

**GRP Review Committee
Minutes of Regular Meeting
July 20, 2015**

The San Jacinto River Authority GRP Review Committee meeting was held at 11:30 a.m., July 20, 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, and Scott Taylor 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 June 22, 2015 were before the Committee for consideration. Motion was made by Mr. Chance, seconded by Mr. Taylor 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 JULY 23, 2015:

- a. 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.

5. PRESENTATION REGARDING GRP DIVISION BUDGET TRIGGERS

The *GRP Budget Triggers* presentation was then given by Mr. Mark Smith. He began by discussing the recent deficit in GRP revenues due to the inclement weather and low pumpage. He discussed the need to respond with the development of an action plan (i.e. *GRP Budget Triggers*) to address times when the financial situation is as such. Mr. Smith provided an overview of the concept for action based on defined budget triggers, including the various levels of conditions (i.e. Normal, Level 1, Level 2, Level 3, and Level 4), triggers, and responses. Mr. Sherwin inquired as to the impact to Participants with various triggers; Mr. Smith addressed same by establishing that unless a change in approved rates occurs, there would be no impact. Mr. Mooney inquired as to the possibility of borrowing additional funds should they be needed; Mr. Smith discussed various approaches should a condition requiring same occur, including deferring capital improvement projects and other expenditures. Mr. Ron Kelling, Deputy General Manager stated that during the development of the budget triggers, consideration was given to the potential impact on cities and municipal utility districts. Mr. Smith stated that for reference, the *GRP Division Budget Triggers* was included in the meeting packet.

6. CONSIDER THE GRP FISCAL YEAR 2016 OPERATING BUDGET

Mr. Smith then continued by discussing the next item for consideration. He referred to the *GRP Division Fiscal Year 2016 Budget* presentation that took place at the June 22, 2015 meeting. A brief discussion followed regarding the \$12.5 million dollar bond issue that will not be required and the term for guard services at the entry of the access road to the GRP Division Surface Water Facility site. Mr. Chance described the budgeted presented as fair and that it should be recommended for approval. Motion was made by Mr. Chance, seconded by Mr. Taylor and unanimously approved to recommend the GRP Division Fiscal Year 2016 Budget for approval.

7. UPDATE REGARDING GRP DIVISION

a. Construction Update for July 2015

The Construction Update for July 2015 followed. Mr. Steve Fenney, Technical Services Manager then presented an update on the Surface Water Facility construction progress. He discussed the financial data and the ongoing activities throughout the facility, including clean-up of the facilities, site grading, and utilization of the lab in the Membrane Building. He continued by providing an update on the Transmission Line System, including an update on the financial data and remaining construction on the various line segments.

b. Compliance and Customer Service Update

Mr. Matt Corley, Customer Service and Compliance Supervisor presented the monthly *GRP Compliance Report* and gave an overview of the information reported. He stated that the new utility billing software package, TrueBill is scheduled to roll out to Participants in September, 2015. Mr. Smith discussed the remaining Participants that have not submitted Water Conservation and Drought Contingency Plans, possible disincentive fees, and available assistance by GRP staff to foster the submittal of same. He emphasized the need for Participants to be in compliance with their GRP Contract.

c. Presentation regarding proposed amended Rate Order for GRP Participants

Mr. Smith provided a verbal update on this item. He stated that the Lone Star Groundwater Conservation District (LSGCD) approved updated rules and regulations on July 14, 2015, thus as anticipated, impacting Article VI of the Rate Order (GRP Participants). He referred to the redline version provided for consideration and that was recommended in June 25, 2015 with a placeholder on Article VI. Mr. Smith proceeded to update the Review Committee on the required revisions to Article VI to remain in compliance with LSGCD's rules and regulations. He provided an overview of the proposed revisions to permitting requirements, the pass through of related fees, penalties and disincentive fees, and amendments to permits (Total Qualifying Demand (TQD)). Mr. Smith stated that an action for consideration will be presented in August, 2015 on the amended Rate Order (GRP Participants), which will incorporate the proposed revisions to Article VI.

d. 2016 Groundwater Production Schedule

Mr. Kelling then discussed the submittal of the *2016 Groundwater Production Schedule* to LSGCD. He stated that individual Participants will receive notification of their designated

allocation and will have the opportunity to provide questions and/or comments on same. Mr. Smith discussed the methodology utilized for calculating the 2016 Projected Demands. Mr. Corley explained that actual pumpage data and projections were taken into consideration and adjustments were made as needed. Mr. Smith confirmed that individual letters to the Participants are scheduled to go out on July 24, 2015. Samantha Reiter, Permit Director for LSGCD addressed questions related to large volume groundwater users' (LVGU) Fair Share TQD that will assist new LVGUs by granting them a TQD of ten (10) million gallons.

Mr. Smith then requested questions and/or comments related to the amended Rate Order (GRP Participants) be submitted to him no later than Friday, August 7, 2015.

He then presented the *Monthly Progress Report – June, 2015* to the Review Committee. Continuing with an update, he provided that start-up activities for the delivery of surface water have begun and that updates will be periodically provided to the Review Committee members. Mr. Kelling stated that flushing is tentatively scheduled to start around August 4, 2015 and that initially most of the related activities will take place at the various water receiving facilities.

8. DISCUSSION REGARDING FUTURE AGENDA ITEMS

In closing, Mr. Smith stated that looking forward to the meeting in August, items for consideration will include an action item on the amended Rate Order (GRP Participants) to include Article VI revisions. He then announced details related to the upcoming Open House event.

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. She stated that three (3) nominations were received by the submittal deadline of July 17, 2015 and that ballots would go out by the scheduled date of July 24, 2015.

9. FUTURE MEETING SCHEDULE

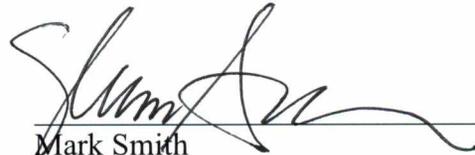
August 24, 2015
September 21, 2015
October 26, 2015

10. ADJOURN

Without objection, the meeting was adjourned at 12:37 p.m.



Kimberly Wright
Division Administrative Manager



Mark Smith
GRP Administrator