

**GRP Review Committee
Minutes of Regular Meeting
March 19, 2018**

The San Jacinto River Authority (SJRA) GRP Review Committee meeting was held at 11:30 a.m., on February 20, 2018, 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, Jason Williams, Mike Mooney, Joe Sherwin, and Kerry Masson were present. GRP Division Manager Mark Smith, Senior O&M Utility Manager Don Sarich, Compliance & Administrative Manager Matt Corley, Deputy General Manager Ron Kelling, Administrative Assistants Lisa Yohner, Jeanette McKinzie 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)

No public comments.

3. APPROVAL OF MINUTES

Mr. Mooney indicated that the minutes of the GRP Review Committee meeting held on February 20, 2018 were before the Committee for consideration. Motion was made by Mr. Masson, seconded by Mr. Mooney and unanimously carried, to approve said minutes as presented.

4. BRIEFING REGARDING THE GRP REVIEW COMMITTEE ELECTIONS SCHEDULE

Mr. Smith briefly went over the election process for the Review Committee Members. There are three seats up for reappointment or election. The WJPA, MUD's West and Small Cities. Notices will be mailed out by April 2nd for nominations and are due back to our office in July.

5. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS ON MARCH 22, 2018

a. New Participant – Quadvest, LP. (Magnolia Reserve)

Mr. Smith presented an application from Quadvest, LP. to add Magnolia Reserve as a new Participant. Magnolia Reserve which is part of the Quadvest System has experienced a large amount of growth and is now a large volume user. A Letter of Assurance needs to be sent to Lone Star Groundwater Conservation District (LSGCD). Mr. Chance made a motion to authorize the General Manager, to execute letter(s) of assurance to LSGCD, and approve the GRP Contract(s) as presented and authorize the execution of same by the General Manager. Motion was seconded by Jason Williams and unanimously approved.

b. Ratification of February's vote, to permanently remove the TRA Option Contract payment from the GRP Operating Budget.

Mr. Smith gave a brief background on the TRA Option Contract and based on previous discussions with the GRP Review Committee, they did not want to keep this option

going forward. It was on the Agenda for the February, 2018 meeting where the three Committee members, Mr. Masson, Mr. Sherwin and Mrs. White, all voted to let the option go, due to three members being absent they asked if we could bring it back at the March meeting to be ratified by the remaining three members. Mr. Kelling spoke up to say that the Raw Water Master plan was complete and this water will be needed by year 2039. Mr. Mooney made motion for ratification of official vote on 02/20/2018, for the GRP Review Committee to direct the GRP Administrator to permanently remove line items related to payment of option fee for Trinity River Authority water supply and related legal and engineering costs. Motion was seconded by Mr. Masson, passed Five to One, with Mr. Chance opposing.

UPDATE REGARDING GRP DIVISION

a. Compliance and Customer Service Update

Ms. Felkai, Administrative Assistant, stated that this month's operation report includes February water demand. Ms. Felkai gave GRP Committee Members a copy of the 2nd Quarter Newsletter which will go out to participants on Friday March 23, 2018.

b. Operations Update

Mr. Sarich provided an operations update, stating that the plant was currently running at 10 MGD. Mr. Sarich went on to state that the GRP is continuing to monitor TTHM. Mr. Sarich added that the GRP is planning a GAC replacement starting on April 9, 2018. The plan is to replace two (2) contactors instead of the usual four (4). Mr. Sarich stated he had negotiated a lower rate with Calgon which will result in an estimated savings of \$26,000 to \$27,000 per change out. At four (4) GAC change outs per year that will be an estimated \$107,000 savings per year. Mr. Sarich stated that they are currently looking at the possibility of GRP taking over part of the fines process during the GAC change out which is an estimated \$32,000 savings on two (2) contactors which could result in about a \$234,000 savings per year if it all works out. He is hoping to have this worked out by the next change out. Mr. Sarich went on to explain about the Switchgear issues the plant has experienced. Mr. Sarich explained that we have broken these issues down into four (4) events. First event was during startup which repairs were covered under warranty. The second event was in July, 2017 the second bus blew, the cost of the repairs was \$121,000. The third event was during preparations for Hurricane Harvey, the repair estimate is \$168,000. The fourth event was finding burnt wires in the manhole that housed the main wires that run the plant. We are unable to determine if this was a result of events one, two or three or something totally different. The estimate to repair the melted conduit and pull new wire is \$114,000. The amount for all four events totals about \$404,000. Mr. Sarich stated all parties were brought in to investigate the issue to determine the cause of the Switchgear failures and reports are indicating condensation as being the root cause. We had been keeping the room too cool, which could have been one reason for the condensation. We have adjusted the temperature in the room to 80 degrees. Repairs are to start on March 22, 2018. Schneider Electric, Cummins, Walker Engineering and EPS will all be on site for the repairs. Mr. Smith stated we are looking into the possibly filing an insurance claim for the damage and repairs. We will keep everyone updated on what we find out from the insurance company.

c. Financial Update

Mr. Corley, Compliance & Administrative Manager, presented the financial update. Mr. Corley provided that the total operating revenues for February were \$3,054,792 and

operating revenues YTD were \$23,501,484 giving the GRP an unfavorable variance of (7%). Mr. Corley then provided that the total operating expenses for February were \$1,190,418 and operating expenses YTD were \$9,061,277, giving the GRP a favorable variance of 24%. Mr. Corley went on to provide that the fund balance as of February 28, 2018, was \$6,987,856 and the GRP had approximately 3.797 months of budgeted operating funds.

6. DISCUSSION REGARDING FUTURE AGENDA ITEMS

The following items were discussed for future agenda items:

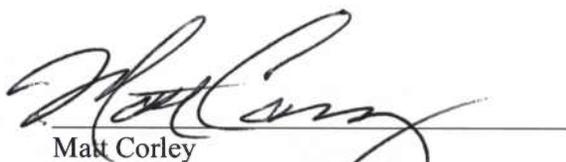
1. Presentation of proposed Budget and Rate - April
2. Notification of Rate Order Letter – April
3. Vote on Budget and Rate – May

7. FUTURE MEETING SCHEDULE

- April 23, 2018
- May 21, 2018
- June 25, 2018
- July 23, 2018

8. ADJOURN

Without objection, the meeting was adjourned at 12:15 pm.



Matt Corley
Compliance & Administrative Manager



Mark Smith
GRP Administrator