

**GRP Review Committee
Minutes of Regular Meeting
June 20, 2016**

The San Jacinto River Authority GRP Review Committee meeting was held at 11:30 a.m., June 20, 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, and Kerry Masson were present.

1. CALL TO ORDER

The meeting was called to order at 11:35 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 May 23, 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 JUNE 23, 2016:

- a. Consider authorizing the General Manager to execute Consent to Assignment of GRP Contract by Ranch Utilities, L.P., to Quadvest, L.P.

Mr. Smith explained that Ranch Utilities is a subsidiary of Quadvest, L.P., who has a GRP Contract with the SJRA. He explained that Ranch Utilities is now Quadvest, the Ranch Utilities GRP Contract should be assigned to the Quadvest. Motion was made, by Mr. Masson, seconded by Mr. Chance and unanimously recommended approval to authorize the General Manager to execute the Consent to Assignment of GRP Contract by Ranch Utilities, L.P. to Quadvest, L.P.

- b. Consider approving an amended rate order for GRP Participants.

Mr. Smith gave a brief overview of the new proposed Rate Order for GRP Participants, having presented it last month in detail along with handouts for their review. He addressed Mr. Masson's inquiry regarding chemical reimbursement stating the language had been removed. Mr. Chance discussed the increase in rates and the desire to see a more stable rate. A brief discussion to address questions and concerns of the committee took place. Motion was made by Mr. Masson and seconded by Mr. Mooney and unanimously carried to approve amended Rate Order for GRP Participants.

- c. Consider authorizing the General Manger to execute Professional Services Agreement and Work Order No. 1 for Surface Water Treatment Plant Optimization for the GRP Program.

Mr. Smith explained that during the planning and design of the Surface Water Treatment Plant, it was anticipated that an optimization of the individual process units would be conducted after an initial period of operations. He stated that now since the facility has been in operation for over eight months, it is time to move forward with the optimization. Mr. Smith stated that Work Order No. 1 provides all the labor and materials required to perform

studies related to the optimization of various process units for a total cost \$675,000.00 and anticipated completion date of June 30, 2017. Mr. Kelling stated the main purpose of the optimization study is to see how the SWTP could be more efficient while also reducing costs. Mr. Chance inquired if it would be more efficient to wait for the operations staff to get a better feel of the Plant before moving forward with this study. Mr. Don Sarich recognized that the operators have been operating the Plant for a year, so there is a need to study the current processes and see if there are more cost efficient ways to operate, including different chemicals that could be used that are more cost efficient. Mr. Smith also stated the study will help locate any bottlenecks in the system and see what can be done to improve performance. Mr. Masson inquired as to the number of staff HDR Engineering, Inc. would have onsite. Mr. Smith stated the contract allows for five (5) people and three thousand man hours, which will be spread out over a year. Mr. Masson stated \$675,000.00 was a significant amount of money inquired as to who was going to ensure HDR's staff stayed on schedule. Mr. Sherwin stated, if recommended for approved, the Committee would expect quality work not to exceed the scope of work defined. Mr. Smith assured the Committee monthly updates would be provided and the project would be closely managed by SJRA staff. Motion was made by Mr. Chance, seconded by Mr. Masson and unanimously recommended approval to authorize the General Manger to execute a Professional Services Agreement and Work Order No. 1 in an amount not to exceed \$675,000, with HDR Engineering, Inc., for Surface Water Treatment Plant Optimization for the GRP Program.

- d. Consider authorizing the General Manger to execute a construction contract for a bypass pipe at the GRP Raw Water Intake and Pump Station.

Mr. Smith explained that surface water demands are currently lower than demands projected during design, resulting in the single small pump at the Raw Water Intake and Pump Station running for longer continuous periods than originally contemplated. He explained that by adding a bypass pipe at the Pump Station will allow either of the two (2) larger pumps to provide redundancy for the small pump by simulating a lower flow profile, if the small pump has to be removed from service on a temporary basis for any reason during these periods of lower demand. Three bids were received. A Short discussion regarding possible turbulence issues followed. Mr. Smith stated he did not foresee that this would be an issue. Motion was made by Mr. Masson, and seconded by Mr. Sherwin and unanimously recommended approval to authorize the General Manger to execute a construction contract for \$86,800.00 with C3 Constructors LLC, for a bypass pipe at the GRP Raw Water Intake and Pump Station, and contract modification up to \$20,000.00.

- e. Consider authorizing the General Manger, or his designee, to execute Letter(s) of Assurance to Lone Star Groundwater Conservation District for 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 Manger.

No Action Needed

5. RECEIVE PRESENTATION ON THE FY 2017 GRP BUDGET

Mr. Smith gave a presentation of the FY 2017 GRP budget, no action was required. He requested the Committee's insight on the approach for establishing reserves. Does GRP not build reserves to cover cost for phase two and wait till the time comes and sell bonds and keep rates lower, or does GRP have higher rates and have cash on hand to start phase two? Phase two is predicted to be needed in year 2025, and the goal is to have money

on hand by year 2020. Currently the GRP is below the six (6) months reserve balance requirements. He stated it will take GRP almost a full year to get to the six (6) months of reserves. Mr. Masson inquired if GRP has looked into refinancing bonds, Mr. Mitch Page, stated that the rates are currently very favorable, so it would not benefit GRP at this time. Mr. Smith requested that if anyone had any questions to please email him, and he would respond to same or schedule a meeting to discuss further.

6. UPDATE REGARDING GRP DIVISION

a. Surface Water Transmission Line W3C and MUD 99 Water Receiving Facility Update

Extending water line to serve MUD 99, currently twenty-five percent (25%) pipe has been completed. Project is expected to be completed in November, 2016, currently the receiving facility has not been started.

b. 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 six percent (6%) ahead for the year. He stated Rate Order notices will be going out in the mail on Friday, June 24, 2016. Mr. Corley stated GRP is considering holding some of the early conversion credits (ECC) to use at a later time and that he will be presenting a mid-year compliance update presentation at the next meeting.

c. Operations Update

Mr. Don Sarich, Senior O&M Utility Manager provided an update on operations. He stated the Granular Activated Carbon (GAC) replacement was still underway and that two (2) basins have been completed. Mr. Sarich stated there are still issues with power outages or flickers during storms, which is enough to cause the pumps to want to restart. In the future, when this starts to happen staff will be shutting the pumps down and restarting when the storm passes. He stated Entergy would be onsite tomorrow cutting power and the plant would be running on generators for most of the day for scheduled work. Staff is still trying to identify the issues with the transfer switch on the generators. He stated that the systems have been checked, and there was no damage to the equipment with the power outage. Mr. Sarich then went on to give an update on the line-break, by stating all pipe was rechlorinated, and sampled all the way back to the receiving facility. The pipe break was not under warranty.

Mr. Smith updated the Committee on the bond issue for the City of Willis cooling towers, which will close tomorrow, also the GRP is waiting for the City to transfer their ECC to the GRP before releasing funds to them.

d. GRP Review Committee Election/Appointments Update

Mr. Smith, 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. He stated that nomination notices were mailed to the Participants on April 1, 2016 and nomination resolutions are due by July 1, 2016. He provided the names of nominees received to date.

7. DISCUSSION REGARDING FUTURE AGENDA ITEMS

Mr. Smith stated that action on GRP's 2017 FY Budget will be presented next month. Also, he stated staff will be presenting a mid-year presentation on meeting GRP targets.

Mr. Smith received questions from the Committee members. Mr. Masson inquired regarding lighting along the access road. Mr. Smith stated GRP is currently working with the City of Conroe and the developer on a solution that addresses all the needs identified. GRP is looking into setting aside the funds in an escrow account for the lights to be installed later. Mr. Smith also stated GRP is working with the City of Conroe, to have the entire Surface Water Treatment Plant site annexed into the City of Conroe as this will have an impact on the fees/rates paid by the GRP.

8. FUTURE MEETING SCHEDULE

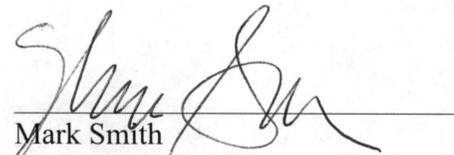
- July 25, 2016
- August 22, 2016
- September 19, 2016
- October 24, 2016

9. ADJOURN

Without objection, the meeting was adjourned at 1:13 p.m.

(Not In Attendance)

Kimberly Wright
Division Administrative Manager



Mark Smith
GRP Administrator