

**BOARD OF DIRECTORS
SAN JACINTO RIVER AUTHORITY
MINUTES OF REGULAR MEETING
MARCH 28, 2024**

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 8:00 a.m., March 28, 2024, at the San Jacinto River Authority General and Administration Building. Notice of said meeting was posted as required by law. President Ronnie Anderson, Vice President Ed Boulware, Treasurer Mark Micheletti, Secretary Wil Faubel, and Directors Stacey Buick and Stephanie Johnson were present. Secretary ProTem Ricardo Mora was absent. Also in attendance were Aubrey A. Spear, General Manager; Heather Ramsey, Director of Communications and Public Affairs; Ed Shackelford, Director of Operations, Connie Curtis, Director of Technical and Operational Services, Pam Steiger, Chief Financial Officer; Cynthia Bowman, Chief of Staff; and Mitchell Page, General Counsel.

1. CALL TO ORDER

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

2. CEREMONIAL ITEMS

a. Invocation

The invocation was delivered by Phillip Moore, Executive Pastor, The Ark Church.

b. Pledges of Allegiance

The Pledges of Allegiance were led by Director Anderson

c. Receipt of Commendation, Awards, and Honoraria

There were no presentations.

3. PUBLIC COMMENTS

Mr. Kevin Lacy spoke about Active Storm Management and Mr. Krueger spoke about pre-release.

4. DIVISION UPDATES

a. G & A General Manager

Mr. Spear provided information related to various meetings he attended in February and March.

b. G & A Public Relations

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

c. G & A Chief Financial Officer

Ms. Steiger did not provide an update.

d. G&A Technical and Operational Services

Ms. Curtis provided a brief update relative to the Enterprise Resource Planning Project.

e. Operating Divisions

Mr. Shackelford did not provide an update.

f. Utility Enterprise

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

g. Lake Conroe

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

h. Highlands

Mr. Tramm provided no update related to the Highlands Division

i. Flood Management

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

5. CONSENT AGENDA

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

a. Approval of Minutes - Regular Meeting of February 22, 2024.

b. Unaudited Financials

Approve the unaudited financials for the month of February, 2024.

c. Quarterly Investment Report

Approve the Quarterly Investment Report for the Quarter Ended February 29, 2024.

d. Construction Contract - GRP Building No. 12 and Maintenance Building to Plant Power

Authorize the General Manager to execute a construction contract with Wingo Service Company, Inc., in the amount of \$360,000, for the GRP Building No. 12 and Maintenance Building to Plant Power Project for the GRP Division, and contract modifications up to the amount approved per the Procurement Policy.

e. Work Order No. 1 - GRP Membrane Capacity Study

Authorize the General Manager to execute Work Order No. 1 with Ardurra Group, LLC, in an amount not to exceed \$299,824, for a Membrane Capacity Study for the GRP Division.

f. Resolution - Texas Water Development Board Flood Infrastructure Fund Applications

Adopt Resolution No. 2024-R-10, of the San Jacinto River Authority Board of Directors authorizing the General Manager to develop and submit abridged applications for Texas Water Development Board Flood Infrastructure Fund grant funding.

6. REGULAR AGENDA

a. Resolution - Amended Fiscal Year 2024 Operating Budget

Ms. Janye Lewis, Accounting Manager, and Mr. Meeks explained that excess funds existed in the Woodlands Division budget from Fiscal Year 2023, based on the results of the annual independent audit report approved by the Board of Directors on January 25, 2024. Ms. Lewis explained that in order for excess funds to be eligible for refund or use by the San Jacinto River Authority, revenue for the Woodlands Division must be above 90% of the budgeted amount after six months into the current fiscal year. Ms. Lewis confirmed that Fiscal Year 2024 revenues for September 1, 2023, through February 29, 2024, were adequate to satisfy this requirement. Following review of the excess funds by The Woodlands Trustees, Ms. Lewis explained that the Trustees approved that the Fiscal Year 2023 excess funds remain with the San Jacinto River Authority to offset potential future rate increases due to infrastructure projects. Discussion ensued. Director Boulware made a motion to adopt Resolution No. 2024-R-11, of the San Jacinto River Authority Board of Directors adopting an amended Fiscal Year 2024 Operating Budget for the Woodlands Division. The motion was seconded by Director Micheletti and carried unanimously.

b. Professional Services Agreement and Work Order No. 1 - Water Line Condition Based Assessment Project

Mr. Aaron Schindewolf, Project Manager, provided a brief overview of the Water Line Condition Based Assessment Project. He explained that there are approximately forty-eight miles of Asbestos Cement (AC) water lines measuring from 12-inches to 30-inches in diameter, in the San Jacinto River Authority Woodlands Division system, which were installed between the mid-1970's to early 1990's. Mr. Schindewolf explained the scope of work associated with the project and stated that the assessment was requested by, and funding was approved by, the Municipal Utility District ("MUDs"). Director Faubel made a motion to authorize the General Manager to execute a Professional Services Agreement and Work Order No. 1 with HDR Engineering, Inc., in an amount not to exceed \$1,041,578.52, for the Water Line Condition Based Assessment Project for the Woodlands Division. The motion was seconded by Director Johnson and carried unanimously.

c. Resolution - Amended Fiscal Year 2024 Operating Budget

Mr. Spear explained that the proposed amended Fiscal Year Operating budget for the GRP Division was presented to the GRP Review Committee on March 25, 2024, and they recommended approval. He reviewed the GRP Division's general fund balance and reserve fund balances. Mr. Spear provided an overview of the GRP's financial history and the various substantial events that led to the receipt of unbudgeted, excess net revenues in the general fund. He explained that Quadvest and Woodland Oaks Utility stopped paying GRP fees in 2020, but that Quadvest and Woodland Oaks Utility paid past GRP pumpage fees in 2023 and have remained current. He also noted that the area encountered a drought in 2022, and again in 2023, and that water demands exceeded budget forecasts and the GRP realized additional, unbudgeted revenues as a result. Mr. Spear went on to explain the proposed usage of \$14,000,000 in the general fund for debt defeasance, \$12,000,000 for a rebate to all GRP participants, and lastly, \$1,000,000 for additional legal services. Ms. Steiger provided information related to the savings from the proposed debt

defeasance. Next, she explained that because the drought conditions caused some of the excess revenues in Fiscal Years 2022 and 2023, that the proposed rebates to the GRP participants were calculated based on actual usage during those fiscal years. Finally, Ms. Steiger provided information related to the proposed increase of \$1,000,000 to the Fiscal Year 2024 legal budget due to legal costs. Director Micheletti made a motion to adopt Resolution No. 2024-R-12, of the San Jacinto River Authority Board of Directors adopting an amended Fiscal Year 2024 Operating Budget for the GRP Division. The motion was seconded by Director Johnson and carried unanimously.

7. BRIEFINGS AND PRESENTATIONS

a. Presentation of Woodlands Division 10-Year Project Plan

Mr. Aaron Schindewolf, Project Manager, and Mr. Meeks presented the Woodlands Division 10-Year Project Plan.

b. Presentation of GRP Division 10-Year Project Plan

Mr. Schindewolf and Mr. Meeks presented the GRP Division 10-Year Project Plan.

8. EXECUTIVE SESSION

The meeting was convened in executive session at 9:45 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), 551.076 (Security Devices), or 551.089 (Security Devices or Security Audits) 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;
 2. Litigation and other litigation related to GRP.

9. RECONVENE IN OPEN SESSION

With a quorum of the Board present, the meeting was called into open session at 10:39 a.m.

10. ANNOUNCEMENTS / FUTURE AGENDA

It was announced that the next San Jacinto River Authority Special Board Meeting will take place on April 25, 2024.

11. ADJOURN

Without objection, the meeting was adjourned at 10:40 a.m.



Wil Faubel
Secretary, Board of Directors