

**GRP Review Committee
Minutes of Regular Meeting
August 20, 2018**

The San Jacinto River Authority (SJRA) GRP Review Committee meeting was held at 11:30 a.m., on August 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 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 11:33 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 June 25, 2018 were before the Committee for consideration. Motion was made by Mr. Chance, seconded by Mrs. White, and unanimously carried, to approve said minutes as presented.

4. UPDATES REGARDING GRP DIVISION

a. Compliance and Customer Service Update:

Ms. Felkai, Administrative Assistant, presented the monthly Operations Report. She noted the report includes July water demands. Ms. Felkai concluded by stating the GRP had been notified that East Montgomery County MUD No. 4 permit application was approved by Lone Star Board.

b. Operations Update:

Mr. Sarich provided an operations update. Mr. Sarich introduced a new employee, Alex Mendoza, who started work on July 9, 2018 in the Maintenance Department. Mr. Sarich stated that Calgon just completed GAC change outs of two basins. This would be the last GAC change out for FY2018. The next GAC change out is scheduled for late September or early October, 2018. Mr. Sarich, stated that representatives of Cummins have been onsite and made changes to the generator software program. The electrical switch gear was tested and everything worked as it should. In closing, Mr. Sarich stated that the GRP received approval notification from TWDB regarding the final audit on bond proceeds.

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 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. 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 July, 2018 were \$5,823,755 and operating revenues for YTD for fiscal year 2018 were \$48,586,628, giving the GRP an unfavorable variance of (7%). Mr. Corley then provided that the total operating expenses for July, 2018 were \$1,659,687 and operating expenses for YTD for fiscal year 2018 were \$16,066,248, giving the GRP a favorable variance of 21%. Mr. Corley went on to provide that the fund balance as of July 31, 2018, was \$4,409,206 and the GRP had approximately 2.6 months of budgeted operating expenditures in the multipurpose operating reserves, but no reserves for repairs and replacements, or capital improvements.

5. GRP ELECTIONS (MUDS WEST OF I45)

- a. Mr. Smith notified the GRP Committee that Mr. Jackie Chance ran unopposed for his seat on the GRP Review Committee for MUDs West of I45. Pursuant to Section 2.07 (c) of the GRP Contract, the GRP Review Committee could consider canceling the appointment procedures for MUDs West of I45 and declare unopposed candidate elected. Mr. Smith stated the motion is before the Committee for consideration. Motion was made by Ms. White, seconded by Mr. Masson and unanimously carried, to cancel the appointment procedures for MUDs West of I45 and declare Mr. Jackie Chance to be elected to such seat on the GRP Review Committee.

6. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS ON AUGUST 23, 2018

- a. **Consider authorizing the General Manager, to execute professional service agreement and Work Order No. 1 for the GRP Rate Study and Financial Planning/Rate Design Model Developed.**

Mr. Corley gave a presentation explaining the GRP Contract authorizes the Review Committee to request the GRP to engage an independent rate analyst to review and prepare a written report regarding the fees charged. Mr. Corley noted that, in practice, the GRP has engaged such a rate analyst every five (5) years. The previous rate study and rate design model were performed by HDR Engineering, Inc. in 2014. RFQs were solicited on May 2, 2018. The GRP recommends Raftelis Financial Consultants, Inc. The study will include rate review and design to determine and meet the level of required future annual revenue to support:

- Operations
- Maintenance
- Repair & Rehabilitation
- Capital Improvements
- Reserves

The study focuses on a ten year period representing SJRA FY2020 through FY2029. Mr. Corley then went over the key dates:

- September 6 – Kickoff Meeting
- December 10 – Benchmarking Presentation to Review Committee
- January 21 – Receive Direction from Review Committee Regarding Benchmarking Recommendations
- February 13 – Final Rate Model Complete
- April 22 – Rate Recommendation Report Presentation.

Mr. Corley, explained \$150,000 had been budgeted for FY19 to cover the cost of the Rate Study and the professional service agreement with Raftelis Financial Consultants comes to \$149,580.00. The study will compare other companies similar to the GRP rates against the GRP for comparison. After a brief discussion, Mr. Mooney stated the Professional Services Agreement and Work Order No. 1 for the GRP Division Rate Study and Financial Planning/Rate Design Model Development was before the board for consideration. Mr. Masson made the motion, Mr. Sherwin seconded and motion passed 4 to 1, with Mr. Chance opposing, to approve the Professional Services Agreement and Work Order No. 1, as presented.

7. DISCUSSION REGARDING FUTURE AGENDA ITEMS

- Excess Bond Funds Discussion
- Water Receiving Facilities – Discuss - Deeding of Assets, Access Rights and who performs maintenance.
- Update on Rate Study
- New Participant
- Photos of GRP Review Committee Members – September, 2018

8. FUTURE MEETING SCHEDULE

- September 24, 2018
- October 22, 2018
- December 10, 2018
- January 22, 2019

9. ADJOURN

Without objection, the meeting was adjourned at 12:20 pm.


 Matt Corley
 Compliance & Administrative Manager


 Mark Smith
 GRP Administrator