

**BOARD OF DIRECTORS
SAN JACINTO RIVER AUTHORITY
MINUTES OF REGULAR MEETING
OCTOBER 27, 2016**

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 a.m., October 27, 2016, at the San Jacinto River Authority General and Administration Building, a notice of said meeting was posted as required by law. President Lloyd Tisdale, Treasurer Mike Bleier, and Board Members Jim Alexander, Ronnie Anderson, and Gary Renola were present. Vice President Fred Koetting was absent. General Manager Jace Houston, Deputy General Manager Ron Kelling, Director of Financial and Administrative Services Tom Michel, Director of Raw Water Enterprise David Parkhill, Woodlands Division Manager Chris Meeks, GRP Division Manager Mark Smith, Lake Conroe Division Manager Bret Raley, Public Relations Manager Ronda Trow, Administrative Services Manager Cynthia Bowman, General Counsel Mitchell Page, and Financial Advisor Jan Bartholomew were in attendance.

1. CALL TO ORDER

The meeting was called to order at 8:00 a.m.

2. PLEDGE OF ALLEGIANCE

The Pledges were led by Mr. Alexander.

3. PUBLIC COMMENTS

There were no public comments.

4. DIVISION UPDATES

a. G & A General Manager:

Mr. Houston announced that the San Jacinto River Authority will be hosting the H2O4Texas Statewide Tour on November 16, 2016. He stated that the premise of this statewide tour is to educate and energize Texans about implementing the nationally-acclaimed State Water Plan.

b. G & A Public Relations:

Ms. Trow provided information related to the updated contrail website. Michelle Simpson, Public Relations Specialist, along with Mr. Raley navigated through the website explaining the various features.

c. G & A Finance and Administration:

Mr. Michel announced that the Accounting Department received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). He also stated that the Accounting Department has received it for the past seven years.

d. Woodlands:

Mr. Meeks provided no update related to the Woodlands Division.

e. GRP:

Mr. Smith presented the GRP Division Quarterly update, providing information related to the management team, the administration and compliance team, operations team, maintenance team, as well as various GRP Division projects.

f. Raw Water:

Mr. Parkhill provided an update related to the Lake Houston Pump Station Rehabilitation project. He stated that the original contract included an estimated total quantity of silt to be removed, however while extracting the silt, the contractor informed SJRA that additional silt needed to be removed. Mr. Parkhill stated that the removal of the additional 128 cubic yards of silt in the amount of \$131,000 will be presented at the December Board meeting for approval in the form of a Change Order.

5. CONSENT AGENDA

Mr. Alexander made a motion to approve the consent agenda. The motion was seconded by Mr. Bleier and carried unanimously.

G&A

- a. Approval of Minutes - Regular Meeting of September 22, 2016.**

WOODLANDS

b. Construction Contract for Elevated Storage Tank No. 3 Rehabilitation

Consider authorizing the General Manager to execute a construction contract with Maguire Iron, Inc., in the amount of \$593,500, for Elevated Storage Tank No. 3 Rehabilitation in The Woodlands.

c. Work Order No. 3 for Construction Phase Services - Elevated Storage Tank No. 3 Rehabilitation

Consider authorizing the General Manager to execute Work Order No. 3 with Dunham Engineering, Inc., in an amount not to exceed \$9,175, for construction phase services for Elevated Storage Tank No. 3 Rehabilitation in The Woodlands.

d. Work Order No. 4 for Construction Inspection Services - Elevated Storage Tank No. 3 Rehabilitation

Consider authorizing the General Manager to execute Work Order No. 4 with Dunham Engineering, Inc., in an amount not to exceed \$26,000, for construction inspection services during construction of Elevated Storage Tank No. 3 Rehabilitation in The Woodlands.

e. Resolution Authorizing Application to the Texas Water Development Board

Adoption of Resolution No. 2016-R-13, attached hereto as Exhibit "A", authorizing application to the Texas Water Development Board for financial assistance from Clean Water State Revolving Fund; designating authorized representatives for such purpose; and containing other provisions relating to the subject.

GRP

f. New GRP Participants

Because there were no new GRP participants, this item was not considered.

RAW WATER ENTERPRISE

g. Professional Services Agreement and Work Order No. 1 for Professional Engineering Consulting Services

Consider authorizing the General Manager to execute a Professional Services Agreement and Work Order No. 1 with Texas Engineering, PLLC, in an amount not to exceed \$75,000, for professional engineering consulting services for the Highlands Division.

6. REGULAR AGENDA

a. G&A

1. Election of Secretary and Assistant Secretary of the Board of Directors

Consider the election of Secretary and Assistant Secretary of the Board of Directors.

Mr. Houston explained that due to the current Secretary's resignation from the Board, a new Secretary must be elected. Further, he stated that at the request of General Counsel, an Assistant Secretary should be elected for the purpose of signing and attesting documents in the absence of the Secretary. Mr. Anderson made a motion to elect Gary Renola as Secretary and Jim Alexander as Assistant Secretary of the Board of Directors. With limited discussion, the motion was seconded by Mr. Bleier and carried unanimously.

b. GRP

1. Additional Expenditures for Legal Representation

Consider authorizing the General Manager to approve additional expenditures for legal representation for the GRP Division.

Mr. Page provided a brief overview of the events leading up to the request for additional funding for legal representation for the GRP Division, stating that a suit was filed in Travis County related to Chapter 1205 of the Government Code by the San Jacinto River Authority. He stated that the suit was filed by outside litigation counsel engaged by the General Manager through his discretionary spending authority up to \$75,000. Mr. Page stated that due to the status of the litigation, staff requests to appropriate additional funds in the amount of \$250,000 for payment of legal fees related to the Chapter 1205 proceedings.

Mr. Houston announced that action on item 6b1 would be deferred until after Executive Session to allow for consultation with legal counsel.

7. EXECUTIVE SESSION

The meeting was called into executive session at 8:45 a.m., under the provision of Section 551, Texas Local Government Code, to discuss topics under the authority of Section 551.071, consultation with attorney.

8. RECONVENE IN OPEN SESSION FOR ACTION FOLLOWING EXECUTIVE SESSION

The meeting was called into open session at 10:05 a.m., and the Board then considered Regular Agenda item 6b1.

Additional Expenditures for Legal Representation

Mr. Bleier made a motion to authorize the General Manager to approve additional expenditures with Yetter Coleman, LLP, in the amount of \$250,000, for legal representation for the GRP Division. The motion was seconded by Mr. Anderson and carried unanimously.

9. ANNOUNCEMENTS / FUTURE AGENDA

Mr. Tisdale announced that the next SJRA Board Meeting will take place on December 8, 2016.

10. ADJOURN

Without objection, the meeting was adjourned at 10:07 a.m.



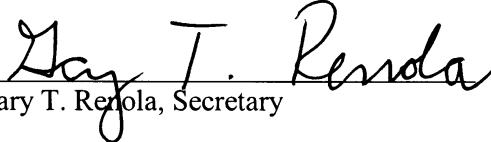

Gary T. Rexola, Secretary

Exhibit A

RESOLUTION NO. 2016-R-13

RESOLUTION AUTHORIZING APPLICATION TO TEXAS WATER DEVELOPMENT BOARD FOR FINANCIAL ASSISTANCE FROM CLEAN WATER STATE REVOLVING FUND; DESIGNATING AUTHORIZED REPRESENTATIVES FOR SUCH PURPOSE; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT.

WHEREAS, the San Jacinto River Authority (the "Authority") is a conservation and reclamation district, body politic and corporate and a governmental agency of the State of Texas created and operating under the provisions of Chapter 426, Acts of the 45th Texas Legislature, Regular Session, 1937, as amended (compiled as Vernon's Annotated Texas Civil Statutes, Article 8280-121), enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution (such series of acts being hereinafter collectively referred to as the "Act"); and

WHEREAS, the Authority is authorized by the Act and the general laws of the State of Texas, among other matters, to purchase, construct, acquire, own, operate, maintain, repair, improve, or extend, inside and outside its boundaries, any and all works, improvements, facilities, plants, equipment, contract rights, water rights and interests in property necessary to provide regional water supply services and regional waste disposal services; and

WHEREAS, the Authority has entered into contracts (collectively, the "Customer Contracts") with various municipal utility districts located in the area of The Woodlands, Texas (the "Customers"), pursuant to which the Authority presently owns and operates, through its Woodlands Division, certain water production, disinfection, pressurization, storage and distribution facilities for providing wholesale, regional water supply services to the Customers (the "Woodlands Water Supply Facilities"), as well as certain waste collection, transportation, treatment and disposal facilities for providing wholesale, regional waste disposal services to the Customers (the "Woodlands Waste Disposal Facilities"); and

WHEREAS, the Authority deems it necessary and appropriate at this time to undertake major repair and rehabilitation projects with respect to the certain components of the Woodlands Waste Disposal Facilities, by and through the planning, design, surveying, environmental assessment preparation, and permitting and construction of the such projects, and the acquisitions of interests in property needed therefor and contract rights needed in connection therewith (collectively, the "Project"); and

WHEREAS, the Authority is authorized by the Act and the general laws of the State of Texas to issue its negotiable special project revenue bonds for the purpose of financing the Project; and

WHEREAS, the Authority desires to file a Project Information Form and application to the Texas Water Development Board (collectively, the "Board") for financial assistance through the Clean Water State Revolving Fund ("CWSRF") in order to assist the Authority with the financing of certain costs for the Project;

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

Section 1: The Authority hereby formally and officially approves the filing of a Project Information Form and an application with the Board for financial assistance from the CWSRF, through a contractual loan agreement, the purchase of the Authority's special project revenue bonds, and/or such other means or requirements as may be applicable in connection with the CWSRF, to facilitate the financing of up to \$45,000,000 for the Project and costs related thereto.

Section 2: The Officers and Directors of the Board of Directors of the Authority, the General Manager of the Authority, and all other employees, agents, consultants and representatives of the Authority, are hereby authorized, instructed and directed to take such actions, steps and proceedings as may be necessary and appropriate to file such Project Information Form and make such application to the Board for financial assistance in such manner as may now or hereafter be necessary and appropriate for securing such financial assistance, and the Authority's General Manager is hereby officially designated as the Authority's authorized representative for purposes of executing and filing such Project Information Form and application, appearing before the Board, providing documents, reports, materials and data to the Board and/or its staff in connection with the Project Information Form or such application, certifying and/or providing affidavits or other proof of the accuracy, completeness and sufficiency of such Project Information Form or such application, and any data, reports or materials included therein, and for all related purposes.

Section 3: The Authority's professional financial advisors, Robert W. Baird & Company, Inc., Houston, Texas, and the Authority's bond counsel, Schwartz, Page & Harding, L.L.P., Houston, Texas, are each and all hereby authorized, instructed and directed to prepare and submit to the Board in connection with such Project Information Form or such application any documents, records, reports, data and related correspondence as may be necessary and appropriate in support of such application.

Section 4: The Authority hereby covenants, represents, warrants and agrees that if such application for financial assistance is granted by the Board, the Authority shall completely and continuously comply in all material respects with the terms, conditions, provisions, covenants and requirements of such application and all laws, rules, regulations and related requirements pertaining to such application and the granting of such financial assistance by the Board.

Section 5: The Officers and Directors of the Authority's Board of Directors, the Authority's General Manager, and the Authority's agents, representatives and consultants are each and all hereby authorized, instructed and directed to take such other actions, steps and proceedings as may be necessary and appropriate in connection with such Project Information Form or such application. All actions, steps and proceedings heretofore taken by or on behalf of the Authority in connection with the preparation, filing, submission and/or processing of such Project Information Form and such application are hereby in all things ratified, confirmed, approved and adopted.


Section 6: A certified copy of this Resolution shall be presented to the Board and shall constitute the Authority's request for financial assistance to the Board pursuant to the applicable rules of the Board, and the Authority's General Manager is hereby authorized, instructed and directed to prepare, execute and furnish to the Board an affidavit, or affidavits, stating that the facts contained in such application are true and correct to his best knowledge and belief and a certificate to the effect that the Authority is in compliance with all representations contained in such application, all federal, state and local laws pertaining to the Project and such application, and all rules and published policies of the Board relating thereto. Certified copies of this Resolution shall also be provided to all other persons having a proper interest in such application.

Section 7: This Resolution shall be and remain in full force and effect from and after the date of its passage and approval.

PASSED AND APPROVED this 27th day of October, 2016.

ATTEST:

SAN JACINTO RIVER AUTHORITY


Secretary, Board of Directors


President, Board of Directors



CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

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

1. That I am the duly qualified and acting General Manager of the Authority, and that as such, I have custody of the minutes and records of the Authority.

2. That the Board of Directors of the Authority convened in regular session on October 27, 2016, at the regular meeting place thereof, and the roll was called of the duly constituted officers and members of the Board of Directors, to-wit:

Lloyd B. Tisdale	President
Fredrick D. Koetting	Vice President
<hr/>	Secretary
Mike Bleier	Treasurer
James C. Alexander	Director
Ronald W. Anderson	Director
Gary T. Renola	Director

and all of said persons were present, except Director(s) Fredrick Koetting, thus constituting a quorum, whereupon, among other business, the following was transacted at such meeting:

RESOLUTION NO. 2016-R-13

RESOLUTION AUTHORIZING APPLICATION TO TEXAS WATER DEVELOPMENT BOARD FOR FINANCIAL ASSISTANCE FROM CLEAN WATER STATE REVOLVING FUND; DESIGNATING AUTHORIZED REPRESENTATIVES FOR SUCH PURPOSE; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

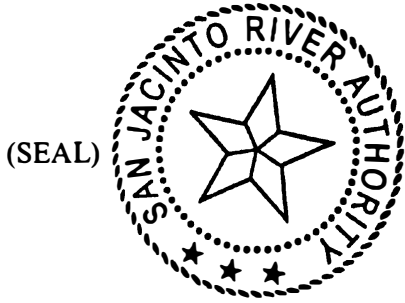
was duly introduced for the consideration of the Board of Directors. It was then duly moved and seconded that such Resolution be adopted and, after due discussion, such motion, carrying with it the adoption of such Resolution, prevailed and carried by the following vote:

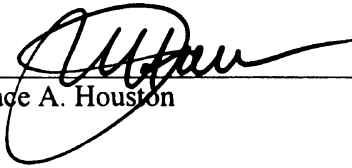
AYES: All members present voted "Aye".
NOES: None.

3. That a true and correct copy of such Resolution adopted at such meeting is attached to and follows this certificate; that such Resolution has been duly recorded in the minutes of the Board of Directors for such meeting; that the persons named in the above and foregoing Paragraph 2. were the duly chosen, qualified and acting officers and members of the Board of Directors as indicated therein, that each 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 that each consented in advance, to the holding of such meeting for such purpose; that the canvassing of the officers and members of the Board of Directors present at and absent from such meeting and of the votes of each on such motion, as set forth in the above and foregoing Paragraph 2., is true and correct; that such meeting was open to the public as required by law; and that sufficient and timely notice of the hour, date, place and subject of such meeting was given and posted as required by Chapter 551, Texas Government Code, as amended.

SIGNED AND SEALED the 27th day of October, 2017.





Jace A. Houston