



**GRP REVIEW COMMITTEE
MINUTES OF REGULAR MEETING**

February 24, 2020

The San Jacinto River Authority (SJRA) GRP Review Committee Meeting was held at 11:30 a.m., February 24, 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

Absent were:

Jason Miller	City of Conroe
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Also, present were:

Ron Kelling	Deputy General Manager
Chris Meeks	Utility Enterprise Operations & Maintenance Manager
David Guyer	Utility Enterprise Maintenance Manager
Jason Williams	Utility Enterprise Operations Manager
Lisa Yohner	GRP Administrative Supervisor
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 11:30 a.m.

2. PUBLIC COMMENTS:

There were none.

3. APPROVAL OF MINUTES

Mr. Mooney indicated that the minutes of the GRP Review Committee Meeting held on January 21, 2020, were before the Committee for consideration. Motion was made by Mr. Chance, seconded by Ms. White, to approve the minutes with correction stating, “Mr. Sherwin was late arriving to the January meeting and was not present for the vote on the December, 2019 minutes”. The motion passed unanimously with a three (3) to zero (0) vote, with Mr. Jason Miller being absent and Mr. Joe Sherwin having missed the motion due to arriving late to the February meeting. Mr. Masson, abstained from vote due to being absent at the January, 2020 meeting.

4. NEW DIVISION BUSINESS

Ron Kelling rolled out the new Utility Enterprise. Mr. Kelling explained, with Mark Smith retiring in October, 2020 and Don Sarich’s retirement effective February 7, 2020, the decision was made to create an enterprise to manage both the GRP and Woodlands Divisions. Both Divisions will remain operational, financially and contractually separate. Mr. Kelling went over the organization chart, introducing the new Utility Enterprise Managers as follows:

- Chris Meeks – Utility Enterprise O&M Manager
- Jason Williams – Utility Enterprise Operations Manager
- David Guyer – Utility Enterprise Maintenance Manager
- Matt Corley – Utility Enterprise Customer Service & Compliance Manager

5. PRESENTATION AND DISCUSSION OF FISCAL YEAR 2021 BUDGET CONSIDERATIONS

a. Recommend the projected demand methodology to be used for FY 2021 GRP Division Budget.

Mr. Kelling presented the GRP Division’s reserve structure and criteria, recommended by the GRP Review Committee on February 25, 2019. After the presentation, staff recommended using a total projected demand of 53.5 MGD for the FY 2021 budget, combined with contributions of \$2,000,000 to reserves. If actual demands meet or exceed projected demands, the reserves start building toward the GRP Review Committee’s recommended targets. If actual demands are less than projected demands, risk is mitigated by contributing less to reserves than budgeted.

b. Recommend the annual average surface water production rate to be used for the FY 2021 GRP Division budget.

Staff recommendation for FY 2021’s annual average surface production rate to be 14.5 MGD. This would move surface water production toward more optimal conditions for plant operations.

Mr. Kelling addressed the Review Committee Board asking if they had any questions regarding GRP staff’s recommendations. After a brief discussion, the GRP Review Committee stated they had no concerns and staff was to proceed with budget preparations using the recommended methodology.

c. Receive and possibly act on presentation regarding access to all available and otherwise non-committed raw surface water in Lake Conroe possessed by the City of Houston and the SJRA for use in SJRA GRP Participants and related costs for consideration in the FY 2021 GRP Division budget.

Mr. Kelling stated that SJRA secured the COH's surface water in Lake Conroe for use in Montgomery County (MoCo) via an 80-year water supply contract in 2009 to meet LSGCD rules. The SJRA committed all available raw water in Lake Conroe for the use and benefit of the GRP. At this time, water demand has not grown to the point of needing to use COH water supplies for GRP Participants, but the COH assesses SJRA a reservation fee in order to "reserve" COH surface water for future use. The current COH annual reservation fee is approximately \$2,000,000 per year. SJRA does not derive any revenue from taxes, but rather all revenue must be generated from fees for products and services. In order to continue to retain the COH's raw water supply in Lake Conroe for the future long-term needs of MoCo, the COH annual reservation fee must be paid. GRP Participants represent eighty (80%) percent of the water demand of MoCo and are the most appropriate entity to pay the COH annual reservation fee. If the reservation fee is not paid, the COH will regain full control of its available surface water in Lake Conroe for the COH's use in Harris County. This will significantly impact MoCo's available future surface water supply and Lake Conroe levels.

After a brief discussion, GRP Staff recommended that the GRP Review Committee continue to retain access to all available and otherwise non-committed raw surface water in Lake Conroe possessed by the COH and SJRA for potential future use by SJRA GRP Participants and therefore include any and all use and reservation fees assessed by the SJRA and COH in the FY 2021 GRP Division Budget.

Mr. Mooney asked if anyone wanted to make a motion to keep paying the COH Reservation Fee. Ms. White made the motion, it was seconded by Mr. Chance and passed with a four (4) to (1) vote. Mr. Joe Sherwin voted against keeping the reservation fee. Mr. Sherwin stated he was uncomfortable voting on this item, since Jason Miller who questioned the reservation fee, was not present. He would feel more comfortable voting, if he could hear from Mr. Miller. Mr. Kelling offered to contact Mr. Miller and meet with him to go over the presentation and if there were any concerns, they would be addressed at the next GRP Review Committee Meeting.

6. UPDATES REGARDING GRP DIVISION

a. Compliance and Customer Service Update:

Mr. Kelling presented the GRP Monthly Operations Report. Mr. Kelling briefly went over the Monthly Operations Report then notified the GRP Review Committee that the board elections process would be starting soon. Matt Corley will be sending out a letter to the Review Committee Members that are up for re-election or appointment.

b. Operations and Maintenance Update:

Mr. Meeks provided an operations update. Mr. Meeks reported that the plant was producing around 11 mgd and everything is running smoothly. The GAC canopy over electrical components has been completed. Staff is looking into the exercising the valves outside the plant, along the transmission line, which need to be exercised every three years. Staff is working on a plan to bring pipeline back in service along the W2A line, which has been out of service since the line break. It will take approximately seven days to complete the flushing and disinfection of the line. The current timeline to complete is around March 17, 2020, depending on when customers would like this line put back in service.

c. Financial Update:

Ms. Stormer, staff Accountant gave the GRP Division's Financial Update. The total operating revenues for January, 2020 were \$3,249,545 and operating revenues YTD for Fiscal Year 2020 were \$21,627,018 giving the GRP Division a positive variance of 21%. The total operating expenses for January, 2020 were \$8,381,682 and operating expenses YTD for Fiscal Year 2020 were \$7,723,434, giving the GRP

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Division a negative variance of 9%. Ms. Stormer added that the GRP General Fund balance, as of January 31, 2020, was \$3,232,973 representing approximately 2.17 months of budgeted operating funds.

The balance in the GRP Debt Service Fund, as of January 31, 2020, was \$11,636,840

7. GRP ITEMS FOR CONSIDERATION BY THE SJRA BOARD OF DIRECTORS ON FEBRUARY 27, 2020

- a. N/A

8. DISCUSSION REGARDING FUTURE AGENDA ITEMS

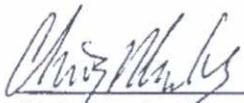
- a. Comments from Jason Miller regarding COH Reservation Fee
b. Draft Budget for Review – April, 2020
c. Vote on Budget – May, 2020

9. FUTURE MEETING SCHEDULE

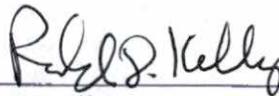
- March 23, 2020
- April 20, 2020
- May 26, 2020 (Tuesday)
- June 23, 2020

10. ADJOURN

Without objection, the meeting was adjourned at 1:00 p.m.



Chris Meeks
Utility Enterprise O&M Manager



Ron Kelling
Deputy General Manager