

**GRP Review Committee
Minutes of Regular Meeting
May 23, 2016**

The San Jacinto River Authority GRP Review Committee meeting was held at 11:30 a.m., May 23, 2016, at the San Jacinto River Authority GRP Division Operations Building located at 6627 Longmire Road, Conroe, Texas 77304. Committee members Jackie Chance, Mike Mooney, Joe Sherwin, Scott Taylor, and Kerry Masson were present.

1. CALL TO ORDER

The meeting was called to order at 11:32 a.m.

2. PUBLIC COMMENTS (maximum of 3 minutes per speaker) There were no public comments.

3. APPROVAL OF MINUTES

Mr. Mooney then indicated that the minutes of the GRP Review Committee meeting on April 25, 2016 were before the Committee for consideration. Motion was made by Mr. Sherwin, seconded by Mr. Masson and unanimously carried, to approve the minutes for the GRP Review Committee meeting as presented.

4. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS ON MAY 26, 2016:

- a. Consider authorizing the General Manager to execute Release of Detention Easements related to the GRP Surface Water Facility Access Road.

Mr. Smith explained that the City of Conroe (the "City") recently annexed the land associated with the access road into its corporate limits. Upon final submission of a plat, the City will accept the road for ownership, operations, and maintenance. Staff stated that the City will not require the construction of drainage facilities to serve the road and that the detention easements are no longer necessary. Mr. Sherwin inquired as to if there was any further need for detention. Mr. Smith explained that the detention area was no longer required. He continued to explain that the pond will not be filled in by SJRA, but the developer may choose to have it filled in and/or turn responsibility over to the future Property Owner's Association. Motion was made by Mr. Masson, seconded by Mr. Taylor and unanimously recommended approval to authorize the General Manager to make minor/non-substantial revisions to the release document and to execute the Release of Detention Easements related to the GRP Surface Water Facility Access Road.

- b. Presentation regarding proposed amended rate order for GRP Participants.

Mr. Smith gave an overview of the new proposed Rate Order for GRP Participants, including the amendments to same, including revisions made to the reporting requirements, updated and proposed rates, Production Schedule amendments, and the deletion of reimbursements related to alkalinity. Mr. Smith continued to explain that under the new rate order participants will be required to report water usage no later than ten (10) days from the end of the month. He stated that the terms for payment remain the same at forty-eight (48) days from the end of the month. Mr. Smith discussed the rebate that the Lone Star Groundwater Conservation District (LSGCD) administers to the GRP as a whole. Mr. Mitch Page discussed the true-up of same, and stated that the goal is for a straight pass

through. Discussion included Participant eligibility for the rebate, which is defined in the Rate Order for GRP Participants. Mr. Smith discussed the need to promote accurate demand projections from each of the Participants, as this information is imperative for accurate rate modeling and is taken into consideration for future planning of infrastructure to ensure that needs of the GRP Participants are met timely and that planning for funding required projects is identified. Mr. Smith went on to discuss the sources utilized in demand projections and the methods used for the rate modeling. He covered the contributing factors to the current rate increase, including the GRP's transition from construction to operations, the requirement for service contracts as warranties are expiring, the start of Water Infrastructure Fund (WIF) payments, funding of the reserves, and the unanticipated lower demands. He then provided the proposed rate of \$2.50/1,000 gallons for Pumpage and Import Fees and \$2.69/1,000 gallons for the Surface Water Fee. Mr. Smith stated no action was required at this time, but that an item would be included on the June, 2016 agenda for a recommendation. He then requested that comments pertaining to the proposed Rate Order for GRP Participants be submitted to him via email by June 6, 2016.

- c. Consider authorizing General Manager, or his designee, to execute Letter(s) of Assurance to Lone Star Groundwater Conservation District for the new Participants in the GRP Program, as requested, and approve the GRP Contract(s) as presented and authorize the execution of same by the General Manager.

No action was required.

5. UPDATE REGARDING GRP DIVISION

a. Compliance and Customer Service Update

Mr. Matt Corley, Customer Service and Compliance Supervisor presented a compliance update. In reporting, he provided the projected demands versus the actual data for surface water delivery. Mr. Corley stated that usage has been below projected amounts due to heavy rainfall, but that the GRP is still on schedule to meet its overall projected goal.

b. Operations Update

Mr. Don Sarich, Senior O&M Utility Manager provided an update on operations. He gave a report on the 30" waterline break on W2B at Woodlands Parkway and Grogan's Mill. He recognized Huff & Mitchell's efforts related to a prompt response and replacement of the broken pipe. He stated that the waterline is not yet back in service, due to the need to conduct flushing and testing. Continuing with the update, he stated that staff will be investigating as to why the waterline break occurred, as well as determining the amount of water loss. During this time period, the Surface Water Treatment Plant (SWTP) performed well at twenty-eight (28) mgd. Mr. Sarich went on to provide that the Granular Activated Carbon (GAC) replacement should be completed within the next couple of weeks and that the GRP will benefit from a cost savings by using reactivated carbon in the future. Mr. Sarich also reported that the SWTP experienced an unanticipated power failure recently, which was caused by an Entergy issue. He explained that during this time period, backup generators came on as programmed, but when power was restored by Entergy the auto transfer switch did not work accordingly. Cummins was contacted and responded promptly to help maintenance staff address the issue, thus the impact was minimal and recovery period for the SWTP was short and quick.

Mr. Smith updated the committee on ongoing projects, including that MRI completed work on the Pretreatment Facility and all is working well.

c. GRP Review Committee Election/Appointment Update

Kimberly Wright, Division Administrative Manager provided the schedule for the current election for Participants east of I-45, and also provided an update on the upcoming appointments for GRP Review Committee members in 2016, including that for the City of Conroe and LSGCD. She stated that nomination notices were mailed to the Participants on April 1, 2016 and nomination resolutions are due by July 1, 2016. She provided the names of nominees received to date.

6. DISCUSSION REGARDING FUTURE AGENDA ITEMS

Mr. Smith stated the revised Rate Order for GRP Participants, and a Professional Service Agreement with HDR for the Optimization Study would be included on the agendas for the June, 2016 Review Committee and Board meetings. He stated that he would also be presenting an overview of the GRP's 2017 FY Budget.

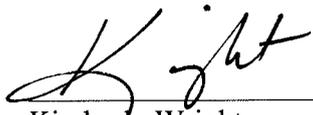
Mr. Smith received questions from the Committee members. Mr. Chance inquired if SJRA had looked into available recharge funding. Mr. Smith stated that he did discuss the feasibility of same with the SJRA's Raw Water staff.

7. FUTURE MEETING SCHEDULE

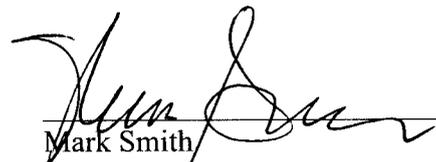
- June 20, 2016
- July 25, 2016
- August 22, 2016
- September 19, 2016

8. ADJOURN

Without objection, the meeting was adjourned at 1:11 p.m.



Kimberly Wright
Division Administrative Manager



Mark Smith
GRP Administrator