



GRP REVIEW COMMITTEE MINUTES OF REGULAR MEETING

June 23, 2025

The San Jacinto River Authority ("SJRA") GRP Review Committee Meeting was held at 11:30 a.m., June 23, 2025, 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>
James Corn	Chair	Cities other than City of Conroe
Erich Peterson, P.E.	Vice Chair	Woodlands Water Agency
Jackie Chance		MUDs West of I-45
Harry Hardman		City of Conroe
Benjamin Slotnick, Ph.D.		MUDs East of I-45
Mike Stoecker		Investor-Owned Utilities

Also present:

<u>Name:</u>	<u>Title:</u>
Aubrey A. Spear, P.E.	SJRA General Manager
Ed Shackelford, P.E.	SJRA Director of Operations
Chris Meeks	SJRA Utility Enterprise Manager
Jason Williams	SJRA UE Operations Manager
Jacob Everett	SJRA UE Maintenance Manager
Malecia Good	SJRA UE Administrative Manager
Kelli Stormer	SJRA Accounting Manager
Pam Steiger	SJRA Chief Financial Officer
Jamye Lewis	SJRA Accounting Controller
Jodi Chaney	SJRA Records Manager
Amy Sims	SJRA General Counsel
Jamye Lewis	SJRA Accounting Controller
Sarah Kouba	Lone Star Ground Water Conservation District General Manager

1. CALL TO ORDER

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

2. PUBLIC COMMENTS

Mr. John Sellars commented on the proposed FY2026 budget regarding the true cost of treating and delivering surface water, questioning whether it's being subsidized by groundwater fees. He also highlighted rising chemical and utility costs, cautioning that they may outpace modest rate reductions and strain future budgets.

3. WORK SESSION

3.1 Items by GRP Administrator

3.1.1 Update by Utility Enterprise staff regarding operations and maintenance.

Mr. Jason Williams provided an update on current water production and allocation usage as of the end of May 2025.

3.1.2 Update by Lone Star Groundwater Conservation District (LSGCD) regarding projects and other activities.

3.2.1 GMA 14 Update

Ms. Sarah Kouba provided updates on LSGCD activities, including Groundwater Management Area (GMA) 14 joint planning progress, details of the upcoming meeting, and preparations for discussions on private property rights and other factors related to Desired Future Conditions (DFC).

3.2.2 Model Update

Ms. Kouba reported that GMA 14 has submitted an updated groundwater model to the Water Development Board, which is currently in the public comment period ending June 25 at 5:00 PM. Dr. Benjamin Slotnick inquired about the GMA 14 model update and why the included data ends in 2019. Ms. Kouba invited him to submit the question in writing so the district's technical consultants could provide a response.

3.2.3 MUD Informational Meeting Updated hosted by LSGCD

Ms. Kouba announced an upcoming open forum hosted by LSGCD for public water suppliers, scheduled for September 18, to provide information on joint planning, Desired Future Conditions (DFC), and the district's management efforts.

4. ACTION ITEMS

4.1 Approval of Minutes - GRP Review Committee meeting of May 19, 2025.

Mr. Corn requested a motion to approve the minutes of the GRP Review Committee meeting held on May 19, 2025. Mr. Hardman made a motion to approve the minutes as presented. Mr. Stoecker made a second to approve the minutes. The vote was taken, and the motion carried unanimously.

4.2 Consider a recommendation to the SJRA Board of Directors relating to the MidSouth Electric Cooperative (MSEC) surface water allocation request and GRP amended contract.

The committee discussed MSEC's request to reinstate and increase its surface water allocation. Mr. Chris Meeks explained that the surface water delivery request fits within current plant capacity and would only proceed as long as supplying MSEC would not result in any rate increases; any budget impacts would be addressed through a future amendment. Several committee members expressed a preference to review those impacts in advance. Mr. Hardman made a motion to defer the recommendation to the SJRA Board to the next GRP Review Committee meeting. Dr. Slotnick seconded the motion. The motion carried.

4.3 Consider a recommendation to the SJRA Board of Directors authorizing the redemption and defeasance of certain outstanding bonds (Special Project Revenue Bonds (GRP Project), Series 2012A).

Ms. Pam Steiger, SJRA Chief Financial Officer, presented the proposal to defease approximately \$20 million of the 2012A bonds, using \$10 million from the general fund and \$10 million from the debt service reserve. She explained the financial benefits, including average annual savings of \$855,000 and total savings of nearly \$13.7 million over the life of the bonds, which would also allow for a reduction in GRP rates. Dr. Slotnick questioned whether alternative uses of these funds, such as financing Phase 2 development, had been analyzed. Mr. Ed Shackelford confirmed that such an analysis had not been conducted, but described the significant costs associated with Phase 2, including plant expansion and lateral infrastructure. Mr. Stoecker and Mr. Hardman discussed the timing and financial prudence of defeasance versus future expansion, with Mr. Hardman expressing support for defeasance due to its immediate budgetary benefits. This agenda item and vote was combined with item 4.4 below.

4.4 Consider a recommendation to the SJRA Board of Directors relating to the adoption of an amended Fiscal Year 2025 Operating Budget for the GRP Division.

Ms. Steiger introduced the proposed amendment to the FY2025 Operating Budget for the GRP Division. The amendment reflects adjustments related to the bond defeasance and contractual obligations with the City of Houston, including a \$7 million take-or-pay reservation fee. Committee members discussed the budget implications of ongoing operational costs and future projects. Mr. Hardman made a motion to approve authorizing the redemption and defeasance of certain outstanding bonds (Special Project Revenue Bonds (GRP Project), Series 2012A) and adoption of the amendment to the Fiscal Year 2025 Operating Budget for the GRP Division. Mr. Stoecker made a second. The vote was taken, and the motions passed 5 to 1. Dr. Slotnick voted against the motions, stating he preferred to see a detailed budget comparison before approval.

4.5 Consider a recommendation to the SJRA Board of Directors relating to the proposed Fiscal Year 2026 Operating Budget for the GRP Division.

Mrs. Jamye Lewis, SJRA Accounting Controller, presented the proposed Fiscal Year 2026 Operating Budget for the GRP Division, which included a \$0.04 rate reduction following the approved bond defeasance. The budget reflects surface water production at 15 MGD and does not account for the potential MidSouth capacity increase, which will be addressed in a future amendment if necessary. Mr. Erich Peterson made a motion to recommend approval of the FY2026 GRP Operating Budget as presented, seconded by Mr. Jackie Chance. The motion carried unanimously.

4.6 Consider a recommendation to the SJRA Board of Directors relating to an amended Fiscal Year 2026 GRP Rate Order.

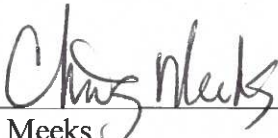
Mrs. Lewis recommended approval of an amendment to the Fiscal Year 2026 GRP Rate Order reflecting the \$0.04 rate decrease resulting from the approved bond defeasance, along with updated presentation dates for the SJRA Board. Mr. Chance made a motion to approve the recommendation, seconded by Mr. Peterson. The motion carried unanimously.

5. FUTURE GRP REVIEW COMMITTEE MEETING AGENDA ITEMS

Dr. Slotnick requested a future agenda item to explore a budgetary assessment for GRP Phase 2 to better understand potential costs and long-term impacts. Mr. Meeks noted that developing meaningful figures would require more than 30 days and suggested scheduling for a future, undetermined meeting. Mr. Meeks also stated that agenda item 4.2, including rates and the supplemental agreement, would be returned next month. Mr. Chance requested an update on easement encroachments due to TxDot projects.

6. ADJOURN

Mr. Corn adjourned the meeting at 12:25 p.m.



Chris Meeks
SJRA Utility Enterprise Manager / GRP Administrator