

**GRP Review Committee
Minutes of Regular Meeting
June 22, 2015**

The San Jacinto River Authority GRP Review Committee meeting was held at 11:30 a.m., June 22, 2015, at the San Jacinto River Authority GRP Division Operations Building located at 6627 Longmire Road, Conroe, Texas 77304. Committee members Mike Mooney, Jackie Chance, Joe Sherwin, Scott Taylor, and Patrick Bond were present.

1. CALL TO ORDER

The meeting was called to order at 11:39 a.m.

2. GRP REVIEW COMMITTEE MEMBERS:

- a. Introduction of Mr. Patrick Bond, Lone Star Groundwater Conservation District's GRP Program Appointed Representative

Mr. Smith welcomed and introduced Mr. Patrick Bond to the GRP Review Committee.

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

There were no public comments.

4. APPROVAL OF MINUTES

Mr. Mooney then indicated that the minutes of the GRP Review Committee meeting on May 26, 2015 were before the Committee for consideration. Motion was made by Mr. Chance, seconded by Mr. Sherwin and unanimously carried, to approve the minutes for the GRP Review Committee meeting as presented.

Mr. Mooney announced that items on the agenda had been rearranged for presentation/consideration.

5. RECEIVE PRESENTATION ON THE GRP DIVISION FYE2016 BUDGET (DRAFT)

Mr. Smith presented the GRP Division FYE2016 Budget (draft). He provided an overview of the budget, including key elements. He discussed the projected water demand and stated that adjustments have been made to same. Further he explained that Debt Service is the main driver of the budget and the current status of existing debt and the elimination of previously planned debt. Mr. Smith continued to discuss the reduction in recent water demand and the impact on revenues. The various categories of the GRP Operating Budget were discussed, along with the reduction of time allocation to GRP in the next fiscal year. He explained that Capital Improvement Plan items would be minimal for FYE2016. The funding and targets of the various GRP reserve funds were discussed. In an effort to respond to various financial conditions, Mr. Smith explained that additional policies to identify triggers and the required responses would be presented to the Review Committee in July, 2015. Mr. Kelling discussed some of the options available to address revenue shortfalls, including: the availability of interest earned on Texas Water Development Board (TWDB) funds after close out is complete, the availability of bond proceeds that may be applied toward certain expenses, and the implementation of rate changes. Mr. Smith stated that the GRP Division FYE2016 Operating Budget would be presented for consideration at the July, 2015 meeting.

6. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS ON JUNE 25, 2015:

- a. Consider authorizing General Manager to execute Change Order No. 1 to Construction Contract for Fiber Optic Communication System for the GRP Program
- b. Consider authorizing General Manager to execute Amendment No. 1 to Work Order No. 16 for the Final Transient Analysis for the GRP Program
- c. Consider authorizing General Manager to execute Amendment No. 2 to Work Order No. 2 for Construction Management and Inspection Services for the Surface Water Transmission System for the GRP Program
- d. Consider authorizing General Manager to execute Change Order No. 2 to Close Out Construction Contract for Surface Water Transmission Line Segment W2B for the GRP Program
- e. Consider authorizing General Manager to execute Change Order No. 1 to Close Out Construction Contract for Surface Water Transmission Line Segment W3A for the GRP Program

Mr. Smith stated that the agenda items 6a, 6b, 6c, 6d, and 6e would be presented together. Mr. Smith offered an overview of each item. After brief discussion, Motion was made by Mr. Taylor, seconded by Mr. Chance and unanimously approved to recommend the execution of (6a) Change Order No. 1 with Fisk Electric Company, in the amount of \$0.00 for an extension of time in the amount of 113 calendar days, (6b) Amendment No. 1 to Work Order No. 16 with AECOM Technical Services, Inc., in the amount of \$0.00 for the consultant to develop and deliver an As-built GIS model for the entire GIS Surface Water Transmission System, (6c) Amendment No. 2 to Work Order No. 2 with Kellogg Brown & Root Services, Inc., in an amount not to exceed \$150,000.00 for construction management and inspection services for the Surface Water Transmission System for the GRP Program, (6d) Change Order No. 2 with Texas Sterling Construction Co., for a credit of (\$1,111,679.51) to close out construction contract for Surface Water Transmission Line Segment W2B for the GRP Program, and (6e) Change Order No. 1 with Huff & Mitchell, Inc., for a credit of (\$195,170.00) to close out construction contract for Surface Water Transmission Line Segment W3A for the GRP Program.

- f. Discuss new Participant(s) in the GRP Program and, in connection therewith, authorize the General Manager, or his designee, to execute letter(s) of assurance to Lone Star Groundwater Conservation District, as requested, and approve the GRP Contract(s) as presented and authorize the execution of same by the General Manager.

There were no items presented. Mr. Mooney proceeded to the next item on the agenda.

- g. Consider and act upon an amended Rate Order for GRP Participants

Mr. Smith referred to the presentation in May on the amended Rate Order for GRP Participants and the revisions to same. After brief discussion, motion was made by Mr. Chance, seconded by Mr. Taylor and unanimously approved to recommend the approval of the amended Rate Order (GRP Participants) with an effective date of July 1, 2015, with fee increases effective September 1, 2015.

7. UPDATE REGARDING GRP DIVISION

- a. Construction Update for June 2015

The Construction Update for June 2015 followed. Phil Smith, Project Manager then presented an update on the Surface Water Facility construction progress. He discussed the financial data and the

ongoing activities throughout the facility. Hector Ortiz, Operations and Maintenance Manager addressed questions related to the status of staffing and preliminary testing related to start-up activities.

Shane Porter, Project Manager then presented an update on the Transmission Line System, including financial data and updates on the various lines and coordination efforts with Segment W3D.

b. Compliance and Customer Service Update

Mr. Smith stated that site visits are ongoing and that GRP staff is working with the GIS Department to gather well and meter information into the GIS system.

Mr. Smith then presented the *Monthly Progress Report – May* to the Committee. He referred to Exhibit 2 and highlighted the reduction in the GRP Program estimated cost at completion. In Exhibit 7, he referred to the variances and the shortfall in pumpage fees due to the wet weather conditions.

c. 2016 Groundwater Production Schedule

Mr. Smith discussed the preparation of the Lone Star Groundwater Conservation District’s adoption of new rules and regulations and the impact on the GRP. He explained the overall plan to determine the aggregate demand and the division of same to ensure the GRP Participants’ pumpage reduction. He stated that the goal is to ensure that all Participants meet Lone Star Groundwater Conservation District’s requirements. He stated that the Groundwater Production Schedule will be firmed up once the new rules and regulations are adopted. The deadline to submit the schedule to Lone Star Groundwater Conservation District is September 1, 2015. He confirmed that all Participants would be notified of their individual demands.

d. DISCUSSION REGARDING FUTURE AGENDA ITEMS

In closing, Mr. Smith stated that looking forward to the meeting in July, items will include the: amended Rate Order (GRP Participants) with Article VI revisions, Fiscal Year 2016 GRP Operating Budget, 2016 Groundwater Production Schedule, and additional close outs of contracts.

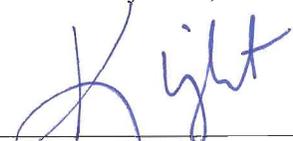
Kimberly Wright, Division Administrative Manager provided an update on the election for the GRP Review Committee member to fill the vacancy for Participants located east of interstate Highway 45.

e. FUTURE MEETING SCHEDULE

July 20, 2015
August 24, 2015
September 21, 2015

f. ADJOURN

Without objection, the meeting was adjourned at 12:35 p.m.



Kimberly Wright
Division Administrative Manager



Mark Smith
GRP Administrator