

MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
SAN JACINTO RIVER AUTHORITY
JANUARY 22, 2015

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 a.m., January 22, 2015, 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
Fredrick Koetting	Vice President
Mary L. Rummell	Secretary
Joseph L. Stunja	Treasurer
Mike Bleier	Member
John D. Eckstrum	Member
Jim Alexander	Member

Present were Lloyd B. Tisdale, Mary L. Rummell, Jim Alexander, Mike Bleier, and Joseph L. Stunja, thus constituting a quorum. Mr. Koetting was absent. 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; Cynthia Bowman, 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; Mitchell Page, Schwartz, Page & Harding, LLP, General Counsel; and numerous other guests.

Mr. Tisdale called the meeting to order at 8:03 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. Eckstrum led the pledges 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 reported that Judge Craig Doyle toured the facilities at SJRA Conroe Campus as well as the GRP Division in December. He announced that the Texas Water Conservation Association Legislative Committee met and is monitoring a bill that would streamline the water right permit processes. Finally, Mr. Houston mentioned that SJRA's Patty Potty campaign is still in high demand throughout the State of Texas.

Ms. Trow reported on the many functions that were attended in the months of December and January. She mentioned the continued work on the Watershed Protection Plan with the Lake Conroe Division; the water quality campaign with the GRP Division; the Cease the Grease program with the Woodlands Division; and progress on the website for the Highlands Division.

Mr. Michel presented the quarterly investment report. He asked the Board to provide direction to staff with regard to Fiscal Year 2016 budget meetings. Mr. Michel then reviewed the unaudited financials for the months of November and December, 2014, giving an overview of each division. Lastly, Mr. Michel presented information regarding the 2014 Energy Report, stating that House Bill 3693 requires the annual report be posted on the website. He

mentioned that the report for 2013 had been revised and that both reports are currently on the SJRA website.

Ms. Staggs had no comments with regard to the Woodlands Division.

Mr. Smith provided information related to the January GRP Review Committee meeting, stating that the Review Committee members that were reappointed and/or elected by the constituents representing their specific areas were Mike Mooney, Jackie Chance, Sr., and Joe Sherwin. He then reported that Troy Morris resigned his position with the GRP Review Committee and Lone Star Groundwater Conservation District will be asked to appoint his successor. Mr. Smith went on to present information regarding SJRA Joint GRP Treated Surface Water Quality summarizing federal and state regulations for drinking water quality standards, standards driving compatibility with existing groundwater, quality at the tap, and extensive testing of treatment techniques and existing conditions.

Mr. Phil Smith then provided updates to the Groundwater Reduction Plan Program's Monthly Construction Progress report as well as the Surface Water Facility and Surface Water Transmission System.

Mr. Parkhill reported on the progress of the Capital Improvements Plan for the Highlands Division, including the Siphon 6 project, Sjolander Road project, the upcoming opening of the Highlands reservoir to the public, the continued progress with the Watershed Protection Plan, and items on the consent agenda.

Mr. Tisdale then continued on to the consent agenda. A motion was made by Ms. Rummell, seconded by Mr. Stunja and unanimously approved, to (5a) approve the minutes of the Board of Directors meeting of December 11, 2014; (5b) review and act upon unaudited financials for

the months of November and December, 2014; (5c) review and act upon the Quarterly Investment Report ended November 30, 2014; (5d) authorize the disposal by sale of a 0.141 acre tract of surplus real property located in the William C. Clark Survey, A-6, near Montgomery, Texas, in the amount of \$31,707.86, and authorize General Manager to execute all necessary document to complete the transaction; (5e) authorize the disposal by sale of a 0.011 acre tract of surplus real property located in the Elijah Collard Survey, A-7, near Willis, Texas, in the amount of \$4,671.80, and authorize the General Manager to execute all necessary documents to complete the transaction; and (5f) authorize the disposal by sale of a 0.094 acre tract of surplus real property located in the James Smith Survey, A-37, near Conroe, Texas, in the amount of \$10,236.60, and authorize the General Manager to execute all necessary documents to complete the transaction.

Moving on to item (6a) of the regular agenda, Mr. Houston gave a brief overview of the proposed change in financial advisors. After further discussion, Mr. Stunja moved approval of the Financial Advisory Agreement with Robert W. Baird & Co., including a request that staff issue a Request for Proposals within an appropriate timeframe as to not interrupt the current bond process. The motion was seconded by Mr. Eckstrum and carried unanimously.

Ms. Staggs presented information regarding items (7a) and (7b). Mr. Eckstrum, made a motion, seconded by Ms. Rummel and unanimously approved, to (7a) authorize the General Manager to execute a construction contract in the amount of \$2,578,882.40 with Quadvest Construction, L.P., for the demolition and replacement of Ground Storage Tank No. 1 at Water Plant No. 1 in The Woodlands, and contract modifications up to \$75,000; and (7b), authorize the General Manager to execute a Professional Services Agreement and Work Order No. 1 in

the amount of \$145,471.20 with CDM Smith, Inc., for construction inspection services for the Demolition and Replacement of Ground Storage Tank No. 1 at Water Plant No. 1 in The Woodlands. Ms. Staggs gave an overview of the need for rehabilitation of Water Well No. 32, and after discussion, Mr. Stunja made a motion, seconded by Mr. Alexander and unanimously approved, to (7c) authorize the General Manager to execute a construction contract in the amount of \$192,836 with Weisinger Inc., for the Rehabilitation of Water Well No. 34 in The Woodlands, and contract modifications up to \$50,000. Moving on, Ms. Staggs presented information regarding Wastewater Treatment Plant No. 1 Improvements in The Woodlands. After discussion, Mr. Eckstrum made a motion, seconded by Mr. Alexander and unanimously approved, to (7d) authorize the General Manager to execute Work Order No. 4 in the amount of \$89,192.50 with Klotz, Inc., for final design and procurement phase engineering services for Wastewater Treatment Plant No. 1 Improvements in The Woodlands.

Mr. Smith then presented information regarding item (8) related to the proposed GRP contract with the Archdiocese of Galveston-Houston (Circle Lake Retreat Center). After further discussion, Mr. Eckstrum made a motion, seconded by Ms. Rummell and unanimously approved, to authorize the General Manager to execute the GRP Contract with the Archdiocese of Galveston-Houston (Circle Lake Retreat Center) as presented.

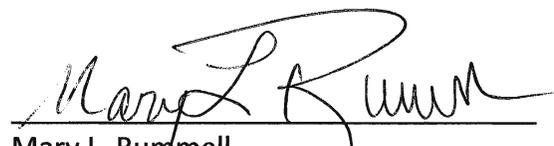
Continuing on, Mr. Parkhill provided information regarding Change Order No. 2 for Construction of the East Canal Transfer Pump Station in Highlands, stating that after further negotiations with the contractor, staff was able to provide additional savings regarding the installation of continuous flight auger piles in lieu of the proposed pre-cast concrete piles to support the pump station structure and pump cans. He concluded that one million dollars in

savings have been identified and negotiated with regard to this contract. After further discussion, Mr. Bleier made a motion, seconded by Mr. Stunja and unanimously approved, to (9a) authorize the General Manager to execute Change Order No. 2 in the deductive amount of (\$125,924.40) with Boyer, Inc., for construction of the East Canal Transfer Pump Station in Highlands. Moving on to item (9b), Mr. Page stated that this resolution reflects the change in financial advisors with the Authority. Mr. Eckstrum made a motion to approve a resolution supplementing the resolution authorizing application for financial assistance to the Texas Water Development Board relative to engagement of Robert W. Baird & Co., as financial advisors to the Authority, attached hereto as "Exhibit A". The motion was seconded by Ms. Rummell and carried unanimously.

Mr. Tisdale moved on to briefings and presentations. Ms. Staggs and Mr. Smith overviewed the likely reasons for the recent lower than projected water demands/revenue and identified numerous strategies to address demand/revenue fluctuations in the future.

Mr. Tisdale then announced that the Board would recess into Executive Session. At 10:40 a.m., the Board recessed into Executive Session. With a quorum still present, the Board reconvened into open session at 11:48 a.m.

Mr. Tisdale announced the next Board meeting date of February 26, 2015, at 7:30 a.m. Without objection, the meeting was adjourned at 11:49 a.m.



Mary L. Rummell
Secretary
San Jacinto River Authority

Exhibit A

RESOLUTION SUPPLEMENTING RESOLUTION AUTHORIZING
APPLICATION FOR FINANCIAL ASSISTANCE TO TEXAS WATER
DEVELOPMENT BOARD; 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 a system for conserving, storing, diverting, appropriating, using, transporting, distributing and delivering untreated surface water to users and customers of such system; and

WHEREAS, the Authority owns and operates a water system (the "System"), which includes all works, facilities, improvements, interests in property, plants, equipment, contract rights, water rights, permits and other assets and properties of the Authority needed for and used in connection with the conservation, storage, diversion, appropriation, use, transportation, distribution or delivery of untreated surface water under or pursuant to the rights, powers, and authority granted under or evidenced by Certificate of Adjudication Nos. 10-4963, 10 4964, and 08-4279, and Water Permit Nos. 5271, 5807, 5808 and 5809, as amended, issued by the Texas Commission on Environmental Quality, or its predecessor, as same may be now or hereafter amended; the Authority's undivided interest in and to the Lake Conroe Dam and Reservoir, located on the West Fork of the San Jacinto River near the City of Conroe, Texas; the Authority's Highlands Reservoir, located in southeast Harris County near the unincorporated community of Highlands, Texas; the Authority's Canal System, extending from Lake Houston to and beyond Highlands Reservoir in southeast Harris County; and all related pump stations, pipelines, canals, siphons and storage, control, diversion, measurement, distribution and delivery facilities and all improvements, extensions, enlargements, replacements, additions or betterments thereto now existing or hereafter purchased, constructed or acquired by the Authority; provided, that the aforesaid system does not include all or any part of any other systems, special projects, assets, funds, revenues, properties, facilities, operations, enterprises or separate operating divisions now or hereafter established, designated, owned, operated or controlled by the Authority, including, without limitation, the Authority's Woodlands Division and/or the Authority's Groundwater Reduction Plan Division; and

WHEREAS, the Authority is authorized by the Act and the general laws of the State of Texas to issue its negotiable revenue bonds for the purpose of financing the purchase, acquisition and provision of improvements, betterments and additions to the System; and

WHEREAS, it is proposed that the Authority issue such bonds in one or more series for the purpose of providing financing for the capital improvements to the System (the "Project"); and

WHEREAS, the Authority passed and adopted that certain Resolution Authorizing Application for Financial Assistance to Texas Water Development Board; Designating Authorized Representatives for Such Purpose; and Containing Other Provisions Relating to the Subject on August 28, 2014, (the "Prior Resolution"), which authorized the Authority, by and through the officers, staff and consultants designated therein, to file and otherwise make application to the Texas Water Development Board (collectively, the "Board") for financial assistance through the Development Fund II Loan Program (the "Program") in order to assist the Authority with the financing of certain costs for the Project; and

WHEREAS, on the date hereof, the Authority has taken action to terminate RBC Capital Markets, LLC as its professional financial advisors and engage Robert W. Baird & Co. as its professional financial advisors and, therefore, it is necessary and appropriate at this time to supplement the Prior Resolution accordingly; NOW, THEREFORE,

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

Section 1: The Authority hereby authorizes, instructs and directs its current professional financial advisors, Robert W. Baird & Co., Houston, Texas, to prepare and submit to the Board in connection with the applications authorized by the Prior Resolution such documents, records, reports, data and related correspondence as may be necessary and appropriate in support of such applications. The Authority hereby ratifies in all respects any and all such actions taken by Robert W. Baird & Co. on or after December 22, 2014, but prior to the date hereof.

Section 2: The Authority hereby rescinds and revokes the authorization, instruction and direction under the Prior Resolution to its former professional financial advisors, RBC Capital Markets, LLC, Houston, Texas, to prepare and submit to the Board in connection with the applications authorized by the Prior Resolution such documents, records, reports, data and related correspondence as may be necessary and appropriate in support of such applications. The Authority hereby ratifies in all respects any and all such actions taken by RBC Capital Markets, LLC, Houston, Texas, prior to December 22, 2014.

Section 3: A certified copy of this Resolution shall be presented to the Board.

Section 4: This Resolution shall be and remain in full force and effect from and after the date of its passage and approval.

[SIGNATURES COMMENCE ON FOLLOWING PAGE]

PASSED AND APPROVED this 22nd day of January, 2015.



President, Board of Directors

ATTEST:



Secretary, Board of Directors

(SEAL)



360079.1

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

I, the undersigned Secretary of the Board of Directors of the San Jacinto River Authority (the "Authority"), hereby certify as follows:

1. That the Board of Directors of the Authority convened in regular session on January 22, 2015, 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
Mary L. Rummell	Secretary
Joseph L. Stunja	Treasurer
Mike Bleier	Director
John D. Eckstrum	Director
James C. Alexander	Director

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

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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.

2. 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 1. 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 1., 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 22nd day of January, 2015.



May R. Rusk
Secretary, Board of Directors

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