



**Board of Directors Meeting
December 8, 2022**



AGENDA

**SAN JACINTO RIVER AUTHORITY BOARD OF DIRECTORS
THURSDAY, DECEMBER 8, 2022 - 8:00 A.M.
GENERAL AND ADMINISTRATION BUILDING - BOARDROOM
1577 DAM SITE ROAD, CONROE, TEXAS 77304**

- 1. CALL TO ORDER**
- 2. PLEDGES OF ALLEGIANCE**
- 3. PUBLIC COMMENTS** (3 minutes per speaker)
- 4. DIVISION UPDATES** - Receive updates from Operational Divisions and General & Administration Division related to ongoing projects, staff reports, or items on the consent agenda.
 - a. G & A:** Jace Houston, General Manager
 - b. G & A:** Heather Ramsey, Director of Communications and Public Affairs
 - c. G & A:** Tom Michel, Director of Finance and Administration
 - d. G & A:** Connie Curtis, Director of Technical and Operational Services
 - e. Utility Enterprise:** Chris Meeks, Utility Enterprise Manager
 - f. Lake Conroe:** Bret Raley, Lake Conroe Division Manager
 - g. Highlands:** Richard Tramm, Highlands Division Manager
 - h. Flood Management:** Matt Barrett, Flood Management Division Manager
- 5. CONSENT AGENDA** - This agenda consists of ministerial or "housekeeping" items required by law, such as routine bids, contracts, purchases, resolutions, and orders; items previously approved by Board action, such as adoption of items that are part of an approved budget or capital improvement projects, interlocal agreements, or action which is required by law or delegated to the General Manager; and items of a non-controversial nature. These items will be considered by a single motion unless removed and placed on the Regular Agenda for individual consideration at the request of any Director.

G&A

- a. Approval of Minutes** - Regular Meeting of October 27, 2022.
- b. Unaudited Financials**

Consider approval of the unaudited financials for the month of October, 2022.

- c. Quarterly Investment Report**

Consider approval of the Quarterly Investment Report for the Quarter Ended November 30, 2022.

- d. Resolution - Authorized Signatories**

Consider adoption of a resolution of the San Jacinto River Authority Board of Directors designating the authorized signatories for 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.

WOODLANDS

e. Work Order No. 3 - Digital Water System Phase 2

Consider authorizing the General Manager to execute Work Order No. 3 for Digital Water System Phase 2 for the Woodlands Division.

GRP

f. Work Order No. 4 - Digital Water System Phase 1

Consider authorizing the General Manager to execute Work Order No. 4 for Digital Water System Phase 1 for the GRP Division.

6. REGULAR AGENDA - This agenda consists of items requiring individual consideration by the Board of Directors.

G&A

a. Resolution - Fifth Amendment to Pension Plan

Consider adoption of a resolution of the San Jacinto River Authority Board of Directors adopting the Fifth Amendment to the San Jacinto River Authority Pension Plan and related amendment to the Summary Plan Description.

WOODLANDS

b. Consideration - Sixth Supplemental Agreement with Montgomery County Municipal Utility District No. 39

Consider authorizing the General Manager to execute the Sixth Supplemental Agreement by and between the San Jacinto River Authority and Montgomery County Municipal Utility District No. 39, of Montgomery County, Texas.

c. Consideration - Amendment to Agreement with The Woodlands Land Development Company, L.P.

Consider authorizing the General Manager to execute an Amendment to Agreement by and between the San Jacinto River Authority and The Woodlands Land Development Company, L.P.

RAW WATER ENTERPRISE

d. Resolution - Revised Drought Contingency Plan for Lake Conroe

Consider adoption of a resolution of the San Jacinto River Authority Board of Directors adopting a revised Lake Conroe Division Drought Contingency Plan; authorizing the General Manager to implement such revised Plan; repealing and rescinding the prior Plan; and containing other provisions related thereto.

7. BRIEFINGS AND PRESENTATIONS

- a. Presentation of the annual Historically Underutilized Business (HUBs) report for the period September 1, 2021, through August 31, 2022.

8. EXECUTIVE SESSION - If necessary, the Board of Directors will adjourn to Closed Session at this point in the meeting to consider the following items; however, the Board of Directors reserves the right to adjourn to Closed Session at any time during the course of this meeting as allowed by law.

- 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. Anticipated and pending litigation related to GRP.
- c. Discussion regarding personnel matters pursuant to Texas Government Code, Section 551.074.

9. RECONVENE IN OPEN SESSION - The Board of Directors will reconvene in Open Session at this point in the meeting and, if necessary, take action on any agenda item discussed in Closed Session and/or identified below.

10. ANNOUNCEMENTS / FUTURE AGENDA

Next San Jacinto River Authority Regular Board Meeting - January 26, 2023.

11. ADJOURN

Board meetings after September 1, 2021, will be held in person, to include the public comment portion of the agenda. The meeting may be viewed via live stream through the San Jacinto River Authority's Board of Directors webpage:

<https://www.sjra.net/about/board/>

Persons with disabilities who plan to participate in the meeting and would like to request auxiliary aids or services are requested to contact Cynthia Bowman at (936) 588-3111 at least three business days prior to the meeting so that appropriate arrangements can be made.

Item No.	Agenda Item	Date
5a	Consider approval of minutes from the Board of Directors meeting of October 27, 2022.	12/08/2022

BACKGROUND INFORMATION

STRATEGIC GOAL: Goal 1: Engaged Board of Directors

FUNDING SOURCE: N/A

ATTACHMENTS: Minutes

RECOMMENDED ACTION

Approve the minutes of the October 27, 2022, Board of Directors meeting.

Item No.	Agenda Item	Date
5b	Consider approval of the unaudited financials for the month of October, 2022.	12/08/2022

BACKGROUND INFORMATION

The monthly unaudited financial statements are intended to keep the Board of Directors apprised of the ongoing financial condition of the Authority.

The monthly statements include Financial Highlights, Schedules of Revenues and Expenses (Actual and Budget), Unaudited Balance Sheet, Unaudited Statement of Revenues and Expenses (Summary), and Schedule of Investments.

STRATEGIC GOAL: Goal 1: Engaged Board of Directors

FUNDING SOURCE: N/A

ATTACHMENTS: Unaudited Financials

RECOMMENDED ACTION

Approve the unaudited financial statements for the month of October, 2022.

Item No.	Agenda Item	Date
5c	Consider approval of the Quarterly Investment Report for the Quarter Ended November 30, 2022.	12/08/2022

BACKGROUND INFORMATION

The Quarterly Investment Report presents the investment balances and activity for San Jacinto River Authority funds, including investment strategy for each fund, in compliance with the provisions of the San Jacinto River Authority Investment Policy and the Public Funds Investment Act (Chapter 2256, Government Code).

STRATEGIC GOAL: Goal 1: Engaged Board of Directors

FUNDING SOURCE: N/A

ATTACHMENTS: Quarterly Investment Report will be provided under separate cover

RECOMMENDED ACTION

Approve the quarterly investment report for the quarter ended November 30, 2022.

Item No.	Agenda Item	Date										
5d	Consider adoption of a resolution of the San Jacinto River Authority Board of Directors designating the authorized signatories for 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.	12/08/2022										
BACKGROUND INFORMATION												
<p>Some banking institutions require that a resolution be duly adopted by an entity naming certain persons to be authorized to execute documents related to financial accounts. This item will update and authorize the following nice (9) individuals to sign checks and other banking instruments on behalf of the Authority.</p> <table><tr><td>1. Ronnie Anderson</td><td>6. Ed Shackelford</td></tr><tr><td>2. Charles E. Boulware</td><td>7. Connie Curtis</td></tr><tr><td>3. Jace A. Houston</td><td>8. Pam J. Steiger</td></tr><tr><td>4. Tom Michel</td><td>9. Jamye Lewis</td></tr><tr><td>5. Heather Ramsey Cook</td><td></td></tr></table>			1. Ronnie Anderson	6. Ed Shackelford	2. Charles E. Boulware	7. Connie Curtis	3. Jace A. Houston	8. Pam J. Steiger	4. Tom Michel	9. Jamye Lewis	5. Heather Ramsey Cook	
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4. Tom Michel	9. Jamye Lewis											
5. Heather Ramsey Cook												
STRATEGIC GOAL: Goal 6: High Performance Administration												
FUNDING SOURCE: N/A												
ATTACHMENTS: Banking Resolution												
RECOMMENDED ACTION												
<p>Adopt a resolution designating the authorized signatories for 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.</p>												

Item No.	Agenda Item	Date
5e	Consider authorizing the General Manager to execute Work Order No. 3 for Digital Water System Phase 2 for the Woodlands Division.	12/08/2022

BACKGROUND INFORMATION

Firm Name: Carollo Engineers, Inc.

Project: Woodlands Division Digital Water System (DWS)
Phase 2

Type of Services: Professional Services

Type of Agreement: Master Professional Services Agreement
(Contract No. 22-0011-A)

Project Description:

The SJRA Woodlands Division previously procured professional services to develop the first phase of an advanced infrastructure analytics platform (DWS) for the Woodlands Division. Phase 1 of this DWS involved analysis of existing SJRA data, documents, and software; conducting a needs assessment for any changes in data interaction and technology that are needed; defining a strategy and scope for the DWS and a pilot project; and design, development, and testing of a pilot project. From this, three use cases were developed for the pilot project which included an Asset Classification Dashboard, a Project Planning Dashboard, and an Operations Systems Dashboard. For Phase 2, the Consultant will work with SJRA to develop additional features to enhance the usage of these dynamic visualization and analytic applications. Work Order No. 3 includes all labor and materials required to perform engineering services for the Woodlands Division DWS Phase 2.

Key Deliverable(s):	Due Date(s):
Needs Assessment Project Memo	March 17, 2023
System Requirements Spec TM (Draft)	June 15, 2023
System Requirements Spec TM (Final)	June 29, 2023

Type of Compensation/Amount: Cost Plus Multiplier with Not-to-Exceed/\$248,600.00

Total Amount: \$248,600.00

Anticipated Completion Date: October 5, 2023

*See attached Exhibit 1 for additional information on prior work orders and amendments.

STRATEGIC GOAL: Goal 2: Operational Excellence

FUNDING SOURCE: Woodlands Division R&R Fund

ATTACHMENTS: Exhibit 1, Work Order No. 3, Scope, Level of Effort, Schedule

RECOMMENDED ACTION

Authorize the General Manager to execute Work Order No. 3 in an amount not to exceed \$248,600.00 with Carollo Engineers, Inc., for Digital Water System Phase 2 for the Woodlands Division.

Item No.	Agenda Item	Date
5f	Consider authorizing the General Manager to execute Work Order No. 4 for Digital Water System Phase 1 for the GRP Division.	12/08/2022

BACKGROUND INFORMATION

Firm Name: Carollo Engineers, Inc.

Project: GRP Division Digital Water System (DWS) Phase 1

Type of Services: Professional Services

Type of Agreement: Master Professional Services Agreement
(Contract No. 22-0011-A)

Project Description:

To improve the efficiency of asset renewal planning and operational data review and reporting, the SJRA GRP Division is procuring professional services to develop an advanced infrastructure analytics platform (DWS). A DWS is generally defined as a combination of software, databases, and web applications to form an integrated system for organizing, processing and visualizing planning, operational and management water-related data and decisions. The purpose of the DWS is to provide a nexus for SJRA's people, processes, and technology to intersect in an integrated system that will provide the architecture and technology for a "smarter" water system from planning through operations. Phase 1 of the GRP Division DWS will involve analysis of existing SJRA data, documents, and software; conducting a needs assessment for any changes in data interaction and technology that are needed; defining a strategy and scope for the DWS and a pilot project(s); and design, development, and testing of a pilot project(s). Phase 1 does not include the purchase of any additional hardware or software needed. Work Order No. 4 includes all labor and materials required to perform engineering services for the GRP Division DWS Phase 1.

Key Deliverable(s):	Due Date(s):
Needs Assessment Project Memo	April 25, 2023
System Requirements Spec TM (Draft)	July 5, 2023
System Requirements Spec TM (Final)	July 19, 2023
Type of Compensation/Amount:	Cost Plus Multiplier with Not-to-Exceed/\$299,007.00
Total Amount:	\$299,007.00
Anticipated Completion Date:	October 11, 2023

*See attached Exhibit 1 for additional information on prior work orders and amendments.

STRATEGIC GOAL: Goal 2: Operational Excellence

FUNDING SOURCE: GRP Division O&M Budget

ATTACHMENTS: Exhibit 1, Work Order No. 4, Scope, Level of Effort, Schedule

RECOMMENDED ACTION

Authorize the General Manager to execute Work Order No. 4 in an amount not to exceed \$299,007.00 with Carollo Engineers, Inc., for Digital Water System Phase 1 for the GRP Division.

Item No.	Agenda Item	Date
6a	Consider adoption of a resolution of the San Jacinto River Authority Board of Directors adopting the Fifth Amendment to the San Jacinto River Authority Pension Plan and related amendment to the Summary Plan Description (SPD).	12/08/2022

BACKGROUND INFORMATION

The Board of Directors of the Authority established a defined benefit plan (the “Pension Plan”) effective November 1, 1970 (As Amended and Restated Effective November 1, 2013). The plan provides retirement benefits to vested employees upon normal retirement at age 65 and in some cases early retirement at a minimum age of 55 with at least 10 qualifying years of service. The Pension Plan is only available to employees hired before August 1, 2016, with employees hired after that date eligible for a separate retirement benefit. The Pension Plan’s overall goal is to pay benefits as described by the plan document in such a way that the cost and risk are manageable to the Authority. The specific changes to the proposed Fifth Amendment are outlined below and in the attached document.

Reason for Amendment: In recent years, the Authority has had a few employees pass away while they were still an active employee (or while they were retired but below retirement age), and in these circumstances, the plan reduces the surviving spouse’s annuity benefit by 50%. Staff recommended, and the Personnel Committee agreed, that this should be changed so that the surviving spouse is not penalized. The monetary impact to the pension plan is de minimis.

Recommendation 1: Modify the Qualified Pre-retirement Survivor Annuity from 50% to 100% for active and former vested participants. Surviving spouse of an active vested or former vested participant who dies prior to retirement date would receive 100% of the value of a joint and survivor annuity based on the deceased participant’s retirement benefit instead of 50%, determined at the participant’s earliest retirement age.

Recommendation 2: Increase the Qualified Joint and Survivor Annuity to 100% as the default or normal election form for a married participant (unless they elect one of the other options).

Recommendation 3: Add the 50% joint and survivor annuity as an optional election form for a married participant (necessary because it would no longer be the default or normal election form.)

The Personnel Committee met on November 15, 2022, and recommended approval of the proposed amendments.

STRATEGIC GOAL: Goal 6: High Performance Administration

FUNDING SOURCE: N/A

ATTACHMENTS: Resolution, Fifth Amendment to San Jacinto Authority Pension Plan, SPD amendment.

RECOMMENDED ACTION

Adopt a resolution of the San Jacinto River Authority Board of Directors adopting the Fifth Amendment to the San Jacinto River Authority Pension Plan and related amendment to the Summary Plan Descriptions (SPD).

Item No.	Agenda Item	Date
6b	Consider authorizing the General Manager to execute the Sixth Supplemental Agreement by and between the San Jacinto River Authority and Montgomery County Municipal Utility District No. 39, of Montgomery County, Texas.	12/08/2022

BACKGROUND INFORMATION

The Authority and Montgomery County Municipal Utility District No. 39, of Montgomery County, Texas (the "Customer") entered into that certain "Contract for Financing, Construction and Operation of Regional Water Supply and Waste Disposal Facilities," dated as of October 25, 1999 (the "Contract"). The Contract provides a procedure for obtaining water supply and waste disposal facilities by the Authority to serve the needs of Customer by the acquisition, construction, improvement, enlargement, extension or repair of the Water Supply and Waste Disposal Systems.

Customer and the Authority have heretofore entered into a series of supplemental agreements and supplemental financing agreements to the Contract (the "Prior Agreements") for the purpose of supplementing and implementing the Contract to make specific provision for the reservations of, and acknowledgments of or arrangements for payments for, capacities in and to the Water Supply and Waste Disposal Systems to serve the needs of Customer. Pursuant to the Prior Agreements, the Authority has sold and assigned to Customer, and Customer has purchased, accepted, and made or arranged to make payment for, among other matters, reserved water supply, wastewater treatment and wastewater collection and transportation capacities in and to the Water Supply and Waste Disposal Systems.

Customers desires to reserve water supply capacity sufficient to serve an aggregate total of 2,239 single family residential equivalent connections and wastewater treatment, collection, and transportation capacity sufficient to serve an aggregate total of 2,409 single family residential equivalent connections. This is 300 single family residential equivalent connections greater than what the Customer currently has reserved.

The proposed Sixth Supplemental Agreement makes specific provisions for the purchase and provision of such additional capacities by the Customer in and to the Water Supply and Waste Disposal Systems. Pursuant to the Fifth Supplemental Agreement, the rate for such existing capacities is the rate specified in the Sixth and Final Accounting; and pursuant to the Sixth and Final Accounting, the rate for water supply capacity is \$1,827.57 per single family residential equivalent connection, and the rate for wastewater treatment, collection and transportation capacity is \$1,569.46 per single family residential equivalent connection. For the additional 300 connections, Customer will make a lump sum, cash payment to the Authority in the amount of \$1,019,109.00 (consisting of \$548,271.00 for water supply capacity and \$470,838.00 for wastewater treatment, collection, and transportation capacity) for the purchase of the additional capacities described above not later than January 31, 2023.

STRATEGIC GOAL: Goal 3: Water Resource Leadership

FUNDING SOURCE: NA

ATTACHMENTS: Sixth Supplemental Agreement

RECOMMENDED ACTION

Consider authorizing General Manager to execute the Sixth Supplemental Agreement by and between the San Jacinto River Authority and Montgomery County Municipal Utility District No. 39, of Montgomery County, Texas.

Item No.	Agenda Item	Date
6c	Consider authorizing General Manager to execute an Amendment to Agreement by and between the San Jacinto River Authority and The Woodlands Land Development Company, L.P.	12/08/2022

BACKGROUND INFORMATION

The Authority and The Woodlands Land Development Company, L.P. ("The Woodlands", as successor to The Woodlands Development Corporation) entered into that certain Agreement dated June 19, 1975 (the "Agreement"), providing for the Authority to own, operate and maintain a regional or centralized Water Supply System and Waste Disposal System to serve The Woodlands. The Agreement depicts and defines the Service Area of the Water Supply System and Waste Disposal System in Exhibit "A".

Montgomery County Municipal Utility District No. 39, of Montgomery County, Texas proposes to annex (a) a 126.83 acre tract of land, of which 41.70 acres is located outside of the Service Area (said 41.70 acres being referred to hereinafter as "Tract 1"), and (b) a 26.20 acre tract of land ("Tract 2"). The Woodlands proposes to development a 5.572 acre tract of land on FM 1488 ("Tract 3"). The Service Area described in the Agreement requires revision to include said Tract 1, Tract 2, and Tract 3 within the Service Area.

The proposed Amendment to Agreement will revise the Service Area set forth in the Agreement to include Tract 1, Tract 2, and Tract 3 within the Service Area of the Authority's Water Supply System and/or Waste Disposal System.

STRATEGIC GOAL: Goal 3: Water Resource Leadership

FUNDING SOURCE: NA

ATTACHMENTS: Amendment to Agreement

RECOMMENDED ACTION

Consider authorizing General Manager to execute the Amendment to Agreement by and between the San Jacinto River Authority and The Woodlands Land Development Company, L.P.

Item No.	Agenda Item	Date
6d	Consider adoption of a resolution of the San Jacinto River Authority Board of Directors adopting a revised Lake Conroe Division Drought Contingency Plan; authorizing the General Manager to implement such revised Plan; repealing and rescinding the prior Plan; and containing other provisions related thereto.	12/08/2022
BACKGROUND INFORMATION		
<p>In 1996, severe drought conditions affected every region of the State. Water systems throughout the State were forced to cope with water shortages or system capacity problems. In response to the 1996 drought, the 75th Texas Legislature enacted Senate Bill 1, which directed the State to take a regional approach to water planning. One of the provisions of the legislation required the Texas Commission on Environmental Quality (TCEQ) to adopt rules requiring wholesale and retail public water suppliers to develop water conservation and drought contingency plans.</p> <p>The San Jacinto River Authority (SJRA) last adopted water conservation and drought contingency plans for each of its pertinent operating divisions in 2019. SJRA recently identified a need to adjust language in its Lake Conroe Division Drought Contingency Plan to ensure its compliance metrics were appropriate for certain customers that divert water from Lake Conroe. Specifically, water demands for commercial irrigation customers will be based on monthly demands stated in the customer contract instead of historical demands. Accordingly, SJRA staff proposes that Section 3.6 of the Plan, "Compliance Metrics," be revised to read as follows:</p> <p style="padding-left: 40px;">The target of Stages 1 through 4 (and in some circumstances an Emergency Water Supply Condition) is to reduce water use by a certain percentage. Because water demands for SJRA customers change over time and may be impacted by weather conditions or application of drought response measures, a standard approach to defining a customer's demand must be applied in the absence of an agreed-upon contractual definition. Notably, SJRA has entered into water supply contracts with customers that divert water from Lake Conroe for commercial irrigation purposes (each a "Commercial Irrigator") and these contracts incorporate a monthly water demand schedule by exhibit. For the purposes of this drought contingency plan, the demand for each SJRA customer (other than a Commercial Irrigator) shall be determined as that customer's water use for the preceding two years, averaged for each month. These demand values will be provided to each SJRA customer (other than a Commercial Irrigator) at the beginning of each year. With respect to a Commercial Irrigator, the monthly water demand shall be as set forth in the Commercial Irrigator's water supply contract with SJRA. Customer requests for variances to the provided demand values will be considered at an administrative level through an appeal process as described in Section 3.8.</p> <p>Staff recommends approving a resolution adopting the revised Lake Conroe Division Drought Contingency Plan, which water demands for commercial irrigation customers will be based on monthly demands stated in the customer contracts instead of historical demands.</p>		
STRATEGIC GOAL: Goal 3: Water Resource Leadership		
FUNDING SOURCE: N/A		
ATTACHMENTS: Resolution, Revised Lake Conroe Division Drought Contingency Plan (Redlined and Non-Redlined)		
RECOMMENDED ACTION		
Adopt a resolution of the San Jacinto River Authority Board of Directors adopting a revised Lake Conroe Division Drought Contingency Plan; authorizing the General Manager to implement such revised Plan; repealing and rescinding the prior Plan; and containing other provisions related thereto.		