

**GRP Review Committee
Minutes of Regular Meeting
April 21, 2014**

The San Jacinto River Authority GRP Review Committee meeting was held at 11:30 a.m., April 21, 2014, at the San Jacinto River Authority G&A Building located at 1577 Dam Site Road, Conroe, Texas 77304. Committee Chairman Troy Morris and Committee members Jackie W. Chance, Sr., Mike Mooney, Jason Miller, Arthur Faiello and Al Newton were present.

1. CALL TO ORDER

Committee Chairman Morris called the meeting to order at 11:47 a.m.

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

There were no public comments

3. APPROVAL OF MINUTES

Committee member Faiello moved approval of the minutes of regular meeting of March 24, 2014. The motion was seconded by Committee member Miller, with all present voting aye.

4. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD ON APRIL 24, 2014:

Mr. Smith presented information regarding items 4 a through 4 h

- a. Consider authorizing General Manager to approve additional expenditures for legal representation, including professional appraisal services, for land/easement acquisition for the GRP Program
- b. Consider authorizing General Manager to execute Work Order No. 10 for Final Design Services by Design Consultant for Preparation of Procurement Package for Transmission System Segment W3D for the GRP Program.
- c. 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. Mr. Smith explained that TenarisConroe, East Montgomery County MUD No. 7, and Montgomery County MUD No. 137 were being considered for approval.
- d. Consider authorizing General Manager to execute Change Order No. 1 to Construction Contract for Surface Water Transmission Line Segment T2 for the GRP Program
- e. Consider authorizing General Manager to execute Change Order No. 2 to Construction Contract for Surface Water Transmission Line Segment T3 for the GRP
- f. Consider authorizing General Manager to execute Change Order No. 1 to Construction Contract for Surface Water Receiving Facilities North for the GRP Program
- g. Consider authorizing General Manager to execute Change Order No. 1 to Construction Contract for Surface Water Receiving Facilities South for the GRP
- h. Consider authorizing General Manager to execute Construction Contract for 16-inch Well Collection Line and 12-inch Loop Water Line in College Park for The Woodlands

Committee member Faiello made a motion to recommend approval of items 4 a through 4 h, with a second from Committee member Newton. The motion passed with all present voting aye, to recommend the items for approval by the SJRA Board of Directors.

5. PRESENTATION AND DISCUSSION REGARDING THE SJRA GRP DIVISION RATES AND FINANCIAL PLANNING MODEL (GRP TEN-YEAR FINANCIAL PLAN)

Mr. Smith presented information regarding the GRP Water Rates and Financial Planning Model. He reviewed the many aspects that went into the study such as new start up facility, the funding of extensions, cost of phase one construction, projected water demands, operating expenses, ten-year capital improvement plan, debt service, total expenses, alkalinity costs, etc. By utilizing this data, the proposed GRP water rates were calculated in anticipation of supporting the operations of the GRP Division through the next ten years. Mr. Smith also explained that the ten-year financial planning model was developed to forecast revenue needs into the future, providing a strong foundation for starting operations of the GRP Division and for monitoring performance and rates moving forward over the coming years. He stated that the model will be reviewed annually per GRP participant contracts.

6. PRESENTATION AND DISCUSSION REGARDING THE SJRA RATE ORDER

SJRA Legal Counsel Mitchell Page presented information regarding key changes to the SJRA Rate Order. He gave an overview of changes to adoption/effective dates, fees and rates, metering and reporting, payments, late fees and interest, calibrations and permits, conversion of surface water, water conservation plans, drought contingency plans, and penalties.

7. DISCUSSION REGARDING RESOLUTION ADOPTING RESERVE POLICIES

Deputy General Manager Ron Kelling, Mitchell Page and Mark Smith provided information regarding the proposed resolution adopting GRP reserve policies. Ron Kelling explained after paying O&M expenses and Debt Service, the reserve funds will be funded in the following order: (1) Debt Service Reserve Fund, (2) Multi-Purpose Operating Reserve Fund, (3) Renewal and Replacement Reserve Fund, and (4) the Capital Reserve Fund, which will put the GRP participants in a very strong position to manage risks, monitor performance, control costs and anticipate future rates.

8. UPDATE REGARDING GRP DIVISION, INCLUDING DISCUSSION REGARDING GRP CONTRACT WITH CONSUMERS WATER

Compliance Supervisor Matt Corley presented an update from the Compliance Department. Mr. Corley and Mr. Smith updated and informed the Committee regarding Consumers Water, stating that they are considering becoming a small volume user, not participating in a GRP, and is currently, paying import fees to two GRPs. Mr. Smith went on to explain that this decision would essentially amend the service area by taking that part out, and allowing for more growth within our GRP. Mr. Smith recommended that the GRP discontinue charging import fees to Consumers Water until the details of the GRP participant contract can be resolved. The Review Committee concurred with this recommendation. Construction Manager Phil Smith presented construction progress of the Surface Water Facility while Project Manager Doug Haude presented construction progress regarding the Surface Water Transmission Line System.

9. DISCUSSION REGARDING FUTURE AGENDA ITEMS

Mr. Smith noted that the rate order and reserve policy resolution would be presented for adoption next month. He then announced that Committee member Faiello accepted a position in Arizona and will no longer be on the Review Committee. Mr. Smith expressed his sincere gratitude for his service to the Committee.

10. FUTURE MEETING SCHEDULE

May 19, 2014
June 23, 2014
July 21, 2014

11. ADJOURN

Without objection, the meeting was adjourned at 2:11 p.m.

Cynthia A. Bowman, TRMC, CMC
Division Administrative Manager

Mark Smith, P.E.
GRP Administrator