

**GRP Review Committee
Minutes of Regular Meeting
July 24, 2017**

The San Jacinto River Authority (SJRA) GRP Review Committee meeting was held at 11:30 a.m., July 24, 2017, at the San Jacinto River Authority GRP Division Operations Building located at 11998 Pine Valley Drive, Conroe, Texas, 77304. Notice of said meeting was duly 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 11:30 a.m.

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

Mr. Kent Maggert distributed a handout to the Committee where he developed his own pricing scenario for the GRP Rates based on the GRP's Fiscal Year 2018 budget.

Mr. Paul Mendez, City Administrator for the City of Magnolia asked the Committee members to consider waiving fees for water loss due to their system being old and having numerous leaks.

3. APPROVAL OF MINUTES

Mr. Mooney indicated that the minutes of the GRP Review Committee meeting on June 19, 2017 were before the Committee for consideration. Motion was made by Mr. Taylor, seconded by Mr. Masson, motion was unanimously approved.

4. SURFACE WATER DELIVERY PRESENTATION

Mr. Kelling, gave a presentation, addressing Mr. Maggert's three areas of inquiry from the June 19, 2017 meeting, these areas included:

- Cost of Raw Water
- LSGCD Conversion Credits
- GRP SWF Operating Scenarios

5. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS ON JULY 24, 2017

a. Consider and recommend a revised GRP Fiscal 2018 Operating Budget

Mr. Smith explained to the Committee that the credit owed to the GRP from the City of Houston, was for an overpayment in a prior year for their reservation fee. This item was inadvertently left out of the calculation for the Fiscal Year 2018 Budget that was presented

to them in April, 2017. Mr. Smith explained that with the correction there was no effect to the rate that was approved for Fiscal Year 2018. Motion was made to authorize the General Manager to revise the GRP Fiscal 2018 Operating Budget. Mr. Masson approved, seconded by Mr. Chance. Motion was approved five to one, with Mr. Taylor opposing.

- b.** Consider authorizing the General Manager to execute sanitary sewer easement from the San Jacinto River Authority to Trinity Profectus, LLC, a Wyoming Limited Liability Corporation.

Mr. Corley explained to the Committee that the GRP Operations Building sits on property that was purchased by SJRA from Mr. Calfee. Mr. Calfee passed away recently and the family is working with Trinity Profectus, LLC to develop the adjoining Calfee property. They are asking for a sanitary sewer easement in order to get their plat approved. Motion was made to authorize the General Manager to execute the sewer easement from the San Jacinto River Authority to Trinity Profectus, LLC, a Wyoming Limited Liability Corporation. Mr. Chance approved, Mr. Masson seconded and motion passed unanimously.

- c.** 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.

Mr. Corley presented a request from T&W Water Services to amend their GRP Contract, to include Rio Vista to their service area. T&W will need a Letter of Assurance from SJRA to amend their permit from a small volume groundwater user to a large volume groundwater user. Motion was made to authorize the General Manager, to execute letter(s) of assurance to LSGCD, as requested, and approve the GRP Contract(s) as presented and authorize the execution of same by the General Manager. Mr. Chance approved, Mr. Masson seconded and motion passed unanimously.

- d.** Consider and approve rebates associated with Lone Star Groundwater Conservation District Permits.

Mr. Corley gave brief presentation regarding the background of Rate Order language related to LSGCD permitting fees. Per Section 6.06-(a) of the Rate Order, permitting fees are passed through to the GRP Participants based on groundwater allocation. Per Section 6.06-(d) of the Rate Order, any credit approved by LSGCD is passed through to the Participants on a pro-rata basis (based on amount of under production) and is applied to the next ensuing quarterly invoice. To qualify Participants must have produced less than their Groundwater Allocation on the GRP's Production Schedule. Participants must have actually produced 75% or more of the groundwater authorized to be produced in such a year. Unless waived by GRP Administration. Mr. Corley concluded with an example of how the rebates were calculated. After a brief discussion motion was made to approve the methodology to distribute. Mr. Masson approved, Mrs. White seconded and motion passed unanimously.

6. UPDATE REGARDING GRP DIVISION

a. Compliance and Customer Service Update

Ms. Felkai, Administrative Assistant, presented a compliance update. Ms. Felkai gave a brief presentation on the recent Participant Communication Survey. The purpose of the survey was to gather information on how GRP Participants would like to receive correspondence, to obtain insight on what GRP Participants would like to receive more information about, and ask for any additional suggestions. The survey was initially sent out to 162 email addresses. Recipients were able to forward the survey to other interested parties. The GRP received twenty-two (22) responses back. The survey contained eight questions and the average time spent on the survey was approximately three minutes and forty seconds. Mr. Felkai briefly went over the eight questions and responses following up with the three request on other feedback which were as follows:

- Email agendas prior to meetings.
- Evening meeting times making meeting more accessible to the working public.
- More correspondence with GRP Review Committee members.

Based on response from the survey, moving forward staff will sending out a GRP Quarterly Newsletter and utilizing e-blast to send out meeting reminders and agendas.

b. Operations Update

Mr. Sarich, Senior O&M Utility Manager, presented an operations update. Mr. Sarich stated we are currently running the plant at approximately 23 MGD. Turbidity remains at .04 - .05 Nephelometric Turbidity Units (NTU). We had a turbo blower fail back in early May. Staff brought Neuros, the manufacturer, in to pull and examine the blower core in June to determine why the blower failed. The findings showed that dust was the reason for the failure, more than likely introduced during construction. For this reason, the turbo blower is still covered under warranty. Preventative maintenance was performed on all blowers in May, 2017 by Neuros and they were amazed at how clean and well run the blower process is. On July 3, 2017 the plant experienced an electrical failure. Two buses feed the plant electrical power and one failed. Phases A & B of the three-phase circuit shorted to ground. The manufacturer came out because this is the second time for this failure to occur. The first occurred during start up when Phase A failed to ground. Manufacturer's representatives (Schneider Electric) are currently examining the failed unit, but, to date, have not provided a reason for the failure. They are treating the problem as a warranty issue and are currently on site to repair the damage. Staff contacted HDR, the plant's design engineer, to come out and work with Schneider Electric to assist with determining the cause. All damage was confined to the electrical cabinet. The plant was only down twenty-four hours. Currently, the generators have to be operated manually until repairs are completed.

c. Financial Update

Mr. Corley, Compliance & Administrative Manager, presented the financial update. Mr. Corley provided that the total operating revenues for June were \$4,667,816 and operating revenues YTD were \$39,871,110, giving the GRP an unfavorable variance of (9%). Mr. Corley then provided that the total operating expenses for June were \$1,265,028 and operating expenses YTD were \$17,016,616, giving the GRP a favorable variance of 14%. Mr. Corley went on to provide that the cash balance as of June 30, 2017, was \$2,756,054 and the GRP had approximately 1.57 months of budgeted Operating Reserve.

7. DISCUSSION REGARDING FUTURE AGENDA ITEMS

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

- Mediation with contractor regarding the line break will be on August 14, 2017, and expert reports from SJRA's engineers regarding the line break.

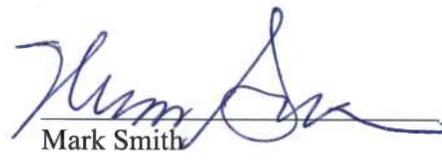
8. FUTURE MEETING SCHEDULE

- August 21, 2017
- September 25, 2017
- October 23, 2017
- December 11, 2017

9. ADJOURN

Without objection, the meeting was adjourned at 1:27 pm.


Matt Corley
Compliance & Administrative Manager


Mark Smith
GRP Administrator