

**GRP Review Committee
Minutes of Regular Meeting
May 21, 2018**

The San Jacinto River Authority (SJRA) GRP Review Committee meeting was held at 11:30 a.m., on May 21, 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 Miller, Mike Mooney, 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, 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 11:35 a.m.

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

Mr. James Ridgway, Jr. introduced himself as the newly elected Rayford Road MUD director and presented comments to the GRP Review Committee.

3. APPROVAL OF MINUTES

Mr. Mooney indicated that the minutes of the GRP Review Committee meeting held on April 23, 2018 were before the Committee for consideration. Motion was made by Ms. White, seconded by Mr. Chance, and unanimously carried, to approve said minutes as presented.

4. UPDATES REGARDING GRP DIVISION

a. Compliance and Customer Service Update

Ms. Felkai, Administrative Assistant, stated the Operation Report for this month includes April water demand. Ms. Felkai reported that East Montgomery County MUD No. 4 submitted all documentation to become a Participant in the GRP, and that staff would bring the matter before the GRP Review Committee and the SJRA Board of Directors next month for approval. Ms. Felkai concluded by stating the GRP has only received two nominations for the upcoming board election: Mr. Joe Sherwin from the City of Oak Ridge North and Mr. John Bramlett from the City of Magnolia.

b. Operations Update

Mr. Sarich provided an operations update. The plant is currently producing about 17 MGD, as water demand rose with the warmer weather. Schneider Electric has been on site installing and performing electrical repairs. Schneider Electric has been installing heaters in all the cabinets, and is currently waiting on parts to arrive to complete electrical repairs. Gate repairs are underway, with changes to gate design, to increase plant security. The design includes two gates, median, and reflectors to better prevent someone running through the gate again.

Mr. Smith addressed the committee with an update on the NO-DES System that was discussed last month. Mr. Smith stated he contacted Valve Tech regarding contract and pricing, but has not received an answer to his questions yet. He did, however, have our purchasing department check to see if the company was on the approved Buy Board list

and currently they are not. Mr. Smith stated he would continue to research and will update the Committee accordingly. Mr. Smith also updated the Committee regarding the W2B Line Break Litigation. On May 11, 2018, the SJRA filed suit against all parties involved including; design engineers, inspectors, and contractors. The SJRA has not heard response from any of the named parties. Mr. Smith stated he would keep the Committee updated on the process of the suit.

c. Financial Update

Mr. Corley, Compliance & Administrative Manager, presented the financial update. Mr. Corley provided that the total operating revenues for April were \$4,110,729 and operating revenues YTD were \$31,429,803 giving the GRP an unfavorable variance of (7%). Mr. Corley then provided that the total operating expenses for April were \$1,515,832 and operating expenses YTD were \$11,590,547, giving the GRP a favorable variance of 23%. Mr. Corley went on to provide that the fund balance as of April 30, 2018, was \$5,301,043 and the GRP had approximately 2.88 months of budgeted operating funds.

5. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS ON MAY 24, 2018

a. Consider adoption by the San Jacinto River Authority Board of Directors of an amended Rate Order for GRP Participants, effective September 1, 2018.

Mr. Smith discussed the proposed changes to the GRP Rate Order for FY 2019, explaining that the only changes reflected are date changes as the GRP is not proposing a rate change for FY2019. Mr. Mooney indicated that the matter of recommending adoption of the amended Rate Order for GRP Participants, effective September 1, 2018, was before the committee. Motion was made by Kerry Masson, seconded by Jason Miller, and unanimously carried to recommend adoption of the amended Rate Order by the SJRA Board of Directors.

b. Consider adoption by the San Jacinto River Authority Board of Directors of the proposed GRP Fiscal Year 2019 Operating Budget, effective September 1, 2018. Note: This item will be presented in the SJRA Board of Directors on August 23, 2018.

Mr. Smith advised the Committee that the FY2019 Budget that was presented last month was being brought before the Committee for a vote. Mr. Chance asked that the budget presentation be presented again. Mr. Smith proceeded to go over the proposed FY2019 Budget Presentation. Once presentation was concluded Mr. Chance and Mr. Masson both commended the GRP for all their hard work on the budget making the necessary adjustments to keep the FY2019 rate the same as FY2018. Mr. Smith stated work had started in preparation of a new rate study that would be conducted in FY2019. After a brief discussion, Mr. Mooney indicated that adoption of proposed GRP Fiscal Year 2019 Operating Budget, effective September 1, 2018, was before the committee. Motion was made by Mr. Chance and seconded by Mr. Masson, and unanimously carried to approve said budget.

Proposed FY2019 Rates are as follows:

- Groundwater Pumpage Fee \$2.64/1,000 gal
- Treated Surface Water Fee \$2.83/1,000 gal

6. DISCUSSION REGARDING FUTURE AGENDA ITEMS

The following items were discussed for future agenda items:

- New Participant
- Update on Elections
- Update on NO-DES System for Flushing

7. FUTURE MEETING SCHEDULE

- June 25, 2018
- July 23, 2018
- August 20, 2018
- September 24, 2018

8. ADJOURN

Without objection, the meeting was adjourned at 12:57 pm.



Matt Corley
Compliance & Administrative Manager



Mark Smith
GRP Administrator