

**GRP Review Committee
Minutes of Regular Meeting
June 25, 2018**

The San Jacinto River Authority (SJRA) GRP Review Committee meeting was held at 11:30 a.m., on June 25, 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, 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 Jeanette McKinzie and Tina Felkai and General Counsel Mitchell Page were in attendance.

1. CALL TO ORDER

The meeting was called to order at 11:36 a.m.

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

There were no public speakers present at the meeting.

3. APPROVAL OF MINUTES

Mr. Mooney indicated that the minutes of the GRP Review Committee meeting held on May 21, 2018 were before the Committee for consideration. Mr. Masson noted a typographical error which needed to be corrected. Motion was made by Mr. Masson, seconded by Mr. Sherwin, and unanimously carried, to approve said minutes with noted correction.

UPDATES REGARDING GRP DIVISION

a. Compliance and Customer Service Update

Ms. Felkai, Administrative Assistant, presented the Operation Report. She noted the report includes May water demand. Ms. Felkai concluded by stating the GRP has received three nominations for the upcoming Review Committee election: Mr. Joe Sherwin from the City of Oak Ridge North, Mr. John Bramlett from the City of Magnolia, and Mr. Jackie Chance from Montgomery County ICIND. Mr. Smith noted that GRP Division is currently going through the process to do a new rate study as per the contract. Mr. Masson mentioned that annexation requests have been received by areaMUDs, indicating growth and development.

b. Operations Update

Mr. Sarich provided an operations update. The plant is currently producing about 21 MGD. Schneider Electric has been on site installing and performing electrical repairs to the switch gear. During a recent power outage, a phase dropped and six VFDs on the flocculator blew out, which VFDs were manufactured by Eaton. The cost to replace these is about \$1,000 each. During the power outage, the plant lost one of the blowers in the Membrane building as well. Mr. Chance questioned why this happened, and whether there is surge protection on the equipment. Mr. Sarich stated if the switch gear was working properly, this would not have happened. Mr. Smith stated that when replacement VFDs were ordered, backups were ordered if this should happen again. Mr. Mooney questioned if the expense was enough to file an insurance claim. Mr. Smith

stated that the GRP Division is keeping an accounting of all repairs and will be looking into the matter.

c. Division Engineer Update:

Mr. Shane Porter, GRP Division Engineer, gave an update on projects the GRP Division is currently working on. Mr. Porter stated that the main project currently underway is the Asset Management Plan (AMP). This plan is formalized to maintain the life of the assets. The GRP Division is working in conjunction with the Woodlands Division to formulate a SJRA standard plan. Mr. Porter also stated he is working with TXDOT on the relocation of the sixteen inch water line located on FM 2978 which TXDOT condemned due to road widening. A utility joint use agreement will be going to the board on Thursday June 28, 2018. TXDOT has agreed to reimburse SJRA for the cost of relocating our line. TXDOT has a contractor and will start work in September.

d. Financial Update

Mr. Corley, Compliance & Administrative Manager, presented the financial update. Mr. Corley provided that the total operating revenues for May were \$5,762,620 and operating revenues YTD were \$37,192,422 giving the GRP an unfavorable variance of (7%). Mr. Corley then provided that the total operating expenses for May were \$1,387,331 and operating expenses YTD were \$12,977,877, giving the GRP a favorable variance of 22%. Mr. Corley went on to provide that the fund balance as of May 31, 2018, was \$4,410,060 and the GRP had approximately 2.4 months of budgeted operating funds.

4. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS ON JUNE 28, 2018

- 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.**

East Montgomery County MUD 4 has requested to become a participant. This is the new waterpark in East County. Water demand will go from 5 million gallons per year to 10 million gallons per year. Mr. Chance made a motion to approve East Montgomery County MUD 4's request, Mr. Masson seconded, and unanimously carried.

- b. Consider authorizing the General Manager to approve purchase of valve exercising equipment for the GRP Division.**

Mr. Smith stated with the assistance of a consultant, the GRP Division developed a valve exercising plan to ensure all air relief, vacuum relief, and isolation valves, plus flushing hydrants, within the GRP's 55-mile network of surface water transmission lines, are exercised and maintained with manufacturer's minimum recommendation of once in three years. The process is both time consuming and labor intensive, therefore, the consultant recommended the purchase of specialized equipment to allow the staff to perform this task more efficiently and at a lesser expense to the GRP Division. The equipment will allow maintenance personnel to perform the valve exercising in a cumulative time of approximately 96 man-days per year with two, two-man teams working one behind the other. Total cost of the equipment is \$78,221.30. After a brief

discussion, Mr. Masson made a motion to approve the purchase; Mr. Sherwin seconded, and unanimously carried to approve the purchase of the valve exercising equipment.

5. DISCUSSION REGARDING FUTURE AGENDA ITEMS

Mr. Smith stated we received two proposals for the Rate Study Professional Services Contract. GOV Rates out of Florida and Raftelis is out of Austin. The project manager with Raftelis used to be with HDR and they just completed the Rate Study for Raw Water. GRP will be presenting their recommendation at the August meeting.

Mr. Masson requested legal updates. Mr. Page stated there were no updates at this time, nothing has been resolved with the City of Conroe. Mr. Masson asked about the pending declaratory judgement action. Mr. Page said at this point it's pending before the Court of Appeals and further legal action is stayed until a decision is issued. The SJRA's appellate attorneys have advised against the SJRA contacting the Court of Appeal regarding the status of the decision, but that SJRA has no control over third parties that may contact the Court of Appeals. Mr. Masson stated that the MUDs are wondering what they can do. Mr. Page discussed remedies available under the GRP Contract.

Mr. Kelling made a statement that anyone who wants to sign up for a position on the Lonestar Development Board must physically go to their location to apply by August 21. They have packets at the office. He discussed issues related to dual office holding and requirements to be elected.

Mr. Smith stated we currently do not have any items to present to the Review Committee for the month of July, 2018. Mr. Mooney made a motion to cancel the July meeting. Mr. Sherwin requested the June, 2018, meeting minutes be sent to the Committee Members. Mr. Chance seconded the motion to cancel the July, 2018 meeting, and motion unanimously carried, to cancel the July, 2018 meeting.

6. FUTURE MEETING SCHEDULE

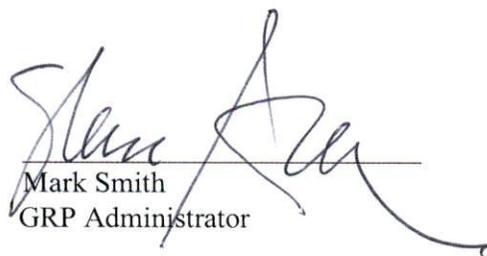
- August 20, 2018
- September 24, 2018
- October 22, 2018
- December 10, 2018

7. ADJOURN

Without objection, the meeting was adjourned at 12:14 pm.



Matt Corley
Compliance & Administrative Manager



Mark Smith
GRP Administrator