

**GRP Review Committee
Minutes of Regular Meeting
June 19, 2017**

The San Jacinto River Authority (SJRA) GRP Review Committee meeting was held at 11:30 a.m., June 19, 2017, at the San Jacinto River Authority GRP Division Operations Building located at 11998 Pine Valley Drive, Conroe, Texas, 77304. A notice of said meeting was posted per GRP Contract requirements. Committee members Jackie Chance, Mike Mooney, Scott Taylor, Joe Sherwin, Kerry Masson and Melanie White were present. GRP Division Manager Mark Smith, Senior O&M Utility Manager Don Sarich, Compliance & Administrative Manager Matt Corley, Deputy General Manager Ron Kelling, Technical Services Manager Steve Fenney, Administrative Assistants Lisa Yohner and Tina Felkai and General Counsel Mitchell Page were in attendance.

1. CALL TO ORDER

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

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

Mr. Kent Maggart addressed the Committee members in regards to GRP Plant Production. Mr. Maggart asked the Committee members to look into the following items:

- Why the plant only operates at sixty-five percent (65%) vs running at full capacity?
- Why are we paying \$0.41 for Raw Water? Where is that money going?
- Why haven't we asked Lone Star for a conservation credit?

The Committee assured Mr. Maggart that they would look into his concerns and address these items at the next Review Committee Meeting on July 24, 2017.

3. APPROVAL OF MINUTES

Mr. Mooney indicated that the minutes of the GRP Review Committee meeting on May 22 2017 were before the Committee for consideration. Motion was made by Ms. White, seconded by Mr. Taylor, motion was unanimously approved.

4. CITY OF WILLIS' COOLING TOWER PRESENTATION

Mr. Smith gave a presentation updating the Review Committee on the City of Willis Cooling Tower project. Mr. Smith gave a brief background regarding the GRP's agreement to fund the project to treat water from the Catahoula Aquifer wells. The Agreement was approved by the GRP Review Committee on April 25, 2016 and was then approved by the SJRA Board of Directors on April 28, 2016. In exchange for GRP's contribution of \$1.257 million the following was negotiated:

- SJRA's obligation to provide a financial backstop for Catahoula wells.
- Eliminate all financial obligations of the SJRA for the Catahoula wells in 2028.
- Willis remains exempt from pumpage fees for blending until 14 months after the date of the agreement or upon substantial completion of the project.

By converting to water from the Catahoula Aquifer, City of Willis reduced their usage of the

Gulf Coast Aquifer, freeing up their permitted pumpage to be allocated to other GRP Participants, and gained early conversion credits for the GRP. These benefits will allow for the delay of the implementation of Phase II of the surface water expansion.

5. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS ON JUNE 22, 2017

- a. Consider authorizing the General Manager, 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 Manager.

No New Participants at this time.

6. UPDATE REGARDING GRP DIVISION

a. Compliance and Customer Service Update

Ms. Felkai, Administrative Assistant, presented a compliance update. Ms. Felkai stated water usage in May was up approximately 600 Million gallons from last year's usage. Ms. Felkai also updated the Review Committee regarding the two hundred Communication Survey's that were sent out. We currently have received twenty-two responses. We are looking at developing a quarterly report for the Participants and we are now sending out the agenda to all Participants prior to the Review Committee meeting.

b. Operations Update

Mr. Sarich, Senior O&M Utility Manager, presented an operations update. Mr. Sarich stated we are currently running the plant at 20 – 22 MGD. We hired a new Lead Electrician named Mark Towler who started today. We lost a Lead Operator for the evening shift and will be posting to fill that position. We performed a controlled shut down to install VFD's and update SCADA Software, which was part of the Optimization Study. This work is complete and was performed utilizing GRP staff and Woodlands staff and there were no issues with the shutdown or startup of the plant. There was a small leak at the Chlorine Injection, which has been repaired as well. Our maintenance staff recently constructed two metal chutes for the Belt Press which have been installed. By maintenance staff constructing these chutes, it saved the GRP thousands of dollars.

c. Financial Update

Mr. Corley, Compliance & Administrative Manager, presented the financial update. Mr. Corley provided that the total operating revenues for May were \$5,273,282 and operating revenues YTD were \$35,203,295, giving the GRP an unfavorable variance of (7%). Mr. Corley then provided that the total operating expenses for May were \$1,491,189 and operating expenses YTD were \$15,751,588, giving the GRP a favorable variance of 14%. Mr. Corley went on to provide that the cash balance as of May 31, 2017, was \$3,407,201 and the GRP had approximately 1.94 months of budgeted Operating Reserve.

7. DISCUSSION REGARDING FUTURE AGENDA ITEMS

Mr. Smith stated the following items will be presented in the upcoming months:

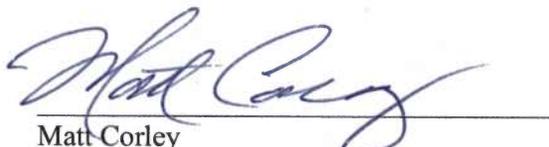
- New Participant will be presented next month.
- Presentation regarding operation strategy to answer Mr. Maggart's questions.
- Operating Survey and how it relates.

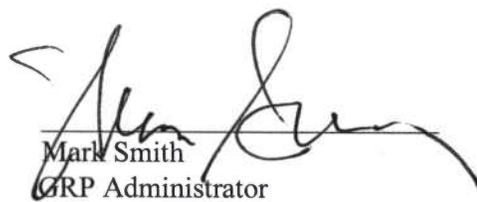
8. FUTURE MEETING SCHEDULE

- July 24, 2017
- August 21, 2017
- September 25, 2017
- October 23, 2017

9. ADJOURN

Without objection, the meeting was adjourned at 12:12 pm.


Matt Corley
Compliance & Administrative Manager


Mark Smith
GRP Administrator