



**GRP REVIEW COMMITTEE  
MINUTES OF REGULAR MEETING**

**MAY 26, 2020**

The San Jacinto River Authority (SJRA) GRP Review Committee Meeting was held at 11:30 a.m., May 26, 2020, 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.

**The following Review Committee Members were present:**

<u>Name:</u>	<u>GRP Review Committee Office:</u>	<u>Representing:</u>
Mike Mooney	Chair	Woodlands Water
Kerry Masson	Vice Chair	MUDs East of I-45
Jackie Chance		MUDs West of I-45
Joe Sherwin		Cities other than City of Conroe
Melanie White		Other Well Owners
Duke Coon		City of Conroe

**Absent were:**

N/A

**Also, present were:**

<u>Name:</u>	<u>Title:</u>
Ron Kelling	SJRA Deputy General Manager
Chris Meeks	SJRA Utility Enterprise Operations & Maintenance Manager
Matt Corley	SJRA Utility Enterprise Customer Service & Compliance Manger
Mitchell Page	Schwartz, Page & Harding, L.L.P., SJRA General Counsel

**1. CALL TO ORDER**

There being a quorum present, the Chair called the meeting to order at 11:32 a.m.

**2. PUBLIC COMMENTS:**

There were no public comments.

**3. APPROVAL OF MINUTES**

Mr. Mooney indicated that the minutes of the GRP Review Committee Meeting held on April 20 2020, were before the Committee for consideration. Motion was made by Mr. Chance and seconded by Ms. White to approve the minutes as drafted. The motion passed unanimously.

**4. GRP DIVISION UPDATES**

Mr. Chris Meeks, Utility Enterprise O&M Manager provided an update on GRP Operations and Maintenance. Mr. Meeks stated the plant current production rate is around 12.5 MGD. The plant has been running smoothly. The investigation into the Belt Press fire showed it was started by the UPS but the reason for why is still unknown.

Mr. Matt Corley, Utility Enterprise Customer Service and Compliance Manager, provided the Financial Update. The total operating revenues for April, 2020 were \$3,996,837 and operating revenues YTD for Fiscal Year 2020 were \$32,974,586, giving the GRP Division a positive variance of 12%. The total operating expenses for April, 2020 were \$987,462 and operating expenses YTD for Fiscal Year 2020 were \$12,140,511, giving the GRP Division a negative variance of 5%. The GRP General Fund balance, as of April 30, 2020, was \$600,554, representing approximately 0.40 months of budgeted operating funds. The balance in the GRP Debt Service Fund as of April 30, 2020, was \$10,275,677.

Mr. Matt Corley continued by providing the Compliance Update. Mr. Corley notified the Review Committee Members that three nominations had been received for the Review Committee member position representing MUDs East of I-45.

**5. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS ON MAY 28, 2020**

- a. Discuss and consider the GRP Fiscal Year 2021 Operating Budget and Rates.

Mr. Kelling, provided a budget and rate presentation, first reviewing neighboring GRP Water Rates. This comparison showed that SJRA rates are lower than other GRP's in the area. Mr. Kelling then reviewed some recent events that will impact the budget. Mr. Kelling then reviewed the FY2021 Budget and Rate Scenarios that were discussed at the April 20, 2020 GRP Review Committee Meeting. A scenario was then presented to the GRP Review Committee that was based on rates that would not include Participant short pays, litigation legal expenses (except W2A and W2B), or contributions to reserves, keeping the FY21 rates the same as FY20. The budget short fall would have to be pulled from GRP Debt Service Reserve Fund. Mr. Kelling explained that pulling funds from the Debt Service Reserve Fund would be an unscheduled draw and trigger a disclosure under SEC rules and would have to be repaid. Other stipulations may be required by TWDB and bond holders. With leave from the Chair, Mr. Chance addressed the Review Committee and read a statement he had prepared. A copy of the statement is attached hereto. After discussion, and hearing from all Review Committee Members, Mr. Kelling stated that GRP staff would move forward with the scenario presented and ask for a recommendation of approval at the next GRP Review Committee Meeting.

**6. OTHER ITEMS**

- a. Discuss and consider request from City of Conroe for GRP Division to engage an independent rate analyst to review and prepare a report regarding the fees, rates and charges adopted by the GRP Review Committee

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and San Jacinto River Authority for FY 2021, including a review of the adopted and published rates of the SJRA for the sale or reservation of raw water.

Mr. Kelling addressed the GRP Review Committee, stating he received a letter from the City of Conroe on May 18, 2020 to have a rate study of Raw Water & Surface Water fees. Mr. Kelling cited Section 2.12 and Section 6.04 of the GRP Contract, noting that there was a Raw Water Rate Study was prepared in 2018 and a GRP Rate Study was prepared in June, 2019. Copies were provided to the GRP Review Committee Members. Mr. Coon with the City of Conroe stated they were aware of these studies, they were under the impression that SJRA had a 10 year agreement with Raftellis and that there were some assumptions when this study was done which have changed. It was explained that there is no 10 year agreement with Raftellis and that the Rate Study is a guide for the Review Committee Members to use but final say is ultimately theirs. After a brief discussion, Mr. Coon wanted a formal motion. Mr. Mooney made a motion for another rate study to be performed, Mr. Chance Seconded. Motion did not pass with four opposed. Mr. Kelling advised that, in order to identify differences between the Rate Study projections for FY2021 and the draft budget being proposed for FY 2021, the GRP Division would prepare a comparison of and notes explaining variances and changed assumptions for distribution to the Review Committee members.

**7. DISCUSSION REGARDING FUTURE AGENDA ITEMS**

- a. Discuss protocol for GRP Review Committee to request items to be added to agenda for the GRP Review Committee Meetings.

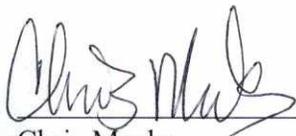
Mr. Kelling stated, staff needs direction on adding items to the Agenda. Staff needs a week in advance of the GRP Review Committee Meeting to add items to the Agenda. After discussion, a protocol to request items to be added to the Agenda will be developed by staff and presented to the Review Committee members at a forthcoming meeting.

**8. FUTURE MEETING SCHEDULE**

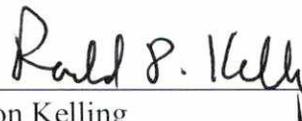
- June 22, 2020
- July 20, 2020
- August 24, 2020

**9. ADJOURN**

Without objection, the meeting was adjourned at 1:30 p.m.



Chris Meeks  
Utility Enterprise O&M Manager



Ron Kelling  
Deputy General Manager