



**GRP REVIEW COMMITTEE
MINUTES OF REGULAR MEETING**

February 26, 2024

The San Jacinto River Authority (“SJRA”) GRP Review Committee Meeting was held at 11:30 a.m., February 26, 2024, 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:

Present:

Rick Moffatt
Mike Mooney
Jackie Chance
James Corn
Harry Hardman

GRP Review Committee:

Chair
Vice Chair

Representing:

MUDs East of I-45
Woodlands Water Agency
MUDs West of I-45
Cities other than City of Conroe
City of Conroe

Absent

Mike Stoecker

Investor-Owned Utilities

Also present:

Name:

Mitchell Page
Chris Meeks
Jason Williams
Jacob Everett
Renee Johnson
Pam Steiger
Kelli Stormer

Title:

Schwartz, Page & Harding, L.L.P., SJRA General Counsel
SJRA Utility Enterprise Manager
SJRA UE Operations Manager
SJRA UE Maintenance Manager
SJRA UE Administrative Manager
SJRA Chief Financial Officer
SJRA Senior Accountant

1. CALL TO ORDER

Mr. Moffatt called the meeting to order at 11:36 am.

2. PUBLIC COMMENTS

Mr. Mark Meinrath, resident of Village of Cochrans Crossing commented on a subsidence data and fault activity study done over the last eight years on the Panther Branch fault. Mr. Chance noted that the committee understands the concerns, but recommended Mr. Meinrath attend the Lone Star Groundwater Conservation District regional meeting. Mr. Hardman also recommended he attend local MUD meetings.

3. APPROVAL OF MINUTES

Mr. Chance moved to approve the minutes of the GRP Review Committee meeting held January 2, 2024. Mr. Mooney seconded the motion, and it was carried unanimously.

4. GRP DIVISION UPDATES

Mr. Meeks updated the committee on the upcoming elections for MUDS East of I-45 and appointments for City of Conroe and Investor-Owned Utilities. The election process will begin in a couple of months.

5. LONE STAR GROUNDWATER CONSERVATION DISTRICT REPORT

Sarah Kouba, General Manager presented updates. Ms. Kouba noted work has begun on the Phase 3 Subsidence study. Mobilization has begun and is on course for the timeline of the first coring site location. More information will be brought to the Review Committee on the second site after the Lone Star board meeting. She noted the GMA-14 meeting will be held on Thursday, February 29, 2024, at 10:00 am.

6. RECEIVE UPDATES TO THE WATER CONSERVATION AND DROUGHT CONTINGENCY PLANS

Mr. Meeks presented an update to the committee on the water conservation and drought contingency plans. He noted the TCEQ requires an update to the plans every five years. The next update is due May 1, 2024. Mr. Meeks noted little was changing in the Water Conservation Plan, and it is recommended that we keep the same 2.5 percent over 5 years and 5.0 percent over 10 years. He noted the Drought Contingency Plan is based off of what Lake Conroe does, both the physical lake and the division. If the lake drops, depending on the trigger, GRP will enact different stages of the contingency plan. Lake Conroe is not changing the triggers, so going forward we are recommending the Drought Contingency Plan stay the same as Lake Conroe. Mr. Moffatt asked if it was just for the participants that receive the water. Mr. Meeks noted it was for all 149 participants. Mr. Hardman asked if GRP had ever gotten to stage 3 or 4. Mr. Meeks noted when GRP was created, they got to stage 2. Stage 3 was in 2011 or 2012. Mr. Meeks noted that the plans would be brought back to the committee in March to vote on and then to the Board for a vote. We will send notifications to the participants showing the updated plans, and then to the state. Mr. Moffatt asked if we are increasing the plan by 18 gallons per day up to 88 gpcd, and we continue to have the droughts, are we going to continue to increase the number or is there a way to try to enforce the plan and have everyone start doing this. Mr. Meeks stated it is not only the weather, but the growth in Montgomery County. We need to increase the number because of the growth, but at some point, we need to take more direct action to reduce the overall number. Mr. Meeks noted he would have to account for growth going forward. Mr. Chance noted his MUD monitors their usage. Mr. Meeks noted there has been a lot of conservation in Montgomery County, but 2.5 percent is a good number, not too aggressive or too conservative. Mr. Mooney asked if the raising of the per capita usage going up

would be a red flag to TCEQ. Mr. Meeks replied he did not think so. Mr. Hardman commented there has been hyper growth in Montgomery County over the last 10 years. Over the next 40 years growth will continue, so there has to be a happy medium. Mr. Hardman asked how we compare to other river authorities. Mr. Meeks will gather the information within the next six months.

7. RECEIVE FY2025 GRP BUDGET RECOMMENDATIONS

Mr. Meeks presented information related to the upcoming FY2025 GRP Budget projected demands. The discussion included an increase in annual total demand from the current 54.54 MGD to 58.62 MGD. The FY2025 projections maintained the surface water treatment plant production at 13 MGD with varying blend ratios to the seven Participants receiving surface water. It was noted that as total demand increases for the Participants receiving surface water, the percentage of surface water they received will be lower each year. This is due to the surface water plant maintaining an annual daily average of 13 MGD production. Based on this discussion, GRP Review Committee members requested information on expected costs to increase the surface water treatment plant to 16 MGD to compare against 13 MGD. This analysis would include FY2024 expenses but the projected demand for FY2025.

8. RECEIVE AND DISCUSS BENCHMARKING STUDY

Mr. Paul Walker from Carollo Engineers presented information on the benchmarking study that was recently completed. Facilities were identified both the across U.S. and in Texas that had same characteristics and similarities including GAC, water qualities, and operations as GRP. They analyzed costs, and cost normalization before completing their report. Mr. Walker noted they received 16 responses from facilities to the questionnaire that was sent out and they narrowed it down to 8 for the comparison. Out of the eight, three including Sugarland, Mansfield and Park City were very close in similarities to SJRA. Mr. Walker presented the findings and concluded that SJRA's O & M costs are very similar to regional suppliers benchmarked for this project, variable costs are higher due to GAC replacement costs, GAC replacement is necessary to stay on free chlorine, converting to chloramines would be a significant capital investment, SJRA's high fixed costs attributable to higher equipment & services cost, which are a function of proactive approach to facility O & M, and SJRA labor profile is near the norm of facilities studied for the project. Mr. Moffatt commented that when GRP was built, he was glad to see they were going with the free chlorine because it was more cost efficient for everyone. Mr. Chance noted the report was well done.

9. DISCUSS AND ACT ON ENGAGEMENT OF A FIRM TO COMPLETE AN ADMINISTRATIVE, ACCOUNTING, AND REVENUE/EXPENSE ALLOCATION STUDY.

This agenda item was moved to the March 25, 2024, meeting. Mr. Stoecker will be presenting information.

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

None

11. ATTORNEY'S UPDATE

Mr. Page, Counsel for SJRA, updated the committee on the Quadvest Anti-trust trial which has concluded and is currently waiting on opinion from court. The Beaumont Court of Appeals heard oral arguments last Tuesday in the Quadvest and Woodlands Oaks vs SJRA case. It could be several months before we receive an opinion from the court.

12. FUTURE GRP REVIEW COMMITTEE MEETING AGENDA ITEMS

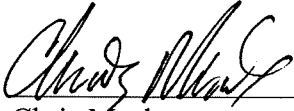
None.

13. FUTURE MEETING SCHEDULE

a. Monday, March 25, 2024

14. ADJOURN

Mr. Moffatt adjourned the meeting at 12:52 PM.



Chris Meeks

SJRA Utility Enterprise Manager / GRP Administrator