

**GRP Review Committee  
Minutes of Regular Meeting  
February 25, 2019**

The San Jacinto River Authority (SJRA) GRP Review Committee meeting was held at 11:30 a.m., on February 25, 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 Mike Mooney, Jason Miller, Joe Sherwin, Kerry Masson, and Melanie White were present. GRP Division Manager Mark Smith, Compliance & Administrative Manager Matt Corley, GRP Senior Utility Operations & Maintenance Manager Don Sarich, Deputy General Manager Ron Kelling, Director of Finance and Administrative Services Tom Michel, GRP Customer Service and Compliance Supervisor Tina Felkai, GRP Administrative Supervisor Lisa Yohner, Administrative Assistant Jeanette McKinzie, and General Counsel Mitchell Page were in attendance.

**1. CALL TO ORDER**

The meeting was called to order at 11:34 a.m.

**2. PUBLIC COMMENTS:**

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 January 22, 2019, were before the Committee for consideration. Mr. Masson requested that page 2 of the minutes be corrected to reference the specific location of the Water Receiving Facility repairs being discussed. Motion was made by Mr. Masson, seconded by Ms. White, and unanimously carried, to approve said minutes with the above correction.

**4. UPDATES REGARDING GRP DIVISION**

**a. Compliance and Customer Service Update:**

Ms. Felkai presented the Monthly Operations Report. She noted that the report included financials for the month of January. She also noted that the report has a summary of all of the information in the report on the new dashboard and if anyone would like any other information included to let her know.

Mr. Page gave an update on the status of action by the Lone Star Groundwater Conservation District's (LSGCD) Board. He described a notice sent out by LSGCD, dated February 5, 2019, to all Large Volume Groundwater Users (LVGUs). The notice stated that the LSGCD rule requiring LVGUs to reduce groundwater has been declared void and LSGCD will take action to amend LVGU permits accordingly in the future. The GRP has issued a notice to the GRP bondholders with this information.

Mr. Michel then gave an overview of the regional groundwater management area (GMA) planning process. There are five groundwater districts in the GMA 14. The Texas Water Development Board (TWDB) calculates the maximum amount of

groundwater that can be produced within a district in a manner that is consistent with the approved "Desired Future Conditions". The district must then adopt a management plan, rules and regulations based on the maximum amount of groundwater, and the approved Desired Future Conditions. LSGCD will have to establish a new set of rules that is acceptable to the TWDB and Texas Commission on Environmental Quality (TCEQ), and that is based on the maximum amount of groundwater approved by the TWDB and the approved Desired Future Conditions.

Mr. Masson asked questions about the five districts in GMA 14 and how this affects the other districts. Mr. Kelling noted that the GRP needs to develop budgets and rates to look at all possibilities. The GRP staff requested a delay for completing the current rate study to see how this is going to play out.

Mr. Page noted that the Cities of Conroe and Magnolia have requested Texas Supreme Court review regarding the appellate decision in the Expedited Declaratory Judgment Act matter. All of the papers have been filed with the Texas Supreme Court and we hope to know whether the matter will be taken up for review in the next couple of months.

**b. Operations and Maintenance Update:**

Mr. Sarich provided an operations update. Mr. Sarich reported that the water demand is still very low. The plant is running at an average of approximately a 12 MGD for January. Mr. Sarich notes that the temperature is a consideration as TTHM levels rise. The level is at approximately 40 parts per billion. The drinking water limit is 80 parts per billion. It leaves the plant at 10 parts per billions. The GRP has no control on what happens to the TTHM levels when water arrives to the customers' storage facilities.

**c. Financial Update:**

Mr. Corley gave the Financial Update. Mr. Corley provided that the total operating revenues for January 2019 were \$2,947,983 and operating revenues for YTD for fiscal year 2019 were \$16,994,720, giving the GRP Division an unfavorable variance of 17%. Mr. Corley then provided that the total operating expenses for January 2019 were \$2,562,926 and operating expenses for YTD for fiscal year 2019 were \$7,012,569, giving the GRP a favorable variance of 15%. Mr. Corley went on to provide that the fund balance as of January 31, 2019, was \$7,084,018 and the GRP Division had approximately 4.57 months of budgeted operating funds.

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

- a. Consider recommending adoption of a resolution of the San Jacinto River Authority Board of Directors adopting revised Water Conservation and Drought Contingency Plans; authorizing the General Manager to implement such revised plans; repealing and rescinding all prior plans; and containing other provisions related thereto.

Mr. Corley gave the presentation to the Review Committee. The revised Water Conservation Plan contains five and ten year target goals. The GRP's Drought Contingency Plan triggers are tied to the Lake Conroe Drought Contingency Plan

and levels in Lake Conroe. Staff discussed the revisions to the triggers for the Drought Contingency Plan. The plan is to be submitted to the TWDB and TCEQ by May 1, 2019.

Mr. Miller made the motion to recommend adoption of a resolution of the San Jacinto River Authority Board of Directors adopting revised Water Conservation and Drought Contingency Plans; authorizing the General Manager to implement such revised plans; repealing and rescinding all prior plans; and containing other provisions related thereto. Mr. Masson seconded the motion, which was unanimously carried.

**6. DISCUSSION REGARDING FUTURE AGENDA ITEMS**

The Review Committee agreed that, in consideration of the uncertainty caused by recent LSGCD actions, budget and rate discussions should be pushed back a month to June and July.

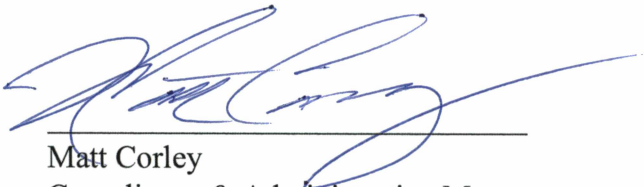
Mr. Masson made a recommendation to cancel the March meeting if there are no items to discuss.

**7. FUTURE MEETING SCHEDULE**

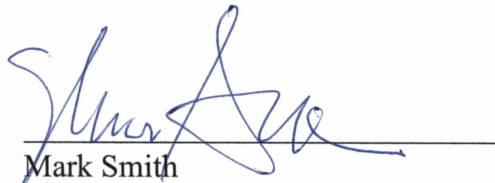
- April 22, 2019
- May 20, 2019
- June 24, 2019
- July 22, 2019

**8. ADJOURN**

Without objection, the meeting was adjourned at 12:26 p.m.



Matt Corley  
Compliance & Administrative Manager



Mark Smith  
GRP Administrator