



**GRP REVIEW COMMITTEE
MINUTES OF SPECIAL MEETING**

February 21, 2023

The San Jacinto River Authority (“SJRA”) GRP Review Committee Meeting was held at 11:30 a.m., February 21, 2023, at the SJRA G&A Building – Boardroom 1577 Dam Site Rd, Conroe, Texas 77304. The meeting was also available for viewing only via a livestream on www.sjra.net/grp/meetings. Notice of said meeting was duly posted per GRP Contract requirements.

The following Review Committee Members participated:

<u>Present:</u>	<u>GRP Review Committee:</u>	<u>Representing:</u>
Rick Moffatt	Chair	MUDs East of I-45
Mike Mooney	Vice Chair	Woodlands Water Agency
Jackie Chance		MUDs West of I-45
Mike Stoecker		Investor-Owned Utilities
Harry Hardman		City of Conroe
James Corn		Cities other than City of Conroe

Also present:

<u>Name:</u>	<u>Title:</u>
Ed Shackelford, P.E.	SJRA Director of Operations
Mitchell Page	Schwartz, Page & Harding, L.L.P., SJRA General Counsel
Chris Meeks	SJRA Utility Enterprise Manager
Summer Hvasta	SJRA UE Customer Service Manager
Renee Johnson	SJRA UE Administrative Manager
Jason Williams	SJRA UE Operations Manager
Kelli Stormer	SJRA Senior Accountant
Pam Steiger	SJRA Controller
Joy Homewood	SJRA Administrative Assistant III
Brad Houk	MUD 7 Director

1. CALL TO ORDER

Mr. Moffatt called the meeting to order at 11:30 am.

2. PUBLIC COMMENTS

There were no public comments.

3. APPROVAL OF MINUTES

Mr. Chance moved to approve the minutes from January 23, 2023. Mr. Mooney seconded the motion and it was carried unanimously.

4. GRP DIVISION UPDATES

There were no division updates.

5. RECEIVE RECOMMENDATIONS FOR THE GRP DIVISION'S FISCAL YEAR 2024 BUDGET CONSIDERATIONS

Mrs. Hvasta introduced the topic and confirmed that members will be requested to provide a recommendation today for the GRP Division's projected demand and total annual surface water production for Fiscal Year (FY) 2024. She reviewed the demand and production numbers for the current fiscal year and added that the 10-year project plan will be presented at the next Review Committee meeting.

Per requests from the last Review Committee meeting, she presented the additional costs associated with increasing plant production from 13 MGD to both 16 MGD and 19 MGD, respectively. Mrs. Hvasta also reviewed the assumptions and criteria listed on the slide and emphasized that any production above 19 MGD would incur additional costs due to the City of Houston's fee for reservation of the lake. There was discussion around potential impacts of droughts on participants' allocations and their respective blend percentages. Mr. Meeks reminded members these are only draft numbers. Regarding whether additional revenue from surface water would offset those additional costs, Mr. Meeks stressed that when more surface water is produced, participants then use less groundwater. Mr. Meeks highlighted that with a plant production of 13 MGD, there is no room for additional participants. There was discussion around prospective new participants, negotiation of potential costs incurred, designation of responsible parties for line maintenance, and assumed effectiveness of sustainably running the plant at the minimum level. Mr. Meeks summarized that while many changes are possible, anything recommended would need to be approved by the SJRA Board.

Mrs. Hvasta reviewed the final recommended numbers once more, to use 54.54 MGD as the projected demand for FY 2024 and 13 MGD as the base annual average for surface water production. Mr. Meeks acknowledged the complexity in drastically increasing the numbers from 13 MGD to 16 MGD in a short time period for the FY 2024 budget cycle. There was discussion among the members on recent aquifer losses and exploring potential interest toward increased plant production prior to the budget cycle for FY 2025.

Mr. Mooney moved to accept SJRA recommendations to use 54.54 MGD as the projected demand for FY 2024, and 13 MGD as the daily average with varying blend ratios. Mr. Hardman seconded it. The motion passed unanimously.

6. DISCUSS FISCAL YEAR 2023 BUDGET AMENDMENT

Mr. Meeks introduced Mrs. Steiger to present on the Fiscal Year 2023 Budget Amendment. As specified in the last meeting, the GRP Division received additional revenue due to the drought that occurred towards the beginning of FY 2023. As shown on the slide, Mrs. Steiger reviewed the amounts previously budgeted, the proposed adjustments, and the resulting proposed amendment to the FY 2023 Budget. She recapped the decision made in July of 2019 by the GRP Review Committee and the SJRA Board, to establish funds covering 3 months of the O&M Budget, an emergency reserve of 2 million dollars, and a Repair and Replacement reserve of 3.4 million dollars. This budget amendment will fully fund our reserves, for the first time since the motion was approved in 2019. In response to the question, “Don’t we have a bond payment due around that time?”, Mrs. Steiger stated that SJRA funds debt service every month per the bond covenant and we report it that way.

Mr. Corn moved to approve the FY 2023 Budget Amendment and Mr. Mooney seconded it. The motion passed with one abstention.

7. LONE STAR GROUNDWATER CONSERVATION DISTRICT REPORT

There were no representatives in attendance. An email update was forwarded from SJRA staff directly to the committee members.

8. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS

No other items for the SJRA BOD at this time.

9. ATTORNEY’S UPDATE

Mr. Page provided an update on GRP related legal matters.

10. FUTURE GRP REVIEW COMMITTEE MEETING AGENDA ITEMS

No items recommended for March’s meeting at this time.

Mr. Stoecker mentioned representatives from LSGCD may be in attendance in March with a prepared presentation. In response to a question around the rate differential, Mr. Meeks mentioned that the GRP contract requires a rate study and model be completed every 5 years, and we will be starting that process September 1, 2023.

11. FUTURE MEETING SCHEDULE

- a. Monday, March 20, 2023.

12. ADJOURN

Mr. Moffatt adjourned the meeting at 11:56 AM.



Chris Meeks

SJRA Utility Enterprise Manager / GRP Administrator