized the disposal by sale of an 0.005 acre tract of surplus real property located in the William C. Clark Survey, A-6, near Montgomery, Texas, and authorized the General Manager to execute all necessary documents to complete the transaction.

6. REGULAR AGENDA

a. Amended Rate Order - Raw Water Customers

Mr. Owen stated that based on further review following Director Buick's recommendation to review and possibly amend Section 3.03, "Meter Reading Fee," of the proposed Amended Rate Order, it was determined that said section should be removed entirely from the order. Director Boulware made a motion to adopt Order No. 2022-O-03, of the San Jacinto River Authority Board of Directors adopting an amended Rate Order for Raw Water customers establishing the revised

rate of \$177.59 per acre foot (\$0.545/1,000 gallons), effective January 1, 2023. The motion was seconded by Director Micheletti and carried unanimously.

b. Change Order No. 1 - Bear Branch Dam Concrete Repairs

Mr. Shackelford presented information related to Change Order No. 1, as a result of the Bear Branch Dam Concrete Repairs Project. He explained that as sediment and standing water were removed from the structure, and as repairs were made, joints were observed that required sealing, as well as the discovery of additional voids under the concrete surface of the dam spillway. Further, Mr. Shackelford explained that due to the unanticipated discoveries, this change order provides for additional funding for unit quantity overruns and for additional void filling under the concrete spillway and behind the concrete spillway slopes. Director Mora moved approval to authorize the General Manager to execute Change Order No. 1 to the construction contract for Bear Branch Dam Concrete Repairs in The Woodlands, with Kean Construction, LLC, in an amount not to exceed \$60,000 and 60 calendar days. The motion was seconded by Director Faubel and carried unanimously.

c. Second Supplement to Contract for Financing, Acquisition, Operation and Maintenance - Bear Branch Reservoir System

Mr. Page, General Counsel, provided an overview related to contract for financing, acquisition, operation and maintenance of the Bear Branch Reservoir System ("the Reservoir System"). He stated that under the terms of the Contract and other related documents, The Woodlands Land Development Company, L.P., designed and constructed the Bear Branch dam and reservoir system to provide regional stormwater detention and conveyance capacity to serve development within all, or a portion of, Montgomery County MUD Nos. 7, 46, 47, 60, and 67 ("Service Area Districts"). Further, he explained that utilizing funds provided by the MUDs, the Authority purchased and holds title to the Reservoir System, including the dam and associated real property. Mr. Page stated that the Service Area Districts pay the Authority for the annual operations and maintenance of the Reservoir System, with expenses charged to each Service Area District based on the number of Single-Family Equivalent Connections ("SFECs") served within the district. Mr. Page stated that the proposed Second Supplement to the Contract will:

- Establish \$400,000 as the operating reserve amount to be funded by the Service Area Districts; provide for the accrual of the reserve amount over a period of five consecutive fiscal years, beginning with the FYE2028; authorize expenditures from the reserve and require replenishment over a period of five consecutive fiscal years; and address the use of interest earnings on the reserve amount.
- Refine budgeting procedures to require the Service Area Districts to provide SFEC information annually to the Authority so the information may be incorporated during the Authority's budget development.
- Provide a process for the Authority to issue bonds with the approval of the Service Area Districts, the debt service on which will be charged to the Service Area Districts on a per-SFEC basis, like operations and maintenance expenses, for the financing of major repairs and rehabilitations to the Reservoir System.
- Extend the term of the Contract to expire December 31, 2080.

Mr. Page stated that the proposed Second Supplement to the Contract has been approved by the Service Area Districts. Director Micheletti made a motion to authorize the General Manager to execute the Second Supplement to Contract for Financing, Acquisition, Operation and Maintenance of the Bear Branch Reservoir System by and between the San Jacinto River Authority; Montgomery County Municipal Utility District No. 7, Montgomery County Municipal District No. 46, of

Montgomery County, Texas; Montgomery County Municipal Utility District No. 47, of Montgomery County, Texas; Montgomery County Municipal Utility District No. 60, of Montgomery County, Texas; and Montgomery County Municipal Utility District No. 67. The motion was seconded by Director Buick and carried unanimously.

7. BRIEFINGS AND PRESENTATIONS

a. Presentation regarding Siphon 39 and Levee Improvements.

Mr. Dan Hilderbrandt, Engineering Manager, provided information related to the Siphon 39 and Levee Improvements Project, stating that the project was slated to take place in 2030, however the necessity for acceleration of the project is based upon a request to increase pumping capacity to meet future demands of an industrial customer. Mr. Barrett, Water Resource and Flood Management Division Manager explained the different components of funding that the customer will be responsible for as a result of the request for acceleration.

7. EXECUTIVE SESSION

The meeting was convened in executive session at 9:05 a.m., under the following provisions:

- a. Discussion regarding items identified elsewhere on the agenda pursuant to Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Real Property), 551.073 (Prospective Gifts), 551.074 (Personnel Matters), or 551.076 (Security Devices), as applicable.
- b. Consultations with attorney, pursuant to Texas Government Code, Section 551.071 regarding:
 - 1. Litigation related to Hurricane Harvey, including additional legal services to be provided by Hunton Andrews Kurth, LLP; and
 - 2. Expedited Declaratory Judgement Act litigation and other litigation related to GRP.

8. RECONVENE IN OPEN SESSION

The meeting was called into open session at 9:31 a.m. A quorum of the Board was present.

9. ANNOUNCEMENTS / FUTURE AGENDA

It was announced that the San Jacinto River Authority's next Regular Board Meeting will be held on October 27, 2022.

10. ADJOURN

Without objection, the meeting was adjourned at 9:32 a.m.



Wil Faubel
Secretary, Board of Directors