

**GRP Review Committee
Minutes of Regular Meeting
February 22, 2016**

The San Jacinto River Authority GRP Review Committee meeting was held at 11:30 a.m., February 22, 2016, at the San Jacinto River Authority GRP Division Operations Building located at 6627 Longmire Road, Conroe, Texas 77304. Committee members Jackie Chance, Joe Sherwin, Scott Taylor, and Kerry Masson were present.

1. CALL TO ORDER

The meeting was called to order at 11:40 a.m.

2. PUBLIC COMMENTS (maximum of 3 minutes per speaker)

There were no public comments.

3. APPROVAL OF MINUTES

Mr. Masson then indicated that the minutes of the GRP Review Committee meeting on January 25, 2016 were before the Committee for consideration. Motion was made by Mr. Masson, seconded by Mr. Sherwin 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
FEBRUARY 25, 2016:**

- a. Consider authorizing the General Manager to execute Change Order No. 4 to construction contract for Fiber Optic Network Communication System for the GRP Program.

Mr. Smith gave an overview explaining that this change order would provide all the labor, material, and equipment required to install twenty (20) traffic rated fiber optic ground box lid gaskets between Shadowbend Place and Lakeside Boulevard, along Research Forest Drive. Mr. Smith explained how the gaskets would be installed. Mr. Sherwin mentioned additional locations that may need to be addressed. Mr. Jason Carlisle stated he would address these with the contractor, and if a change order was needed it would be brought forward in the future. After brief discussion, motion was made by Mr. Taylor, seconded by Mr. Sherwin and unanimously approved to recommend the execution of Change Order No. 4 with Fisk Electric Company, for a credit to the SJRA totaling \$6,500.13, for the Fiber Optic Network Communication System for the GRP Program.

- b. Consider authorizing the General Manager to execute Change Orders and any other closeout documentation for Surface Water Transmission Line Segments T1 and T3 for the GRP Program.

Mr. Smith discussed activity related to the S. J. Louis Construction of Texas, Ltd. contract and the recent negotiations for a settlement. He stated that negotiations were finalized between the parties on Monday, February 15, 2016, and he provided the recommendations for settlement of both claims. Mr. Mitchell Page, legal counsel discussed force majeure as related to this case and the recommendations for settlement. Mr. Kelling provided a presentation reflecting the issues that were present. Mr. Smith stated that there are adequate funds available from net proceeds of previous bond sales to cover the recommended settlement. Motion was made by Mr. Chance, seconded by Mr. Masson, and unanimously approved to recommend the execution of change orders and any other closeout documentation for the Surface Water Transmission Line Segments T1 and T3 for the GRP Program.

- 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. He discussed the submission to the Lonestar Ground Water Conservation District on February 11, 2016 for Early Conversion Credits. He stated that the credits should be awarded in early March, 2016. In reporting, he provided the projected demands versus the actual data for surface water delivery. Mr. Corley stated the GRP should reach the target goal of 5,923,859,355 gallons of surface water to meet its initial conversion obligation by October, 2016. Mr. Kelling discussed possible impacts to the demand for surface water.

Mr. Smith then gave an overview of the *Monthly Operations Report* for the GRP Division. He reported that the GRP is currently down 7% in projected revenue, but this is offset by operating expenses that are coming in below targets. Mr. Smith went on to discuss budget triggers and the current status of the GRP. He stated that although no capital contributions have been made at this time to the reserves, this will be included in setting goals for the next fiscal year.

b. Operations Update

Mr. Don Sarich, Senior O&M Manager provided an update on operations. He reported that the Surface Water Treatment Plant is currently producing 18.5 million gallons a day in surface water, and it is expected for this to continue to increase. Mr. Smith stated there is still ongoing activity with the project including: eleven open contracts covering the access road, alkalinity, Surface Water Transmission Line Segments C2, W3C, and MUD 99. Mr. Kelling updated the Committee on the closeout process and the progress made from 13,000 items on the punch list to approximately 200.

6. DISCUSSION REGARDING FUTURE AGENDA ITEMS

Mr. Smith stated he would be presenting the GRP Capital Improvements Plan for FY 2017–FY 2021 next month. He stated that staff is currently working on the rate model and to firm up numbers for the FYE 2017 GRP budget. Mr. Smith said discussions occurred with the City of Conroe regarding their system improvements and to make sure that the GRP is aware and that both parties are in sync on costs. He stated that the City of Conroe has had some issues and that there a change order for additional funds was anticipated, however, since the meeting occurred, there was a deductive change order for \$100,000.00. Mr. Page also stated he is in the process of drafting the agreement with the City of Willis and that it will be presented in March or April.

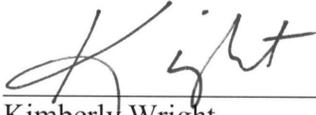
Mr. Smith took questions from the Committee members. Mr. Taylor inquired as to if the discrepancy with the transducers and flow meters had been resolved. Dr. Robert Hill, SCADA Manager addressed his question. Mr. Kelling also provided an update on the access roadway, including information related to the final platting, street lighting, and annexation by the City of Conroe.

7. FUTURE MEETING SCHEDULE

- March 21, 2016
- April 25, 2016
- May 23, 2016
- June 20, 2016

8. ADJOURN

Without objection, the meeting was adjourned at 12:28 p.m.



Kimberly Wright
Division Administrative Manager



Mark Smith
GRP Administrator