

MINUTES OF A SPECIAL MEETING
OF THE BOARD OF DIRECTORS
SAN JACINTO RIVER AUTHORITY

January 23, 2014

A special meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 A.M., January 23, 2014, at the San Jacinto River Authority General and Administration Building, 1577 Dam Site Road, Conroe, Texas 77304. The roll was called of the duly constituted members of the Board as follows:

Lloyd B. Tisdale	President
R. Gary Montgomery	Vice President
Mary L. Rummell	Secretary
Joseph L. Stunja	Treasurer
Mike Bleier	Member
Fredrick Koetting	Member
John D. Eckstrum	Member

Present were Lloyd B. Tisdale, R. Gary Montgomery, Mary L. Rummell, Mike Bleier, and John D. Eckstrum thus constituting a quorum. Also present were Jace Houston, General Manager; Ron Kelling, Deputy General Manager; Tom Michel, Director of Financial and Administrative Services; David Parkhill, Director of Raw Water Enterprise; Jodi Chaney, Administrative Services Manager; Ronda Trow, Public Relations Manager; SuEllen Staggs, Woodlands Division Manager; Mark Smith, GRP Division Manager; Phil Smith, Surface Water Plant Construction Manager; Doug Haude, Senior Project Manager/Construction Manager; Mitchell Page, Schwartz, Page &

Harding, LLP (SPH), General Counsel and Bond Counsel; Jan Bartholomew with RBC Capital Markets, LLC; and numerous other guests.

Mr. Tisdale called the meeting to order at 8:09 A.M. and announced that notice of the meeting had been posted as required by law, that advance notice of the time, place, and subject matter of the meeting had been sent to all Directors, and that a quorum was present.

Mr. Tisdale requested that Ms. Rummell lead the Pledge of Allegiance to the United States flag and the Texas flag.

Mr. Tisdale continued the meeting by inviting comments from the public; there were none.

Mr. Tisdale moved to the next item to receive updates from the Operational Divisions and General & Administration Division related to ongoing projects, staff reports, and items on the consent agenda. Mr. Houston stated that the lanes on Research Forest Drive are now open and that work on the southbound lanes of Grogan's Mill has begun. He continued by thanking everyone for attending the Highlands Emergency Operations Center ribbon cutting event.

Ms. Trow provided an update of ongoing Public Relations Department projects, including various outreach efforts related to construction of the GRP's waterlines and future updates to the Woodlands Division website. She reported a successful opening of the new Highlands Emergency Operations Center (EOC) and congratulated Kenneth Forrest on being asked to serve on the Highlands Chamber of Commerce Board of Directors. She closed by discussing the new look and feel for the 2014 educational campaign entitled, "Follow our Progress as we continue to ensure reliable, long-term water supplies for Montgomery County."

Mr. Michel reported that there were no updates on the G & A Division.

Mr. Parkhill provided an update on the Raw Water Enterprise Program. He presented information and answered questions related to the Bear Branch Dam Channel Repair project. He stated that repairs to the protection system along the spillway discharge channel downstream of the Bear Branch Dam are complete and showed before and after photographs of the work performed at the site. Project Manager Shane Porter then provided an overview of the Lake Conroe Dam Refurbishment project, stating that the current structure was built in 1970 and that several components of the structure are scheduled for required upgrades and repair. He stated that the project scope includes the addition of structural steel to stiffen the existing gates, removal and replacement of the existing gate coating system, and concrete repair on an aging structure. He showed photographs depicting the types of work that will be performed at the project site and answered questions related to same.

Ms. Staggs reported that there were no updates on the Woodlands Division.

Mr. Mark Smith provided an update on the GRP Division. He presented the Groundwater Reduction Plan Program's Monthly Progress Report and provided a brief overview of ongoing public relations activities related to the GRP's waterlines. He reported that all items on the agenda were presented to and recommended by the GRP Review Committee for approval. Mr. Smith discussed efforts with the GRP Participants to ensure that contract compliance requirements are met, and went on to state that additional review of fault locations in The Woodlands found no evidence to indicate that a surface fault exists crossing the proposed water line route at Research Forest Drive and Cat's Cradle, therefore there is no need to consider modifications to the design of the GRP waterline at this location. Mr. Mitch Page then stated that the loan commitment with the Texas Water Development Board (TWDB) is

scheduled to expire on June 14, 2014. He explained that the loan commitment can be extended by letter, and inquired as to whether there were any objections to allowing the General Manager to execute same. There were no objections.

Mr. Phil Smith provided the Groundwater Reduction Plan Program's Monthly Construction Progress Report to the Board. He provided photographs of the work taking place on the Surface Water Facility Project and reported that the project is on schedule and still within budget.

Mr. Doug Haude provided an update on the Surface Water Transmission System Project. He presented photographs depicting all transmission line segments and provided updates and timelines for same.

Mr. Houston reported that the Authority has been asked to host a meeting of the Texas Water Development Board on Tuesday, February 11, 2014, and that further details will be provided as they are received.

Mr. Tisdale then continued on to the consent agenda. Motion was made by Ms. Rummell, seconded by Mr. Montgomery and unanimously approved, to: (i) approve the minutes of the Board of Directors meeting on December 12, 2013; (ii) approve the unaudited financial statements for the month of November, 2013; (iii) approve the quarterly investment report for the quarter ended November 30, 2013; (iv) adopt the resolution entitled, "*Resolution Adopting Amendment and Restatement of San Jacinto River Authority Pension Plan*", attached hereto as Exhibit "A"; and to (v) authorize the General Manager to execute a law enforcement agreement with Harris County in the amount of \$63,952.00, to provide law enforcement

services for the canal system in the Highlands for the term of March 1, 2014, through February 28, 2015, to include a modified description of the patrol area.

Continuing to the regular agenda, Mr. Tisdale proceeded to the next item to consider and act upon Work Order No. 3 to the Professional Consulting Services Agreement with Larry A. Peart for Raw Water Rate Study. Mr. Parkhill discussed the item with the Board. After discussion, motion was made by Mr. Eckstrum, seconded by Ms. Rummell and unanimously approved, to authorize the General Manager to execute Work Order No. 3 to the Professional Consulting Agreement with Larry A. Peart for Raw Water Rate Study, in the amount of \$45,000.00.

Moving to the next item on the agenda, motion was made by Mr. Eckstrum, seconded by Ms. Rummell and unanimously approved, to adopt the resolution entitled, *"Resolution Declaring the Existence of a Public Necessity for the Construction of Facilities for the Transportation, Distribution, and Delivery of Raw Water, Including Reasonable and Necessary Appurtenances thereto, and Authorizing the Acquisition, by Donation, Purchase, or Exercise of the Power of Eminent Domain, of Property and Property Interests Necessary for Such Facilities, Including Communication Facilities"*, attached hereto as Exhibit "B".

The next item on the agenda, to consider authorizing the General Manager to execute Change Order No. 1 for the construction of Siphon No. 6 in the Highlands, was tabled.

Moving to the next item on the agenda, Ms. Staggs presented information and motion was made by Mr. Eckstrum, seconded by Mr. Montgomery and unanimously approved, to authorize the General Manager to execute Work Order No. 2 with Gupta & Associates, Inc., in

the amount of \$126,605.00, for final design, procurement, and construction phase services for electrical upgrades for Water Plant No. 3 and Water Well Nos. 23 and 24 in The Woodlands.

Mr. Mark Smith discussed the next item on the agenda and motion was made by Ms. Rummell, seconded by Mr. Montgomery and unanimously approved, to authorize the General Manager to execute Work Order No. 17 with HDR Engineering, Inc., in an amount not to exceed \$29,987.00, for additional services associated with the Surface Water Treatment Plant for the GRP Program.

Mr. Tisdale then proceeded to the next item on the agenda and motion was made by Mr. Montgomery, seconded by Mr. Eckstrum and unanimously approved, to authorize the General Manager to execute Work Order No. 6 with EMA, Inc., in an amount not to exceed \$230,036.63, for inspection of Surface Water Transmission System fiber optic network communication system for the GRP Program.

Mr. Tisdale continued to the next item on the agenda to authorize the General Manager, or his designee, to execute letter(s) of assurance to the Lone Star Groundwater Conservation District (LSGCD), confirming that a GRP participation contract will be executed for applicants that choose to join the Authority's GRP, and to approve the GRP contract(s) as presented and authorize the execution of same by the General Manager. There were none to consider.

Mr. Kelling presented information regarding Catahoula well data collected by the City of Willis and a proposed Catahoula demonstration well located along Lewis Creek. He stated that the construction of a demonstration well along Lewis Creek to collect data to determine long-term feasibility of utilizing groundwater from the Catahoula aquifer as an alternative water

supply to supplement or replace raw surface water from Lake Conroe for Entergy's power plant was placed on hold in January 2012, pending the development of two wells by the City of Willis, and the resulting water quality data. Mr. Kelling continued by stating that data obtained from samples taken in April 2013, reveals that the water quality falls within the appropriate standards and increases in salinity the further east it travels. He provided an overview of recommendations presented as a result of the initial study in January 2012, and discussed the need to move forward with Phase 2 of the Feasibility Study, which will be funded by revenue generated from current GRP pumpage rates.

Mr. Kelling then provided an update on the status of revisions to Authority's Water Conservation and Drought Contingency Plans. He explained that the Authority is required as a water rights holder to update both plans every five years, and that the submission deadline is May 1, 2014. Mr. Kelling continued by stating that the Authority will submit separate Water Conservation and Drought Contingency Plans for the Highlands, GRP, Woodlands, and Lake Conroe Divisions to coordinate efforts. He discussed proposed plan revisions and answered questions related to same.

Mr. Tisdale announced that the Board would recess into Executive Session. At 9:47 a.m. the Board recessed into Executive Session. With a quorum still present, the Board reconvened at 10:13 a.m.

Mr. Tisdale announced the next Board meeting date of February 27, 2014, at 7:30 a.m. There being no further business to come before the Board, the meeting was adjourned at 10:13 a.m.



Mary L. Rummell
Secretary
San Jacinto River Authority

Exhibit A

**RESUOLTUION ADOPTING AMENDMENT AND RESTATEMENT OF
SAN JACINTO RIVER AUTHORITY
PENSION PLAN**

WHEREAS, the SAN JACINTO RIVER AUTHORITY (the "Authority") has heretofore established a Pension Plan effective November 1, 1970 known as the San Jacinto River Authority Pension Plan (the "Plan") in recognition of the contribution made to its successful operation by its employees and for the exclusive benefit of its eligible employees; and

WHEREAS, the Plan was amended and restated in order to obtain a Qualified Pension Plan status under U.S. Internal Revenue Service ruling, effective November 1, 1982; again November 1, 1989; and again on November 1, 2007; and

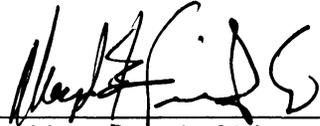
WHEREAS, the Plan has been further amended and the Authority desires to amend and restate the Plan in order to retain a Qualified Pension Plan status under U.S. Internal Revenue Service ruling;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRETORS OF THE SAN JACINTO RIVER AUTHORITY, THAT:

RESOLVED, that the San Jacinto River Authority Pension Plan, as amended and restated effective November 1, 2013, a copy of which is directed to be marked for identification and filed with the records of the Authority, be and the same hereby is approved and adopted; and

RESOLVED, that the appropriate officers of the Authority be and they hereby are authorized and directed to execute said Plan Restatement on behalf of the Authority, to sign such documents or instruments and to take any or all other steps as they, or any of them, may deem necessary, advisable, convenient or proper to effectuate the same and accomplish the purpose of the foregoing, and to acquire and maintain a qualified and exempt status for said Plan under the applicable provisions of the Internal Revenue Code of 1986, as amended.

PASSED and APPROVED this 23th day of January, 2013.



President, Board of Directors



Secretary, Board of Directors

**SAN JACINTO RIVER AUTHORITY
PENSION PLAN**

Amended and Restated Effective
November 1, 2013

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**SAN JACINTO RIVER AUTHORITY
PENSION PLAN**

THIS PLAN as amended and restated is hereby adopted this 23rd day of January, 2013, by San Jacinto River Authority (herein referred to as the "Employer").

WITNESSETH:

WHEREAS, the San Jacinto River Authority heretofore established a Pension Plan effective November 1, 1970 (hereinafter called the "Effective Date") known as San Jacinto River Authority Pension Plan (herein referred to as the "Plan") in recognition of the contribution made to its successful operation by its employees and for the exclusive benefit of its eligible employees; and

WHEREAS, the Plan was amended and restated effective November 1, 1982, and November 1, 1989 and again November 1, 2007; and

WHEREAS, the Plan has been further amended and the Employer has the ability to amend and restate the Plan to incorporate all prior amendments;

NOW, THEREFORE, effective November 1, 2013, except as otherwise provided the Employer in accordance with the provisions of the Plan pertaining to amendments thereof, hereby amends the Plan in its entirety and restates the Plan to provide as follows:

**ARTICLE I
Definitions**

1.1 "Accrued Benefit" means the portion of the Normal Retirement Benefit which is payable at Normal Retirement Age or as of such other date as permitted under the terms of this Plan.

Each Participant's Accrued Benefit will be equal to a fraction of the Normal Retirement Benefit commencing at Normal Retirement Age to which each Participant would be entitled under this Plan as of date of termination assuming earnings continued until Normal Retirement Age at the same rate of Compensation upon which the Participant's Normal Retirement benefit would be computed under this Plan, determined as if the Participant had attained Normal Retirement Age on the date on which any determination is made. If benefits are based on average earnings for a period of more than ten years, the rate of compensation for purposes of assuming earnings continuing until Normal Retirement Age will not take into account more than ten years of service immediately preceding the date of determination. The fraction will be determined as follows:

Numerator = Total number of benefit accrual Years of Service as defined in Section 1.41 under this Plan as of Date of Termination.

Denominator = Total number of benefit accrual Years of Service as defined in Section 1.41 the Participant would have under this Plan if the Participant remained in the Plan until Normal Retirement Age.

For purposes of projecting the Years of Service used to determine the denominator, a Participant will receive a partial Year of Service during the year preceding his Normal Retirement Age equal to a fraction (not to exceed one), rounded to the nearest 1/10th, the numerator of which is the number of hours, assuming 45 hours credited for every week in which an Hour of Service would have been performed and the denominator of which is 1,000.

In the event that a Participant has one or more partial benefit accrual Years of Service prior to his Normal Retirement Age, his Accrued Benefit will be adjusted as follows:

- (a) the number of actual Years of Service including any partial benefit accrual Years of Service divided by
- (b) the number of actual benefit accrual Years of Service as of the prior accrual period plus the number of benefit accrual Years of Service from such date to Normal Retirement Age.

Notwithstanding the above, for Plan Years beginning after December 31, 1987, a Participant's Accrued Benefit at the close of any Plan Year coinciding with or next following his attainment of Normal Retirement Age shall be equal to the monthly retirement benefit determined pursuant to Section 5.1(a) based upon total number of years of employment (regardless of Hours of Service) and Average Monthly Compensation determined at the close of any such Plan Year.

1.2 "Act" means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.3 "Actuarial Equivalent" means a form of benefit differing in time, period, or manner of payment from a specific benefit provided under the Plan but having the same value when computed using the current settlement (annuity) rates based upon interest rate assumptions and mortality rate assumptions in effect under the contract(s) used to fund the Plan at the time of determination.

In the event this Section is amended, the Actuarial Equivalent of a Participant's Accrued Benefit on or after the date of change shall be determined as the greater of (1) the Actuarial Equivalent of the Accrued Benefit as of the date of change computed on the old basis, or (2) the Actuarial Equivalent of the total Accrued Benefit computed on the new basis.

1.4 "Administrator" means the person designated by the Employer pursuant to Section 2.2 to administer the Plan on behalf of the Employer.

1.5 "Affiliated Employer" means each corporation that is a member of a controlled group of corporations, within the meaning of Code Section 1563(a) (determined without regard to Code Sections 1563(a)(4) and 1563(e)(3)(C)), of which the Employer is a member, each trade or business (whether or not incorporated) with which the Employer is under common control, and each organization that is a member of an affiliated service group, within the meaning of Code Section 414(m), of which the Employer is a member.

1.6 "Age" means age at last birthday.

1.7 “Anniversary Date” means November 1st.

1.8 “Average Monthly Compensation” means the monthly Compensation of a Participant averaged over the final 5 consecutive total Years of Service. If a Participant has less than 60 Months of Service from his date of employment to his date of termination, his Average Monthly Compensation will be based on his monthly Compensation during his Months of Service from his date of employment to his date of termination. Compensation subsequent to termination of participation pursuant to Section 2.7 shall not be recognized.

1.9 “Beneficiary” means the person designated as provided in Section 5.4 to receive the benefits which are payable under the Plan upon or after the death of a Participant.

1.10 “Code” means the Internal Revenue Code of 1986, as amended or replaced from time to time.

1.11 “Compensation” with respect to any Participant means total compensation paid by the Employer for a Plan Year. Amounts contributed by the Employer under the within Plan and any non-taxable fringe benefits provided by the Employer shall not be considered as Compensation.

Compensation in excess of \$200,000 shall be disregarded. Such amount shall be adjusted at the same time and in such manner as permitted under Code Section 415(d).

In determining benefit accruals in Plan Years beginning after December 31, 2001, the annual Compensation limitation for determination periods beginning before January 1, 2002 shall be: \$150,000 for any determination period beginning in 1996 or earlier; \$160,000 for any determination period beginning in 1997, 1998, or 1999; and \$170,000 for any determination period beginning in 2000 or 2001.

1.12 “Contract” or “Policy” means one or more retirement income policies, life insurance contracts or annuity contracts (group or individual) issued by an Insurer as selected by the Administrator.

1.13 “Direct Rollover” means a payment by the Plan to an Eligible Retirement Plan designated by a Distributee.

1.14 “Distributee” means each (A) Participant entitled to an Eligible Rollover Distribution, (B) Participant’s surviving spouse with respect to the interest of such surviving spouse in an Eligible Rollover Distribution, and (C) former spouse of a Participant who is an alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), with regard to the interest of such former spouse in an Eligible Rollover Distribution.

Further, any individual who is a designated beneficiary, within the meaning of Code Section 401(a)(9)(E), of a Participant and who is not the surviving spouse of the Participant shall be a Distributee with respect to an Eligible Rollover Distribution payable to such Distributee.

1.15 “Earliest Retirement Age” means the earliest date on which, under the Plan, the Participant could elect to receive retirement benefits.

1.16 “Early Retirement Date” means the first day of the month (prior to the Normal Retirement Date) coinciding with or following the date on which a Participant or Former Participant attains age 55 and has completed at least 10 Years of Service with the Employer (Early Retirement Age).

A Former Participant who terminates employment after satisfying the service requirement for Early Retirement and who thereafter reaches the age requirement contained herein shall be entitled to receive his benefits under this Plan.

1.17 “Eligible Employee” means any Employee other than a Leased Employee.

1.18 “Eligible Retirement Plan” means any of: an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), a qualified plan described in Code Section 401(a), which, under its provisions does, and under applicable law may, accept a Distributee’s Eligible Rollover Distribution, an annuity contract described in Code Section 403(b) and an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for the amounts transferred into such plan from this Plan. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving spouse or to a spouse or former spouse who is an alternate payee under a qualified domestic relations order, as defined in Code Section 414(p).

Further, an individual retirement plan which has been established for the purpose of receiving a distribution with respect to a deceased Participant shall be an Eligible Retirement Plan with respect to a Distributee who is a designated beneficiary, as described in Code Section 401(a)(9)(E), of the deceased Participant and who is not a surviving spouse of the deceased Participant.

Notwithstanding the foregoing, for purposes of Section 5.14, an Eligible Retirement Plan shall also mean a Roth IRA as provided in Code Section 408A(e); provided, however, that a rollover to a Roth IRA (other than a qualified rollover contribution from a Roth IRA or a designated Roth account) will be limited to Participants whose adjusted gross income is equal to or less than \$100,000 and who are not married individuals filing a separate return in calendar years beginning January 1, 2008 and January 1, 2009.

1.19 “Eligible Rollover Distribution” means with respect to a Distributee, any distribution of all or any portion of the Accrued Benefit of a Participant other than (A) a distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee’s designated beneficiary or for a specified period of ten years or more, (B) a distribution to the extent such distribution is required under Code Section 401(a)(9), (C) the portion of a distribution that is not includable in gross income, and (D) any other distribution so designated by the Internal Revenue Service in revenue rulings, notices, and other guidance of general applicability.

1.20 “Employee” means any person who is employed by the San Jacinto River Authority and any Leased Employee.

1.21 “Employer” means San Jacinto River Authority, a state agency.

1.22 “Fiduciary” means any person who (a) exercises any discretionary authority or discretionary control respecting management of the Plan or exercises any authority or control respecting management or disposition of its assets, (b) renders (investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of the Plan or has any authority or responsibility to do so, or (c) has any discretionary authority or discretionary responsibility in the administration of the Plan, including, but not limited to, the Employer and its representative body, and the Administrator.

1.23 “Fiscal Year” means the Employer’s accounting year of 12 months commencing on September 1st of each year and ending the following August 31st.

1.24 “Former Participant” means a person who has been a Participant, but who has ceased to be a Participant for any reason.

1.25 “Fund” means the assets of the Plan as the same shall exist from time to time.

1.26 “Hour of Service” means (1) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer for the performance of duties during the applicable computation period; (2) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer (irrespective of whether the employment relationship has terminated) for reasons other than performance of duties (such as vacation, holidays, sickness, jury duty, disability, lay-off, military duty or leave of absence) during the applicable computation period; (3) each hour for which back pay is awarded or agreed to by the Employer without regard to mitigation of damages. The same Hours of Service shall not be credited both under (1) or (2), as the case may be, and under (3).

Notwithstanding the above, (i) no more than 501 Hours of Service are required to be credited to an Employee on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single computation period); (ii) an hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed is not required to be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker’s compensation, or unemployment compensation or disability insurance laws; and (iii) Hours of Service are not required to be credited for a payment which solely reimburses an Employee for medical or medically related expenses incurred by the Employee.

For purposes of this Section, a payment shall be deemed to be made by or due from the Employer regardless of whether such payment is made by or due from the Employer directly, or indirectly through, among others, a trust fund, or insurer, to which the Employer contributes or pays premiums and regardless of whether contributions made or due to the trust fund, insurer, or other entity are for the benefit of particular Employees or are on behalf of a group of Employees in the aggregate.

An Hour of Service must be counted for the purpose of determining a Year of Service, a year of participation for purposes of accrued benefits, a 1-Year Break in Service, and employment commencement date (or reemployment commencement date). The provisions of Department of Labor regulations 2530.200b-2(b) and (c) are incorporated herein by reference.

1.27 “Insurer” means one or more legal reserve life insurance companies as selected by the Administrator which shall issue one or more Contracts or Policies under the Plan.

1.28 “Late Retirement Date” means the first day of the month coinciding with or next following a Participant’s actual Retirement Date after having reached his Normal Retirement Date.

1.29 “Leased Employee” means each person who is not an employee of the Employer or an Affiliated Employer but who performs services for the Employer or an Affiliated Employer pursuant to an agreement (oral or written) between the Employer or an Affiliated Employer and any leasing organization, provided that such person has performed such services for the Employer or an Affiliated Employer or for related persons (within the meaning of Code Section 144(a)(3)) on a substantially full-time basis for a period of at least one year and such services are performed under primary direction or control by the Employer or an Affiliated Employer.

1.30 “Normal Retirement Date” means the first day of the month coinciding with or next following the Participant’s Normal Retirement Age (65th birthday, or the 5th anniversary of joining the Plan, if later). A Participant shall become fully Vested in his Normal Retirement Benefit upon attaining his Normal Retirement Age.

1.31 “1-Year Break in Service” means the applicable computation period during which an Employee has not completed more than 500 Hours of Service with the Employer. Further, solely for the purpose of determining whether a Participant has incurred a 1-Year Break in Service, Hours of Service shall be recognized for “authorized leaves of absence” and “maternity and paternity leaves of absence.”

“Authorized leave of absence” means an unpaid, temporary cessation from active employment with the Employer pursuant to an established nondiscriminatory policy, whether occasioned by illness, military service, or any other reason.

A “maternity or paternity leave of absence” means, for Plan Years beginning after December 31, 1984, an absence from work for any period by reason of the Employee’s pregnancy, birth of the Employee’s child, placement of a child with the Employee in connection with the adoption of such child, or any absence for the purpose of caring for such child for a period immediately following such birth or placement. For this purpose, Hours of Service shall be credited for the computation period in which the absence from work begins, only if credit therefore is necessary to prevent the Employee from incurring a 1-Year Break in Service, or, in any other case, in the immediately following computation period. The Hours of Service credited for a “maternity or paternity leave of absence” shall be those which would normally have been credited but for such absence, or, in any case in which the Administrator is unable to determine such hours normally credited, eight (8) Hours of Service per day. The total Hours of Service required to be credited for a “maternity or paternity leave of absence” shall not exceed 501.

1.32 “Participant” means any Eligible Employee who participates in the Plan as provided in Section 3.1, and has not for any reason become ineligible to participate further in the Plan.

1.33 “Plan” means this instrument, including all amendments thereto.

1.34 “Plan Year” means the Plan’s accounting year of twelve (12) months commencing on November 1st of each year and ending the following October 31st.

1.35 “Plan Year of Service” means a Plan Year during which an Employee is a Participant and completes 1000 Hours of Service.

1.36 “Pre-Retirement Survivor Annuity” is an immediate annuity form of payment for the life of the surviving spouse of a Participant who dies prior to his annuity starting date.

1.37 “Present Value of Accrued Benefit” means the lump-sum value of a Participant’s Accrued Benefit at date of valuation, calculated in the following manner: (a) by using an interest rate no greater than the lesser of the rate specified in Section 1.3 or the ‘applicable interest rate’ and (b) by using the ‘applicable mortality table.’ For this purpose, the ‘applicable interest rate’ shall mean the interest rate described pursuant to Code Section 417(e)(3)(C) for the lookback month preceding the first day of the stability period. For this purpose, the ‘lookback month’ shall be the third month preceding the first day of the stability period, and the ‘stability period’ shall be the Plan Year that contains the annuity starting date of the applicable distribution. For this purpose, the ‘applicable mortality table’ shall mean the mortality table prescribed by the Secretary of the Treasury based upon the table specified under subparagraph (A) of Code Section 430(h)(3) (without regard to subparagraph (C) and (D) of such Section). “Regulation” means the Income Tax Regulations as promulgated by the Secretary of the Treasury or his delegate, and as amended from time to time.

1.38 “Regulation” means the Income Tax Regulations as promulgated by the Secretary of the Treasury or his delegate, and as amended from time to time.

1.39 “Retired Participant” means a person who has been a Participant, but who has become entitled to retirement benefits under the Plan.

1.40 “Retirement Date” means the date as of which a Participant retires for reasons other than Total and Permanent Disability, whether such retirement occurs on a Participant’s Normal Retirement Date, Early or Late Retirement Date (see Section 5.1).

1.41 “Terminated Participant” means a person who has been a Participant, but whose employment has been terminated other than by death, Total and Permanent Disability or retirement.

1.42 “Total and Permanent Disability” means a physical or mental condition of a Participant resulting from bodily injury, disease, or mental disorder which renders him incapable of continuing any gainful occupation and which condition constitutes total disability under the federal Social Security Acts.

1.43 "Vested" means the portion of a Participant's benefits under the Plan that are nonforfeitable.

1.44 "Year of Service" means any Plan Year including years prior to the Effective Date of this Plan during which an Employee has completed at least one thousand (1,000) Hours of Service. Any Year of Service where an Employee has less than 1,000 Hours of Service will be disregarded unless otherwise provided below.

For purposes of eligibility, vesting, and benefit accrual, a Year of Service will be further defined as follows:

(a) A Year of Service, for purposes of Section 3.1, means initially the 12 consecutive month period, commencing with the first day on which an Hour of Service is performed, in which the employee has completed at least one thousand (1,000) Hours of Service.

(b) Succeeding eligibility Years of Service for purposes of Section 5.5(f) will commence with the first day of the Plan Year Which occurs prior to the first anniversary of the day on which the Employee performed an Hour of Service regardless of the number of Hours of Service performed in the initial Year of Service. If an Employee completes 1,000 Hours of Service during both the initial Eligibility Year of Service and the first succeeding Eligibility Year of Service, he will be credited with two (2) Years of Service for eligibility purposes only.

(c) A Year of Service, for purposes of Section 5.5(b) and 5.5(f), means any 12 consecutive month period (which may include periods prior to the Effective Date) corresponding to the Plan Year in which the Employee has completed at least one thousand (1,000) Hours of Service.

(d) A benefit accrual Year of Service for purposes of Section 1.1 means:

(1) for years on or after November 1, 1976; any 12 consecutive month period, coinciding with the Plan Year, in which the Employee has completed at least one thousand (1,000) Hours of Service.

During the initial benefit accrual Year of Service or during any re-entry year after termination of employment a Participant will receive a partial benefit accrual Year of Service based on the ratio of Hours of Service completed during the year to 1,000.

(2) For years on or after November 1, 1970 and prior to November 1, 1976, any Plan Year in which the Employee has completed 12 months of service.

If the Employee completes less than 12 months of service in a Plan Year, a partial benefit accrual Year of Service will be credited calculated to the nearest 1/10th, based on a fraction, the numerator of which is the Months of Service and the denominator of which is 12.

(3) For years prior to November 1, 1970, benefit accrual Years of Service will be credited for the number of completed years of continuous service computed to the nearest 1/10th of a year.

Years of service credited for purposes of accruing benefits in accordance with Section 1.1 will include only those Years of Service completed while an Employee of this Employer.

However, any Year of Service while the Employee declined participation for the entire year after the date the November 1, 1978 restatement is adopted (January 22, 1980), will not be included in determining benefit accrual Years of Service.

An Employee who ceases to be or becomes a member of an eligible class including any Employee who transfers into or from this Plan from or into another Plan in a controlled group will receive a partial benefit accrual Year of Service for such Plan Year calculated to the nearest 1/10 based on a fraction the numerator of which is hours worked as a member of the eligible class and the denominator of which is total hours worked during the Plan Year.

Years of Service with any Affiliated Employer shall be recognized.

ARTICLE II Administration

2.1 Powers and Responsibilities of the Employer.

(a) The Employer shall be empowered to appoint and remove the Administrator from time to time as it deems necessary for the proper administration of the Plan to assure that the Plan is being operated for the exclusive benefit of the Participants and their Beneficiaries in accordance with the terms of the Plan, the Code, and the Act.

(b) The Employer shall periodically review the performance of any Fiduciary or other person to whom duties have been delegated or allocated by it under the provisions of this Plan or pursuant to procedures established hereunder. This requirement may be satisfied by formal periodic review by the Employer or by a qualified person specifically designated by the Employer, through day-to-day conduct and evaluation, or through other appropriate ways.

2.2 Designation of Administrative Authority.

The Employer shall appoint one or more Administrators. Any person, including, but not limited to, the Employees of the Employer, shall be eligible to serve as an Administrator. Any person so appointed shall signify his acceptance by filing written acceptance with the Employer. An Administrator may resign by delivering his written resignation to the Employer or be removed by the Employer by delivery of written notice of removal, to take effect at a date specified therein, or upon delivery to the Administrator if no date is specified.

The Employer, upon the resignation or removal of an Administrator shall promptly designate in writing a successor to this position. If the Employer does not appoint an Administrator, the Employer will function as the Administrator.

2.3 Allocation and Delegation of Responsibilities.

If more than one person is appointed as Administrator, the responsibilities of each Administrator may be specified by the Employer and accepted in writing by each Administrator. In the event that no such delegation is made by the Employer, the Administrators may allocate the responsibilities among themselves, in which event the Administrators shall notify the Employer and an Insurer in writing of such action and specify the responsibilities of each Administrator. The Insurer thereafter shall accept and rely upon any documents executed by the appropriate Administrator until such time as the Employer or the Administrators file with the Insurer a written revocation of such designation.

2.4 Powers and Duties of the Administrator.

The primary responsibility of the Administrator is to administer the Plan for the exclusive benefit of the Participants and their Beneficiaries, subject to the specific terms of the Plan. The Administrator shall administer the Plan in accordance with its terms and shall have the power to determine all questions arising in connection with the administration, interpretation, and application of the Plan. Any such determination by the Administrator shall be conclusive and binding upon all persons. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan; provided, however, that any procedure, discretionary act, interpretation or construction shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the Plan shall continue to be deemed a qualified plan under the terms of Code Section 401(a), and shall comply with the terms of the Act and all regulations issued pursuant thereto. The Administrator shall have all powers necessary or appropriate to accomplish his duties under this Plan.

The Administrator shall be charged with the duties of the general administration of the Plan, including, but not limited to, the following:

- (a) to determine all questions relating to the eligibility of Employees to participate or remain a Participant hereunder;
- (b) to compute, certify, and direct an Insurer with respect to the amount and the kind of benefits to which any Participant shall be entitled hereunder;
- (c) to authorize and direct an Insurer with respect to all nondiscretionary or otherwise directed disbursements from the Plan;
- (d) to maintain all necessary records for the administration of the Plan;
- (e) to interpret the provisions of the Plan and to make and publish such rules for regulation of the Plan as are consistent with the terms hereof;

(f) to determine the size and type of any Contract to be purchased from any Insurer, and to designate the Insurer from which such Contract shall be purchased;

(g) to compute and certify to the Employer and to an Insurer from time to time the sums of money necessary or desirable to be contributed to the Plan;

(h) to consult with the Employer and an Insurer regarding the short and long-term liquidity needs of the Plan in order that the Insurer can exercise any investment discretion in a manner designed to accomplish specific objectives; and

(i) to assist any Participant regarding his rights, benefits, or elections available under the Plan.

2.5 Records and Reports.

The Administrator shall keep a record of all actions taken and shall keep all other books of account, records, and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying all information and reports to the Internal Revenue Service, Department of Labor, Participants, Beneficiaries and others as required by law.

2.6 Appointment of Advisers.

The Administrator may appoint counsel, specialists, advisers, and other persons as the Administrator deems necessary or desirable in connection with the administration of this Plan.

2.7 Information from Employer.

To enable the Administrator to perform his functions, the Employer shall supply full and timely information to the Administrator on all matters relating to the Compensation of all Participants, their Hours of Service, their Years of Service, their retirement, death, disability, or termination of employment, and such other pertinent facts as the Administrator may require; and the Administrator shall advise an Insurer of such of the foregoing facts as may be pertinent to the Insurer's duties under the Plan. The Administrator may rely upon such information as is supplied by the Employer and shall have no duty or responsibility to verify such information.

2.8 Payment of Expenses.

All expenses of administration may be paid out of the Fund unless paid by the Employer. Such expenses shall include any expenses incident to the functioning of the Administrator, including, but not limited to, fees of accountants, counsel, and other specialists and their agents, and other costs of administering the Plan. Until paid, the expenses shall constitute a liability of the Fund. However, the Employer may reimburse the Fund for any administration expense incurred. Any administration expense paid to the Fund as a reimbursement shall not be considered an Employer contribution. Any payments from the Fund, however, shall be contingent upon their availability under the terms of any Contracts in existence, and shall be paid only if permitted by an Insurer's procedures.

2.9 Majority Actions.

Except where there has been an allocation and delegation of administrative authority pursuant to Section 2.3, if there shall be more than one Administrator, they shall act by a majority of their number, but may authorize one or more of them to sign all papers on their behalf.

2.10 Claims Procedure.

Claims for benefits under the plan may be filed with the Administrator on forms supplied by the Employer. Written notice of the disposition of a claim shall be furnished to the claimant within 90 days after the application is filed. In the event the claim is denied, the reasons for the denial shall be specifically set forth in the notice in language calculated to be understood by the claimant, pertinent provisions of the Plan shall be cited, and, where appropriate, an explanation as to how the claimant can perfect the claim will be provided. In addition, the claimant shall be furnished with an explanation of the Plan's claims review procedure.

2.11 Claims Review Procedure.

Any Employee, former Employee, or Beneficiary of either, who has been denied a benefit by a decision of the Administrator pursuant to Section 2.10 shall be entitled to request the Administrator to give further consideration to his claim by filing with the Administrator (on a form which may be obtained from the Administrator) a request for a hearing. Such request, together with a written statement of the reasons why the claimant believes his claim should be allowed, shall be filed with the Administrator no later than 60 days after receipt of the written notification provided for in Section 2.10. The Administrator shall then conduct a hearing within the next 60 days, at which the claimant may be represented by an attorney or any other representative of his choosing and at which the claimant shall have an opportunity to submit written and oral evidence and arguments in support of his claim. At the hearing (or prior thereto upon 5 business days written notice to the Administrator) the claimant or his representative shall have an opportunity to review all documents in the possession of the Administrator which are pertinent to the claim at issue and its disallowance. Either the claimant or the Administrator may cause a court reporter to attend the hearing and record the proceedings. In such event, a complete written transcript of the proceedings shall be furnished to both parties by the court reporter. The full expense of any such court reporter and such transcripts shall be borne by the party causing the court reporter to attend the hearing. A final decision as to the allowance of the claim shall be made by the Administrator within 60 days of receipt of the appeal (unless there has been an extension of 60 days due to special circumstances, provided the delay and the special circumstances occasioning it are communicated to the claimant within the 60 day period). Such communication shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based.

ARTICLE III Eligibility

3.1 Conditions of Eligibility.

Any Eligible Employee who has completed one (1) Year of Service and has attained age 21 shall be eligible to participate hereunder as of the date he has satisfied such requirements. However, any Employee who was a Participant in the Plan prior to the effective date of this amendment and restatement shall continue to participate in the Plan. The Employer shall give each prospective Eligible Employee written notice of his eligibility to participate in the Plan prior to the close of the Plan Year in which he first becomes an Eligible Employee.

3.2 Effective Date of Participation.

An Eligible Employee shall become a Participant effective as of the Effective Date of this Plan or the first day of the calendar month coinciding with or next following the date such Employee met the eligibility requirements of Section 3.1 provided said Employee was still employed as of such date (or if not employed on such date, as of the date of rehire if a 1-Year Break in Service has not occurred).

3.3 Determination of Eligibility.

The Administrator shall determine the eligibility of each Employee for participation in the Plan based upon information furnished by the Employer. Such determination shall be conclusive and binding upon all persons, as long as the same is made pursuant to the Plan and the Act. Such determination shall be subject to review per Section 2.11.

ARTICLE IV Contribution and Valuation

4.1 Payment of Contributions.

No contribution shall be required under the plan from any Participant. The Employer shall pay to an Insurer from time to time such amounts in cash or property acceptable to the Insurer as the Administrator and Employer shall determine to be necessary to provide the benefits under the plan determined by the application of accepted actuarial methods and assumptions. The method of funding shall be consistent with Plan objectives.

4.2 Actuarial Methods.

In establishing the liabilities under the plan and contributions thereto, the enrolled actuary will use such methods and assumptions as will reasonably reflect the cost of the benefits. The Plan assets are to be valued on the basis of any reasonable method of valuation that takes into account fair market value pursuant to regulations prescribed by the Secretary of Treasury. There must be an actuarial valuation of the Plan at least once every 3 years.

ARTICLE V
Benefits

5.1 Retirement Benefits.

(a) The amount of monthly retirement benefit to be provided for each Participant who retires on his Normal Retirement Date (which benefit is herein called his Normal Retirement Benefit), shall be equal to the sum of (1) 1% of such Participant's Average Monthly Compensation multiplied by the Participant's total number of years of employment from his original date of employment with the Employer (regardless of Hours of Service), plus (2) 0.55% of such Average Monthly Compensation in excess of the amount shown below for the calendar year in which his Normal Retirement Date occurs, multiplied by the Participant's total number of years of employment from his original date of employment with the Employer (regardless of Hours of Service), computed to the nearest one-twelfth of a year and the nearest dollar.

<u>Calendar Year of Retirement</u>	<u>Monthly Covered Compensation</u>
1978	\$520
1979	526
1980	531
1981	536
1982	540
1983	544
1984	548
1985	551
1986	555
1987	558
1988	560
1989	563
1990	566
1991	568
1992	570
1993	572
1994	575
1995	582
1996	590
1997	598
1998	605
1999	611
2000	618
2001	625
2002	631
2003	638
2004	644
2005	647
2006 or later	650

Years of employment used for determining the benefit shall be limited to 40 years.

The "Normal Retirement Benefit" means the periodic benefit under the Plan commencing upon early retirement or at Normal Retirement Date, whichever benefit is greater.

Notwithstanding the above, a Participant's Normal Retirement Benefit shall not be less than his Accrued Benefit at his Normal Retirement Date.

(b) A Participant may elect to receive an early retirement benefit before his Normal Retirement Date equal to his vested accrued monthly retirement benefit which will be reduced by multiplying it by the appropriate Early Retirement reduction factor from the table below.

If a Participant terminates his service after meeting the service requirement, but before meeting the Age requirement for Early Retirement, he will be entitled to receive his vested Early Retirement benefit upon satisfaction of the age requirement for Early Retirement. Payments will be made under an arrangement provided for in this Section.

This table shows the portion of a Participant's retirement benefit payable as a monthly annuity in the normal annuity form with the first payment due on a date prior to the Normal Retirement Date.

Number of years* by which the Retirement Date precedes the Participant's Normal <u>Retirement Date</u>	<u>Portion of Benefit Payable</u>
10	15/30
9	16/30
8	17/30
7	18/30
6	19/30
5	20/30
4	22/30
3	24/30
2	26/30
1	28/30
0	Full

* For a period which is not an integral number of years, the portion to be applied will be obtained by arithmetic interpolation between the appropriate percentages set out above.

(c) The Normal Retirement Benefit payable to a Retired Participant pursuant to this Section 5.1 shall be a monthly pension commencing on his Retirement Date and continuing for life. The form of distribution of such benefit, however, shall be determined pursuant to the provisions of Section 5.6.

A participant may elect to postpone his retirement beyond his Normal Retirement Date. If a Participant elects to postpone his retirement beyond Normal Retirement Date, the Participant's retirement benefit will continue to accrue until his actual retirement date. If a Participant continues to postpone retirement beyond the age of 70-1/2, he will be required to begin receiving minimum distributions from the plan pursuant to Section 5.6(e).

For the period preceding November 1, 1999, a Participant is required to begin receiving minimum distributions no later than April 1, of the year following the year in which he attains age 70-1/2 regardless of his employment status. At the point when minimum distributions are required to commence, the Participant must make an election regarding the form of payment for these distributions. This election will remain in force until the Participant actually retires. At the time a Participant actually retires, a final calculation will be made of the benefit he is entitled to based on continued service up to the date of actual retirement. In calculating the final benefit at actual retirement date, there will be no reduction for benefits that have already been received. At the date of actual retirement, a Participant will again be allowed to elect the form of payment, which may differ from the form chosen as of the date that minimum distributions commenced. The form of payment chosen as of this actual retirement date will be irrevocable. In all cases, a Participant who elects to postpone retirement beyond his Normal Retirement Date, will continue to accrue benefits until the date of actual retirement.

(d) If a Former Participant again becomes a Participant, such renewed participation shall not result in duplication of benefits. Accordingly, if he has received a distribution of a Vested Accrued Benefit under the Plan by reason of prior participation (and such distribution has not been repaid to the Plan with interest within a period of the earlier of 5 years after the first date on which the Participant is subsequently reemployed by the Employer or the close of the first period of 5 consecutive 1-Year Breaks in Service commencing after the distribution), his Normal Retirement Benefit and Accrued Benefit shall be reduced by the Actuarial Equivalent (at the date of distribution) of the present value of the Accrued Benefit as of the date of distribution. Any repayment by a Participant shall be equal to the total of:

- (1) the amount of the distribution,
- (2) interest on such distribution compounded annually at the rate of 5 percent per annum from the date of distribution to the date of repayment or to the last day of the Plan Year ending after December 31, 1987, if earlier, and
- (3) interest on the sum of (1) and (2) above compounded annually at the rate of 120 percent of the federal mid-term rate (as in effect under Code Section 1274 for the first month of a Plan Year) from the beginning of the first Plan Year beginning after December 31, 1987 or the date of distribution, whichever is later, to the date of repayment.

5.2 Payment of Retirement Benefits.

When a Participant retires, the Administrator shall immediately take all necessary steps and execute all required documents to cause the payment to him of the retirement benefit available to him under the Plan or his Accrued Benefit if greater.

5.3 Disability Retirement Benefits.

If a Participant becomes disabled, as defined below, while actively employed after attaining age 55 and completing 10 years of Service, he will be entitled to his Accrued Benefit reduced by multiplying it by the appropriate early retirement reduction factor from the table in Section 5.1(b). In no event may the Disability Benefit ever exceed the Normal Retirement Benefit if the Participant had not become disabled.

This disability benefit will be payable following determination of disability as a monthly disability benefit. Any monthly disability benefit will terminate with the last monthly payment preceding the earliest of the following dates:

- (a) the Participant's Normal Retirement Date or Early Retirement Date, if elected;
- (b) the date of the Participant's death;
- (c) the date of the Employer's written determination that the Participant is no longer eligible for disability benefits.

Such disability retirement benefit will be in addition to the other benefits provided by this Plan.

At the Participant's Normal Retirement Date, he will be entitled to his Accrued Benefit earned as of the date of his disability.

5.4 Death Benefits.

(a) The death benefit provided under this plan shall be the "minimum spouse's death benefit." In the case of an unmarried Participant or unmarried Former Participant who dies prior to his Retirement Date, no death benefits shall be payable under this Plan.

(b) For the purposes of this Section, the "minimum spouse's death benefit" means a death benefit for a Vested married Participant payable in the form of a Pre-Retirement Survivor Annuity. Such annuity payments shall be equal to the amount which would be payable as a survivor annuity under the joint and survivor annuity provisions of the Plan if:

(1) in the case of a Participant who dies after the Earliest Retirement Age, such Participant had retired with an immediate joint and survivor annuity on the day before the Participant's date of death, or

(2) in the case of a Participant who dies on or before the Earliest Retirement Age, such Participant had:

(i) separated from service on the earlier of the actual time of separation or the date of his death,

(ii) survived to the Earliest Retirement Age,

(iii) retired with an immediate joint and survivor annuity at the Earliest Retirement Age based on his Vested Accrued Benefit on his date of death, and

(iv) died on the day after the day on which said Participant would have attained the Earliest Retirement Age.

(c) Unless otherwise elected in the manner prescribed in Section 5.8, the Beneficiary of the death benefit shall be the Participant's spouse, who shall receive such benefit in the form of a Pre-Retirement Survivor Annuity pursuant to Section 5.8. Except, however, the married Participant may designate a Beneficiary of his own choosing if the Participant and his spouse have validly waived the Pre-Retirement Survivor Annuity in the manner prescribed in Section 5.8 and the spouse has waived all rights to be the Participant's Beneficiary. No designation of any Beneficiary hereunder shall be recognized for a Participant who is not married at the time of his death.

5.5 Termination of Employment Before Retirement.

(a) When a Participant has incurred a 1-Year Break in Service, his participation in the Plan shall cease. Payment to a Former Participant of the Vested portion of his Accrued Benefit, unless he otherwise elects, shall begin not later than the 60th day after the close of the Plan Year in which the latest of the following events occurs: (1) the date on which the Participant attains the earlier of age 65 or the Normal Retirement Age specified herein; (2) the 10th anniversary of the year in which the Participant commenced participation in the Plan; or (3) the date the Participant terminates his service with the Employer.

However, if the Vested portion of the Present Value of Accrued Benefit of a Participant is not in excess of \$1,000, and the Administrator pays such present value to such Participant in lieu of any other benefit herein provided, any such payment shall be made by the close of the second Plan Year following the Plan Year in which such Participant terminated his employment.

For purposes of this Section 5.5, if the value of a Terminated Participant's Vested portion of the Present Value of Accrued Benefit is zero, the Terminated Participant shall be deemed to have received a distribution of such Vested portion of the Present Value of Accrued Benefit.

That portion of a Terminated Participant's Accrued Benefit that is not Vested shall be forfeited and used only to reduce future costs of the Plan.

(b) The Vested portion of any Participant's Accrued Benefit shall be a percentage of such Participant's Accrued Benefit determined on the basis of the Participant's number of Years of Service according to the following schedule:

Vesting Schedule	
<u>Years of Service</u>	<u>Percentage</u>
0 - 4	0%
5	100%

(c) Notwithstanding the vesting schedule above, the Vested percentage of a Participant's Accrued Benefit shall not be less than the Vested percentage attained as of the later of the effective date or adoption date of this amendment and restatement.

(d) Notwithstanding the vesting schedule above, upon the cessation of the accrual of benefits under the Plan or upon any full or partial termination of the Plan, an affected Participant shall become fully Vested in his Accrued Benefit which shall not thereafter be subject to forfeiture.

(e) The computation of a Participant's nonforfeitable percentage of his interest in the Plan shall not be reduced as the result of any direct or indirect amendment to this Article. In the event that the Plan is amended to change or modify any vesting schedule, a Participant with at least three (3) Years of Service as of the expiration date of the election period may elect to have his nonforfeitable percentage computed under the Plan without regard to such amendment. If a Participant fails to make such election, then such Participant shall be subject to the new vesting schedule. The Participant's election period shall commence on the adoption date of the amendment and shall end 60 days after the latest of:

- (1) the adoption date of the amendment,
- (2) the effective date of the amendment, or
- (3) the date the Participant receives written notice of the amendment from the Employer or Administrator.

(f) (1) If any Terminated Participant shall be reemployed by the Employer before a 1-Year Break in Service occurs, he shall continue to participate in the Plan in the same manner as if such termination had not occurred.

(2) If any Former Participant is reemployed after a 1-Year Break in Service has occurred, for the purposes of Section 5.5(b) and for calculating Plan Years of Service, the Years of Service and Plan Years of Service shall include Years of Service and Plan Years of Service prior to his 1-Year Break in Service subject to the following rules:

(i) If a Former Participant has a 1-Year Break in Service, his pre-break and post-break service shall be used for computing Years of Service for eligibility and for vesting purposes only after he has been employed for one (1) Year of Service following the date of his reemployment with the Employer;

(ii) Any Former Participant who under the Plan does not have a nonforfeitable right to any interest in the Plan resulting from Employer contributions shall lose credits otherwise allowable under (i) above if his consecutive 1-Year Breaks in Service equal or exceed the greater of (A) five (5) or (B) the aggregate number of his pre-break Years of Service;

(iii) If a Former Participant who has not had his Years of Service before a 1-Year Break in Service disregarded pursuant to (ii) above completes one (1) Year of

Service for eligibility purposes following his reemployment with the Employer, he shall participate in the Plan retroactively from his date of reemployment;

(iv) If a Former Participant who has not had his Years of Service before a 1-Year Break in Service disregarded pursuant to (ii) above completes one (1) Year of Service for eligibility purposes following his reemployment with the Employer (a 1-Year Break in Service previously occurred, but employment had not terminated), he shall participate in the Plan retroactively from his reemployment commencement date.

5.6 Distribution of Benefits.

(a) (1) Unless otherwise elected as provided below, a Participant who is married on the “annuity starting date” and who does not die before the “annuity starting date” shall receive the value of his benefits in the form of a joint and survivor annuity. Such joint and survivor benefits following the Participant’s death shall continue to the spouse during the spouse’s lifetime at a rate equal to 50% of the rate at which such benefits were payable to the Participant. An unmarried Participant shall receive the value of his benefit in the form of a life annuity. Such unmarried Participant, however, may elect in writing to waive the life annuity. The election must comply with the provisions of this Section as if it were an election to waive the joint and survivor annuity by a married Participant, but without the spousal consent requirement. The joint and survivor annuity and the life annuity form of distribution shall be the Actuarial Equivalent of the benefits due the Participant.

(2) Any election to waive the joint and survivor annuity must be made by the Participant in writing during the election period and be consented to by the Participant’s spouse. If the spouse is legally incompetent to give consent, the spouse’s legal guardian, even if such guardian is the Participant, may give consent. Such election shall designate a Beneficiary (or a form of benefits) that may not be changed without spousal consent (unless the consent of the spouse expressly permits designations by the Participant without the requirement of further consent by the Participant without the requirement of further consent by the spouse). Such spouse’s consent shall be irrevocable and must acknowledge the effect of such election and be witnessed by a Plan representative or a notary public. Such consent shall not be required if it is established to the satisfaction of the Administrator that the required consent cannot be obtained because there is no spouse, the spouse cannot be located, or other circumstances that may be prescribed by Regulations. The election made by the Participant and consented to by his spouse may be revoked by the Participant in writing without the consent of the spouse at any time during the election period. The number of revocations shall not be limited. Any new election must comply with the requirements of this paragraph. A former spouse’s waiver shall not be binding on a new spouse.

(3) The election period to waive the joint and survivor annuity shall “be the 180-day period ending on the “annuity starting date.” (90 days for notices given before November 1, 2007.)

(4) For purposes of this Section, the “annuity starting date” means the first day of the first period for which an amount is paid as an annuity, or, in the case of a benefit not payable in

the form of an annuity, the first day on which all events have occurred which entitle the Participant to such benefit.

(5) With regard to the election, the Administrator shall provide to the Participant no less than 30 days and no more than 180 days (90 days for notices provided before November 1, 2007) before the "annuity starting date" a written explanation of:

- (i) the terms and conditions of the joint and survivor annuity,
- (ii) the Participant's right to make an election to waive the joint and survivor annuity,
- (iii) the right of the Participant's spouse to consent to any election to waive the joint and survivor annuity,
- (iv) the right of the Participant to revoke such election, and the effect of such revocation,
- (v) the terms and conditions of the optional form of benefit,
- (vi) a meaningful economic comparison of the relative value of the optional form of benefit compared to the standard form of benefit without the Participant having to make calculations using interest or mortality assumptions,
- (vii) the concept of relative value that complies with the requirements of Treasury regulation § 1.417(a)(3)-1(c)(2)(v), and
- (viii) if reasonable estimates are used respecting the explanation of the financial effect of electing and the relative values of the optional forms of benefit as compared to the standard forms of benefit, such estimates and a statement that the Participant is entitled to receive more precise calculations upon request to the Administrator.

(b) In the event a married Participant duly elects pursuant to paragraph (a)(2) above not to receive his benefit in the form of a joint and survivor annuity, or if such Participant is not married, in the form of a life annuity, the Administrator, pursuant to the election of the Participant, shall direct the Trustee to distribute to a Participant or his Beneficiary an amount which is the Actuarial Equivalent of the monthly retirement benefit provided in Section 5.1(c) in one or more of the following methods:

(1) Purchase of or providing an annuity. However, such annuity may not be in any form that will provide for payments over a period extending beyond either the life of the Participant (or the lives of the Participant and his designated Beneficiary) or the life expectancy of the Participant (or the life expectancy of the Participant and his designated Beneficiary).

(i) A life only annuity which provides monthly payments to a Participant beginning on his retirement date, if he is then living, and continuing

during his lifetime, provided that such payments will terminate with the last monthly payment preceding the date of his death.

(ii) A ten (10) years certain and life annuity which provides monthly payments to a Participant beginning on his retirement date, if he is then living, and continuing during his lifetime provided that a minimum of 120 monthly payments will be made to either the Participant or his Beneficiary.

(iii) A five (5) years certain and life annuity which provides monthly payments to a Participant beginning on his retirement date, if he is then living, and continuing during his lifetime provided that a minimum of 60 monthly payments will be made to either the Participant or his Beneficiary.

(iv) A joint and 100% survivor annuity which provides monthly payments equal to the Actuarial Equivalent of the annuity payable under the normal annuity form beginning on the Participant's retirement date. These payments will be made during his lifetime and, after his death, will be continued to the contingent annuitant designated by the Participant, if living, for the same amount as those made to the Participant.

(v) A joint and 75% survivor annuity which provides monthly payments equal to the Actuarial Equivalent of the annuity payable under the normal annuity form beginning on the Participant's retirement date. These payments will be made during his lifetime and, after his death, will be continued to the contingent annuitant designated by the Participant, if living, for three-fourths (3/4) of the amount as those made to the Participant.

(vi) A joint and 50% survivor annuity which provides monthly payments equal to the Actuarial Equivalent of the annuity payable under the normal annuity form beginning on the Participant's retirement date. These payments will be made during his lifetime and, after his death, will be continued to the contingent annuitant designated by the Participant, if living, for one-half (1/2) of the amount as those made to the Participant.

(c) The Present Value of Accrued Benefit in this regard shall be determined as provided in Section 1.38, and any payment of the value of Participant's benefit derived from Employer and Employee contributions that has never exceeded \$1,000 in accordance with this paragraph shall be (1) in lieu of any of any other benefit herein provided, and (2) made by the close of the second Plan Year following the Plan Year in which such Participant terminated his employment.

(d) Any distribution to a Participant who has a benefit which exceeds, or has ever exceeded, \$1,000 shall require such Participant's consent if such distribution commences prior to the later of his Normal Retirement Age or age 62. With regard to this required consent:

(1) No consent shall be valid unless the Participant has received a general description of the material features and an explanation of the relative values of the

optional forms of benefit available under the Plan that would satisfy the notice requirements of Code Section 417(a)(3) and section 1.417(a)-3 of the Regulations.

(2) The Participant must be informed of his right to defer receipt of the distribution. Information provided on or after November 1, 2007 must include a description of how much larger monthly benefits will be if the commencement of distributions is deferred. If a Participant fails to consent, it shall be deemed an election to defer the commencement of payment of any benefit. However, any election to defer the receipt of benefits shall not apply with respect to distributions which are required under Section 5.7(e).

(3) Notice of the rights specified under this paragraph shall be provided no less than 30 days and no more than 180 days before the "annuity starting date" (90 days for notices provided prior to November 1, 2007).

(4) Written consent of the Participant to the distribution must not be made before the Participant receives the notice and must not be made more than 180 days before the "annuity starting date" (90 days for notices provided prior to November 1, 2007).

(5) No consent shall be valid if a significant detriment is imposed under the Plan on any Participant who does not consent to the distribution.

(e) Notwithstanding any provision in the Plan to the contrary, the distribution of a Participant's benefits, whether under the Plan or through the purchase of an annuity contract, shall be made or commenced at a time or in a manner that is consistent with the provisions of Code Section 401(a)(9) and applicable Regulations thereunder and, in no event, after April 1 of the calendar year following the later of (1) the calendar year in which such Participant attains the age of seventy and one half or (2) the calendar year in which such Participant terminates his employment with the Employer (provided, however, that clause (2) of this sentence shall not apply in the case of a Participant who attains the age of seventy and one half before November 1, 1999). Distribution must be made over the life of the Participant (or the lives of the Participant and the Participant's designated Beneficiary) or the life expectancy of the Participant (or the life expectancies of the Participant and his designated Beneficiary) in accordance with Regulations. A Participant may not elect to defer the receipt of his benefit hereunder to the extent that such deferral creates a death benefit that is more than incidental within the meaning of Code Section 401(a)(9)(G) and applicable Treasury regulations thereunder.

(f) For minimum distributions commencing prior to calendar year 2003, the life expectancy of a Participant and a Participant's spouse (other than in the case of a life annuity) may, at the election of the Participant or the Participant's spouse, be redetermined in accordance with Regulations. The election, once made, shall be irrevocable. If no election is made by the time distributions must commence, then the life expectancy of the Participant and the Participant's spouse shall not be subject to recalculation. Life expectancy and joint and last survivor expectancy shall be computed using the return multiples in Tables V and VI of Regulation 1.72-9.

(g) Subject to the spouse's right of consent afforded under the Plan, the restrictions imposed by this Section shall not apply if a Participant has, prior to January 1, 1984, made a written designation to have his retirement benefit paid in an alternative method acceptable under Code Section 401(a) as in effect prior to the enactment of the Tax Equity and Fiscal Responsibility Act of 1982.

(h) Notwithstanding any provision of the Plan to the contrary, effective September 16, 2013, the term "spouse" used herein includes an individual of the same sex as the Participant if the Participant and such individual validly entered into a marriage in a domestic or foreign jurisdiction whose laws authorize the marriage of two individuals of the same sex, even if the couple is domiciled in a jurisdiction that does not recognize the validity of same-sex marriages.

5.7 Minimum Distribution Requirements.

(a) The provisions of this Section 5.7 will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 Distribution Calendar Year.

(b) The requirements of this Section 5.7 will take precedence over any inconsistent provisions of the Plan.

(c) All distributions required under this Section 5.7 will be determined and made in accordance with the Treasury regulations under Code Section 401(a)(9).

(d) Notwithstanding the other provisions of this Section 5.7, other than Paragraph (c) above, distributions may be made under a designation made before January 1, 1984, in accordance with section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to section 242(b)(2) of TEFRA.

(e) The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(1) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.

(2) If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(3) If there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be

distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(4) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Paragraph (disregarding item (1) above), will apply as if the surviving spouse were the Participant.

For purposes of this Paragraph (e) and Paragraph (h) below, distributions are considered to begin on the Participant's Required Beginning Date (or, if item (4) applies, the date distributions are required to begin to the surviving spouse under item (1) above). If annuity payments irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under item (1) above), the date distributions are considered to begin is the date distributions actually commence. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first Distribution Calendar Year distributions will be made in accordance with Paragraphs (f), (g) and (h) of this Section 5.7, whichever is applicable. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Treasury regulations. Any part of the Participant's interest which is in the form of an individual account described in Code Section 414(k) will be distributed in a manner satisfying the requirements of Code Section 401(a)(9) and the Treasury regulations that apply to individual accounts.

(f) If the Participant's interest is paid in the form of annuity distributions under the Plan, payments under the annuity will satisfy the following requirements:

(1) the annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(2) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in Paragraph (g) or (h);

(3) once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(4) payments will either be nonincreasing or increase only as follows:

(i) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;

(ii) to the extent of the reduction in the amount of the Participant's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in Paragraph (g) dies or is no longer the Participant's beneficiary pursuant to a qualified domestic relations order within the meaning of section 414(p);

(iii) to provide cash refunds of employee contributions upon the Participant's death; or

(iv) to pay increased benefits that result from a plan amendment.

The amount that must be distributed on or before the Participant's Required Beginning Date (or, if the Participant dies before distributions begin, the date distributions are required to begin under item (1) or (2) of Paragraph (e)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the Participant's benefit accruals as of the last day of the first Distribution Calendar Year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Participant's Required Beginning Date. Any additional benefits accruing to the Participant in a calendar year after the first Distribution Calendar Year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(g) If the Participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the Participant and a nonspouse beneficiary, annuity payments to be made on or after the Participant's Required Beginning Date to the Designated Beneficiary after the Participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Participant using the table set forth in Q&A-2 of section 1.401(a)(9)-6 of the Treasury regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the Participant and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the Designated Beneficiary after the expiration of the period certain. Unless the Participant's spouse is the sole Designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Participant's lifetime may not exceed the applicable distribution period for the Participant under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the Participant's Annuity Starting Date. If the Annuity Starting Date precedes the year in which the Participant reaches age 70, the applicable distribution period for the Participant is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 70 over the age of the Participant as of the Participant's birthday in the year that contains the Annuity Starting Date. If the Participant's spouse is the participant's sole Designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the Participant's applicable distribution period, as determined under this Paragraph (g), or the joint life and last survivor expectancy of the Participant and the Participant's spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the calendar year that contains the Annuity Starting Date.

(h) If the Participant dies before the date distribution of his or her interest begins and there is a Designated Beneficiary, the Participant's entire interest will be distributed, beginning

no later than the time described in item (1) or (2) of Paragraph (e), over the life of the Designated Beneficiary or over a period certain not exceeding:

(1) Unless the Annuity Starting Date is before the first Distribution Calendar Year, the Life Expectancy of the Designated Beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the Participant's death; or

(2) If the Annuity Starting Date is before the first Distribution Calendar Year, the Life Expectancy of the Designated Beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the Annuity Starting Date. If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death. If the Participant dies before the date distribution of his or her interest begins, the Participant's surviving spouse is the participant's sole Designated Beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this Paragraph (h) will apply as if the surviving spouse were the Participant, except that the time by which distributions must begin will be determined without regard to item (1) of Paragraph (e).

(i) For purposes of this Section 5.7, the following terms shall be defined as follows:

(1) Designated Beneficiary. The individual who is designated as the beneficiary under Section 5.4 of the Plan and is a Designated Beneficiary under Code Section 401(a)(9) and section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

(2) Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin pursuant to Paragraph (e).

(3) Life Expectancy. Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.

(4) Required Beginning Date. With respect to a Participant or beneficiary, the date specified in Section 5.6(e) of the Plan.

5.8 Distribution of Benefits Upon Death.

(a) A Vested Participant who dies before the annuity starting date and who has a surviving spouse shall have his death benefit paid to his surviving spouse in the form of a Pre-Retirement Survivor Annuity. The Participant's spouse may direct that payment of the Pre-Retirement Survivor Annuity commence not later than the month in which the Participant would have attained the Earliest Retirement Age under the Plan.

(b) If the value of the Pre-Retirement Survivor Annuity derived from Employer and Employee contributions has never exceeded \$1,000, the Administrator shall direct the immediate distribution of such amount to the Participant's spouse. No distribution may be made under the preceding sentence after the annuity starting date unless the spouse consents in writing. If the value exceeds, or has ever exceeded, \$1,000, an immediate distribution of the entire amount may be made to the surviving spouse, provided such surviving spouse consents in writing to such distribution. The Present Value of Accrued Benefit in this regard shall be determined as provided) in Section 1.38, and any payment of the value of Participant's benefit derived from Employer and Employee contributions that has never exceeded \$1,000 in accordance with this paragraph shall be (1) in lieu of any other benefit herein provided, and (2) made by the close of the second Plan Year following the Plan Year in which such participant died.

5.9 Distribution for Minor Beneficiary.

In the event a distribution is to be made to a minor, then the Administrator may direct that such distribution be paid to the legal guardian, or if none, to a parent of such Beneficiary or a responsible adult with whom the Beneficiary maintains his residence, or to the custodian for such Beneficiary under the Uniform Gift to Minors Act or Gift to Minors Act, if such is permitted by the laws of the state in which said Beneficiary resides. Such a payment to the legal guardian, custodian or parent of a minor Beneficiary shall fully discharge an Insurer, Employer, and Plan from further liability on account thereof.

5.10 Minimum Benefits Payable.

Notwithstanding the provisions of Sections 5.1 and 5.3, the benefits payable to a Participant or a Beneficiary pursuant to such Sections shall not be less than a Participant's Present Value of Vested Accrued Benefit as of the date of distribution.

5.11 Location of Participant or Beneficiary Unknown.

In the event that all, or any portion, of the distribution payable to a Participant or his Beneficiary hereunder shall, at the expiration of five (5) years after it shall become payable, remain unpaid solely by reason of the inability of the Administrator, after sending a registered letter, return receipt requested, to the last known address, and after further diligent effort, to ascertain the whereabouts of such Participant or his Beneficiary, the amount so distributable shall be forfeited and shall be used to reduce the cost of the Plan. In the event a Participant or Beneficiary is located subsequent to his benefit being forfeited, such benefit shall be restored.

5.12 Limitation on Distributions.

In the event a Participant receives a distribution of his Vested Accrued Benefit prior to his Normal Retirement Age, the amount of the distribution shall be limited to his Vested Accrued Benefit at Normal Retirement Age reduced by "1/15th for each year prior to the earlier of his Normal Retirement Age or age 65 until "age 60 and 1/30th for each such year prior to age 60 until age 55 and reduced actuarially for each additional year thereafter that the Anniversary Date on which he commenced to receive his benefit precedes his Normal Retirement Date.

5.13 Limitations on Benefits.

All rights and benefits, including elections, provided to a Participant in this Plan shall be subject to the rights afforded to any “alternate payee” under a “qualified domestic relations order” or to a beneficiary under certain judgments and settlements. For the purposes of this Section, “alternate payee” and “qualified domestic relations order” shall have the meaning set forth under Code Section 414(p).

5.14 Direct Rollover Election.

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee’s election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Administrator, to have all or any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover. The preceding sentence notwithstanding, a Distributee may elect a Direct Rollover pursuant to this Section only if such Distributee’s Eligible Rollover Distributions during the Plan Year are reasonably expected to total \$200 or more. Furthermore, if less than 100% of the Participant’s Eligible Rollover Distribution is to be a Direct Rollover, the amount of the Direct Rollover must be \$500 or more. Prior to any Direct Rollover pursuant to this Section, the Administrator may require the Distributee to furnish the Administrator with a statement from the plan, account, or annuity to which the benefit is to be transferred verifying that such plan, account, or annuity is, or is intended to be, an Eligible Retirement Plan.

5.15 Commercial Annuities.

At the direction of the Administrator, the Trustee may pay any form of benefit provided hereunder other than a lump sum or a Direct Rollover pursuant to Section 5.14 by the purchase of a commercial annuity contract and the distribution of such contract to the Participant or Beneficiary. Thereupon, the Plan shall have no further liability with respect to the amount used to purchase the annuity contract and such Participant or Beneficiary shall look solely to the company issuing such contract for such annuity payments. All certificates for commercial annuity benefits shall be nontransferable, except for surrender to the issuing company, and no benefit thereunder may be sold, assigned, discounted, or pledged (other than as collateral for a loan from the company issuing same). Notwithstanding the foregoing, the terms of any such commercial annuity contract shall conform with the time of payment, form of payment, and consent provisions of Article V.

ARTICLE VI Code Section 415 Limitations

6.1 General Limitations.

Contrary Plan provisions notwithstanding, the benefit of a Participant under the Plan shall not exceed the maximum benefit permitted pursuant to Code Section 415(b) (as adjusted in accordance with the provisions of Code Section 415(d), and as applicable to governmental plans in accordance with the provisions of Code Section 415(b)(11)).

6.2 Limitation Year.

For purposes of this Article, the “limitation year” (as that term is defined in Regulation section 1.415(j)-1) shall be the Plan Year.

ARTICLE VII Plan Amendment

7.1 Amendment.

(a) The Employer shall have the right at any time to amend this Plan subject to the limitations of this Section. However, any amendment which affects the rights, duties or responsibilities of the Administrator may only be made with the Administrator’s written consent. Any such amendment shall become effective as provided therein upon its execution.

(b) No amendment to the Plan shall be effective if it authorizes or permits any part of the Fund (other than such part as is required to pay taxes and administration expenses) to be used for or diverted to any purpose other than for the exclusive benefit of the Participants or their Beneficiaries or estates; or cause any reduction in the Accrued Benefit of any Participant); or cause or permit any portion of the Fund to revert to or become property of the Employer.

(c) Except as permitted by Regulations (including Regulation 1.411(d)-4), no Plan amendment or transaction having the effect of a Plan amendment (such as a merger, plan transfer or similar transaction) shall be effective if it eliminates or reduces any “Section 411(d)(6) protected benefit” or adds or modifies conditions relating to “Section 411(d)(6) protected benefits” the result of which is a further restriction on such benefit unless such protected benefits are preserved with respect to benefits accrued as of the later of the adoption date or effective date of the amendment. “Section 411(d)(6) protected benefits” are benefits described in Code Section 411(d)(6)(A), early retirement benefits and retirement-type subsidies, and optional forms of benefit.

ARTICLE VIII Plan Termination

8.1 Termination.

The Employer shall have the right to terminate the Plan by delivering to an Insurer and Administrator written notice of such termination. Upon any full termination, all amounts shall be allocated in accordance with the provisions hereof and the Accrued Benefit of each affected Participant shall become fully Vested and shall not thereafter be subject to forfeiture. Upon full termination of the Plan, the Employer shall direct the distribution of the assets in the Fund to the Participants in a manner which is consistent with Section 5.6. In such case, an Insurer shall distribute the assets to the remaining Participants in the Plan and to retired Participants in cash or through the purchase of irrevocable deferred commitments from the Insurer, subject to provision for expenses of administration or liquidation. Such distributions shall be allocated in accordance with section 4044 of the Act.

8.2 Employer's Right to Reversion.

Effective as of November 1, 2007, upon termination of the Plan and notwithstanding any other provisions of the Plan, after the satisfaction of all liabilities of the Plan to the affected Participants and beneficiaries, the Employer shall receive any remaining amount resulting from any variations between actual requirements and actuarially expected requirements.

**ARTICLE IX
Miscellaneous**

9.1 Participant's Rights.

This Plan shall not be deemed to constitute a contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this Plan.

9.2 Construction of Plan.

This Plan shall be construed and enforced according to the Act and the laws of the State of Texas, other than its laws respecting choice of law, to the extent not preempted by the Act.

9.3 Gender and Number.

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

9.4 Legal Action.

In the event any claim, suit, or proceeding is brought regarding the Plan established hereunder to which the Administrator may be a party, and such claim, suit, or proceeding is resolved in favor of the Administrator, he shall be entitled to be reimbursed from the Fund for any and all costs, attorney's fees, and other expenses pertaining thereto incurred by them for which they shall have become liable.

9.5 Prohibition Against Diversion of Funds.

(a) Except as provided below and otherwise specifically permitted by law, it shall be impossible by operation of the Plan by termination, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of any Plan fund maintained pursuant to the Plan or any funds contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of Participants, Retired Participants, or their Beneficiaries.

(b) In the event the Employer shall make an excessive contribution under a mistake of fact pursuant to Section 403(c)(2)(A) of the Act, the Employer may demand repayment of such excessive contribution at any time within one (1) year following the time of payment and an Insurer shall return such amount to the Employer within the one (1) year period, provided such return is permissible under the terms of Contracts in effect and the Insurer's procedures. Earnings of the Plan attributable to the excess contributions may not be returned to the Employer but any losses attributable thereto must reduce the amount so returned.

9.6 Bonding.

Every Fiduciary, except a bank or an insurance company, unless exempted by the Act and regulations thereunder, shall be bonded in an amount not less than 10% of the amount of the funds such Fiduciary handles; provided, however, that the minimum bond shall be \$1,000 and the maximum bond, \$500,000. The amount of funds handled shall be determined at the beginning of each Plan Year by the amount of funds handled by such person, group, or class to be covered and their predecessors, if any, during the preceding Plan Year, or if there is no preceding Plan Year, then by the amount of the funds to be handled during the then current year. The bond shall provide protection to the Plan against any loss by reason of acts of fraud or dishonesty by the Fiduciary alone or in connivance with others. The surety shall be a corporate surety company (as such term is used in Section 412(a)(2) of the Act), and the bond shall be in a form approved by the Secretary of Labor. Notwithstanding anything in the Plan to the contrary, the cost of such bonds shall be an expense of and may, at the election of the Administrator, be paid from the Fund or by the Employer.

9.7 Employer's Protective Clause.

The Employer shall not be responsible for the validity of any Contract issued hereunder or for the failure on the part of an Insurer to make payments provided by any such Contract, or for the action of any person which may delay payment or render a Contract null and void or unenforceable in whole or in part.

9.8 Insurer's Protective Clause.

Any Insurer who shall issue Contracts hereunder shall not have any responsibility for the validity of this Plan or for the tax or legal aspects of this Plan. An Insurer shall be protected and held harmless in acting in accordance with any written direction of the Administrator and shall have no duty to see to the application of any funds paid at the direction of the Administrator. Regardless of any provision of this Plan, an Insurer shall not be required to take or permit any action or allow any benefit or privilege contrary to the terms of any Contract which it issues hereunder, or the rules of the Insurer.

9.9 Receipt and Release for Payments.

Any payment to any Participant, his legal representative, Beneficiary, or to any guardian or committee appointed for such Participant or Beneficiary in accordance with the provisions of the Plan, shall, to the extent thereof, be in full satisfaction of all claims hereunder against an Insurer and the Employer, who may require such Participant, legal representative, Beneficiary,

guardian or committee, as a condition precedent to such payment, to execute a receipt and release thereof in such form as shall be determined by the Insurer or Employer.

9.10 Action by the Employer.

Whenever the Employer under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

9.11 Named Fiduciaries and Allocation of Responsibility.

The “named Fiduciaries” of this plan are the Employer and the Administrator. The named Fiduciaries shall have only those specific powers, duties, responsibilities, and obligations as are specifically given them under the Plan. In general, the Employer shall have the sole responsibility for making the contributions provided for under Section 4.1; and shall have the sole authority to appoint and remove the Administrator; to formulate the Plan’s “funding policy and method”; and to amend or terminate, in whole or in part, the Plan. The Administrator shall have the sole responsibility for the administration of the Plan, which responsibility is specifically described in the Plan. Each named Fiduciary warrants that any directions given, information furnished, or action taken by it shall be in accordance with the provisions of the Plan, authorizing or providing for such direction, information or action. Furthermore, each named Fiduciary may rely upon any such direction, information or action of another named Fiduciary as being proper under the Plan, and is not required under the plan to inquire into the propriety of any such direction, information or action. It is intended under the Plan that each named Fiduciary shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations under the Plan. No named Fiduciary shall guarantee the Fund in any manner against investment loss or depreciation in asset value. Any person or group may serve in more than one Fiduciary capacity.

9.12 Headings.

The headings and subheadings of this Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

9.13 Uniformity.

All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner.

9.14 Military Requirements.

Notwithstanding any provisions of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with Code Section 414(u) effective as of December 12, 1994, and in addition Section 401(a)(37) effective as of January 1, 2007.

IN WITNESS WHEREOF, this Plan has been executed the day and year first above written.

SAN JACINTO RIVER AUTHORITY



General Manager

ATTEST:



Jodi H. Chaney

US 2169088v.1

Exhibit B

RESOLUTION DECLARING THE EXISTENCE OF A PUBLIC NECESSITY FOR THE CONSTRUCTION OF FACILITIES FOR THE TRANSPORTATION, DISTRIBUTION, AND DELIVERY OF RAW WATER, INCLUDING REASONABLE AND NECESSARY APPURTENANCES THERETO, AND AUTHORIZING THE ACQUISITION, BY DONATION, PURCHASE, OR EXERCISE OF THE POWER OF EMINENT DOMAIN, OF PROPERTY AND PROPERTY INTERESTS NECESSARY FOR SUCH FACILITIES, INCLUDING COMMUNICATION FACILITIES

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

WHEREAS, the San Jacinto River Authority (the "Authority") is a governmental agency and body politic and corporate of the State of Texas created pursuant to Chapter 426 (H.B. 832), Acts of the 45th Texas Legislature, R.S., 1937, amended by Chapter 10 (H.B. 941), Acts of the 46th Texas Legislature, R.S., 1939, amended by Chapter 480 (H.B. 828) and Chapter 613 (H.B. 1094), Acts of the 47th Texas Legislature, R.S., 1941, amended by Chapter 371 (H.B. 696), Acts of the 48th Texas Legislature, R.S., 1943, amended by Chapter 366 (S.B. 224), Acts of the 52nd Texas Legislature, R.S., 1951, amended by Chapter 547 (H.B. 1282), Acts of the 60th Texas Legislature, R.S., 1967, amended by Chapter 698 (H.B. 1683), Acts of the 72nd Texas Legislature, R.S., 1991, and amended by Chapter 847 (S.B. 526), Acts of the 78th Texas Legislature, R.S., 2003 (collectively referred to as the "Act"), to accomplish the purposes provided by Section 59, Article XVI, Texas Constitution; and

WHEREAS, the Authority was created for the purposes, among other things, of controlling, conserving, preserving, and distributing waters of the State, including providing water for domestic, municipal, commercial, and industrial use; and

WHEREAS, the Board of Directors (the "Board") of the Authority deems it necessary and proper and in the public interest to acquire, establish, develop, and construct facilities for the transportation, distribution, and delivery of raw water within and without the watershed of the San Jacinto River, including appurtenances determined to be reasonable and necessary for the construction, installation, operation, and maintenance of such facilities (such facilities and appurtenances being referred to collectively as the "Facilities"); and

WHEREAS, the Authority will be installing communication facilities as part of the Facilities; and

WHEREAS, in order to establish, develop, and construct the Facilities, it will be necessary to acquire certain properties and property interests at the general locations and along the general routes depicted in Exhibit A attached hereto and incorporated herein for all purposes; and

WHEREAS, it is necessary, proper, and in the public interest, and a public necessity exists, for the Authority to acquire, by donation, purchase, or exercise of the power of eminent domain, the properties, rights-of-way, easements, and other property interests necessary for the

construction, installation, operation, and maintenance of the Facilities and communication facilities.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN JACINTO RIVER AUTHORITY, AS FOLLOWS:

Section 1. Findings and Determinations. The declarations, determinations, and findings declared, made, and found in the preamble to this Resolution are hereby adopted, restated and made a part of the operative provisions hereof.

Section 2. Acquisition of Property and Property Interests.

- A. There exists a public necessity and it is in the public interest for the Authority to acquire, by donation, purchase, or exercise of the power of eminent domain, properties, rights-of-way, easements, and other property interests for the construction, installation, operation, and maintenance of the Facilities and communication facilities at the locations and along the general routes depicted in Exhibit 1 for the transportation, distribution, and delivery of raw water within and without the watershed of the San Jacinto River; and
- B. In the event the necessary properties, rights-of-way, easements, and other property interests cannot be acquired voluntarily, the Authority's legal counsel, under the direction of the Authority's General Manager, the Deputy General Manager, or the Director of Raw Water Enterprise is authorized to initiate proceedings to acquire such properties through the power of eminent domain.

Section 3. Delegation of Authority. The Board of the Authority hereby delegates to the Authority's General Manager, the Deputy General Manager, or the Director of Raw Water Enterprise the following duties and responsibilities with respect to the design and development of the Facilities and communication facilities and the acquisition of properties and property interests necessary for the construction, installation, operation, and maintenance of such facilities and appurtenances:

- A. To determine, in consultation with the Authority's engineers, the final location, alignment, and route for the Facilities and communication facilities to be constructed and installed;
- B. To determine the properties and property rights to be acquired and the terms for such acquisitions, including, as the General Manager, the Deputy General Manager, or the Director of Raw Water Enterprise may determine to be necessary and appropriate, whether to acquire fee simple interests, permanent or temporary easements, or other property interests;
- C. To negotiate, or to delegate the authority to negotiate to such other entities or individuals as the General Manager, the Deputy General Manager, or the Director of Raw Water Enterprise may deem to be appropriate, with the respective owners of the public and private properties on and across which the Facilities and communication facilities are to be constructed and installed regarding the

acquisition of the properties and property interests determined to be necessary for the construction, installation, operation, and maintenance of such facilities and appurtenances;

- D. To arrange for, or to delegate to such other entities or individuals as the General Manager, the Deputy General Manager, or the Director of Raw Water Enterprise may deem appropriate the authority to arrange for, the preparation of surveys across and appraisals of the properties and property interests on and across or upon which the Facilities and communication facilities are to be constructed and installed and to commence eminent domain proceedings necessary to acquire such properties and property interests; and
- E. To do and perform all such other acts and things and to enter into, execute, and deliver all such certificates, agreements, applications, affidavits, acknowledgements, instruments, contracts, statements, and other documents that, in the judgment of the General Manager, the Deputy General Manager, Operations, or the Director of Raw Water Enterprise are necessary or appropriate to effectuate and carry out the purposes and intent of the foregoing resolutions.

Section 4. Effective Date. This Resolution shall be effective upon its adoption and shall remain in effect until amended or rescinded by the Board of the Authority.

APPROVED and ADOPTED this 3d day of January, 2014.



President, Board of Directors

ATTEST:



Secretary, Board of Directors
(SEAL)

CERTIFICATE OF RESOLUTION

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

I, the undersigned General Manager of the San Jacinto River Authority (the "Authority"), hereby certify as follows:

(1) The Board convened in regular session, open to the public, on the 23rd day of January, 2014, at the regular meeting place thereof, and the roll was called of the members of the Board, to-wit:

- | | |
|--------------------|----------------|
| Lloyd B. Tisdale | President |
| R. Gary Montgomery | Vice President |
| Mary L. Rummell | Secretary |
| Joseph L. Stunja | Treasurer |
| Fredrick Koetting | Director |
| Michael Bleier | Director |
| John D. Eckstrum | Director |

All members of the Board were present except the following: Joseph L. Stunja, Fredrick Koetting thus constituting a quorum. Whereupon, among other business, the following was transacted at such meeting:

RESOLUTION DECLARING THE EXISTENCE OF A PUBLIC NECESSITY FOR THE CONSTRUCTION OF FACILITIES FOR THE TRANSPORTATION, DISTRIBUTION, AND DELIVERY OF RAW WATER, INCLUDING REASONABLE AND NECESSARY APPURTENANCES THERETO, AND AUTHORIZING THE ACQUISITION, BY DONATION, PURCHASE, OR EXERCISE OF THE POWER OF EMINENT DOMAIN, OF PROPERTY AND PROPERTY INTERESTS NECESSARY FOR SUCH FACILITIES, INCLUDING COMMUNICATION FACILITIES

was duly introduced for the consideration of the Board. It was then duly moved and seconded that such Resolution be adopted; and, after due discussion, such motion, carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

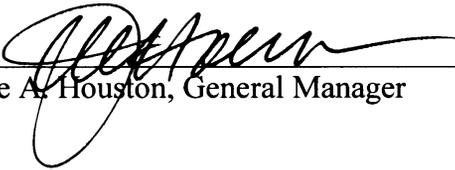
AYES: 5

NOES: 0

(2) A true, full, and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; such Resolution has been duly recorded in said Board's minutes of such meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board's minutes of such meeting pertaining to the adoption of such Resolution; the persons named in the above and foregoing

paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance of the time, place, and purpose of such meeting and that such Resolution would be introduced and considered for adoption at such meeting and each of such officers and members consented, in advance, to the holding of such meeting for such purpose; such meeting was open to the public, as required by law, and public notice of the time, place and purpose of such meeting was given as required by Texas Government Code § 551.043, as amended, and § 49.063 of the Texas Water Code, as amended.

SIGNED AND SEALED the 23rd day of January, 2014.

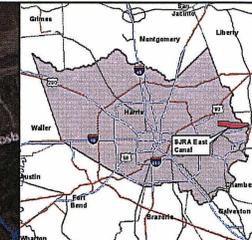


Jace A. Houston, General Manager

(SEAL)



Harris County, Texas



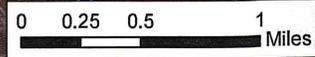
PROJECT NO. 13-000000
 DATE CREATED 08/11/2014
 DATE UPDATED 08/11/2014
 DRAWN BY JACOB
 CHECKED BY JACOB
 FILE NAME 13-000000_SJRA_East_Canal_Layout.mxd
 PREPARED BY JACOB



Legend

- Siphon Locations
- ★ Proposed Pump Station
- SJRA East Canal
- ~ Streams
- Waterbody

ID	Name
1	North Highlands Reservoir Crossing 1
2	North Highlands Reservoir Crossing 2
3	North Highlands Reservoir Crossing 3
4	Highlands Reservoir Outlet No. 5
5	Fig Orchard Road Siphon
6	Creek Crossing Siphon
7	Courtney Drive Siphon
8	Haney Road Siphon
9	CWA East Siphon
10	Garth Road Siphon
11	Wallsville Road Siphon
12	HCPCD Ditch at Wallsville Road Siphon
13	Spring Meadows Drive Crossing Siphon
14	North Main Siphon
15	HCPCD Ditch -L- 114- 05- 00
16	Splander Road Siphon
17	East Canal CWA Pump Station



SAN JACINTO RIVER AUTHORITY
 East Canal System Capacity Improvements Project
 SJRA Highlands East Canal System Layout

FREESE NICHOLS
 FREESE AND NICHOLS, INC.
 10497 TOWN AND COUNTRY
 WAY, SUITE 600
 HOUSTON, TEXAS 77064
 P: 713-600-8800
 F: 713-600-8801

EXHIBIT
 A