

**GRP Review Committee
Minutes of Regular Meeting
January 22, 2019**

The San Jacinto River Authority (SJRA) GRP Review Committee meeting was held at 11:30 a.m., on January 22, 2019, 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, Kerry Masson, and Melanie White were present. GRP Division Manager Mark Smith, Compliance & Administrative Manager Matt Corley, Deputy General Manager Ron Kelling, Administrative Assistants Lisa Yohner and Jeanette McKinzie, and General Counsel Mitchell Page were in attendance.

1. CALL TO ORDER

The meeting was called to order at 11:35 a.m.

2. GRP REVIEW COMMITTEE MEMBERS:

- a. Pursuant to the GRP Contract (Sections 2.07 and 2.08) with Participants, the GRP Administrator seated the following members for additional four year terms:
- Mike Mooney – Appointment for WJPA
 - Joe Sherwin – Election for Small Cities
 - Jackie Chance – Election for MUDs West of I-45

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

There were no public speakers present at the meeting.

4. APPROVAL OF MINUTES

Mr. Mooney indicated that the minutes of the GRP Review Committee meeting held on December 10, 2018, were before the Committee for consideration. Motion was made by Ms. White, seconded by Mr. Masson, and unanimously carried, to approve said minutes as presented.

5. UPDATES REGARDING GRP DIVISION

a. Compliance and Customer Service Update and Financial Update:

Mr. Corley, Compliance and Administrative Manager, presented the Monthly Operations Report. He noted that the report includes financials for the months of November and December, He also noted that the report contains a new dashboard summary that Ms. Felkai has added which shows a summary of information in the report.

Mr. Corley also gave the Financial Update. Mr. Corley provided that the total operating revenues for December 2018 were \$3,005,450 and operating revenues for YTD for fiscal year 2019 were \$14,046,737, giving the GRP Division an unfavorable variance (19%). Mr. Corley then provided that the total operating expenses for December, 2018, were \$1,439,541 and operating expenses for YTD for fiscal year 2019 were \$4,449,643, giving the GRP a favorable variance (15%). Mr. Corley went on to provide that the fund balance as of December 31, 2018, was \$8,041,470 and the GRP

Division had approximately 5.18 months of budgeted operating expenditures in the multipurpose operating reserves, but no reserves for repairs and replacements, or capital improvements.

b. Operations Update:

Mr. Smith, Division Manager, provided an operations update. Mr. Smith reported that we are currently experiencing very low water demands. The plant is running at approximately a 10 MGD average for December. Mr. Smith notes that we have reduced the blowers capacity, due to lower usage.

Mr. Smith notes that we had a leak in the sodium permanganate feed line. There were a total of nine breaks throughout the line. The plant is using an alternate method of dosing right now. Staff has implemented a long-term plan of going through and testing the lines.

Mr. Smith also notes that the transmission line that feeds The Woodlands Water Plant 5, located at Gosling and Research Forest, was leaking. Staff isolated the line, and identified the leak. Mr. Smith produced pictures, and discussed the status of repairs, noting that the contractor is in the process of restoring the pavement and then the repair will be complete.

c. Division Engineer/Manager Update:

Mr. Smith, Division Manager, updated the GRP Review Committee on the miscellaneous items in the Operations Report.

6. GRP BUDGET AMENDMENT – LEGAL EXPENSES FOR PARTICIPANT CONTRACT LITIGATION

On January 22, 2019, one of the items noted in said meeting was that the GRP did not use all of the legal expenses for the Participant Contract Litigation in Fiscal Year 2018 and that unused expense amounts may need to be rolled forward to Fiscal Year 2019. As anticipated, the Division now proposes an amendment that adds \$500,000 to legal expenses— making the total budget amount \$850,000. The Review Committee agreed to amend the budget for Fiscal Year 2019. Mr. Masson made the motion to accept, seconded by Ms. White, and unanimously carried, to approve the budget amendment for contract litigation.

7. RECOMMENDATION OF GRP RESERVE POLICIES – RAFTELIS FINANCIAL CONSULTANTS

Ms. Angie Flores, with Raftelis Financial Consultants, presented the Rate Study along with Reserve recommendations.

After a brief discussion, motion was made (to accept recommendations of GRP Reserve Policies presented by Raftelis) by Mr. Masson, seconded by Mr. Chance and unanimously carried motion.

8. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS ON JANUARY 24, 2019

- 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. The facilities include:
- Aqua Texas and Woodland Ranch – both have sent requests to amend their contracts.
 - Magnolia Reserve, which is part of Quadvest, and is located off of FM 149.

Mr. Chance made the motion to approve. Mr. Masson seconded the motion. None opposed.

9. DISCUSSION REGARDING FUTURE AGENDA ITEMS

The Rate Model will be presented in March for approval.


A line extension will be discussed at a later date.

10. FUTURE MEETING SCHEDULE

- February 25, 2019
- March 25, 2019
- April 22, 2019
- May 20, 2019

11. ADJOURN

Without objection, the meeting was adjourned at 12:51 p.m.



Matt Corley
Compliance & Administrative Manager



Mark Smith
GRP Administrator