

**MINUTES OF A REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
SAN JACINTO RIVER AUTHORITY**

June 26, 2014

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A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 A.M., June 26, 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, Joseph L. Stunja, Mike Bleier, Fredrick Koetting, 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; Dr. Robert Hill, SCADA 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 7:59 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 Mr. Stunja 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 recognized and congratulated Mr. Doug Haude for receiving the Top Public Works Leader of the Year Award from the American Public Works Association, Texas Chapter, and announced that the Highlands Reservoir Rehabilitation Project had been recognized by same. Mr. Houston reported on a recent speaking engagement to the Bentwater Civic Association, and on a briefing with Mark Keough, the new State Representative from The Woodlands.

Ms. Trow provided an update on ongoing Public Relations Department projects, including various outreach efforts related to construction of the GRP's waterlines.

Mr. Michel provided an update on the G & A Division, including an overview of the Authority's monthly financials, and addressed questions related to same. He discussed Item

No. 5e on the consent agenda and explained that the annual review of the Investment Policy is complete, and that there are no changes proposed at this time.

Mr. Parkhill provided an update on the Raw Water Enterprise Program. He provided an overview of the 2010 and 2013 Highlands System Bond Programs and reported on other projects taking place in the Highlands. He discussed Item No. 5f on the consent agenda related to the update and implementation of the Emergency Action Plan (EAP) for the Highlands Reservoir, and announced that the Texas Commission on Environmental Quality (TCEQ) has declared the Highlands Water Conservation and Drought Contingency Plans administratively complete. Mr. Parkhill continued by stating that a more comprehensive system-wide assessment of the capacity and condition of the Highlands Canal System is underway, which has been largely driven by industrial expansion in the Highlands. He provided handouts to the Board and briefly discussed Item No. 7b on the regular agenda related to the Capital Improvement Plans for the Highlands and Lake Conroe Divisions.

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 the GRP Review Committee recently toured the Surface Water Plant Facility and that all items on the agenda were presented to and recommended by the Committee for approval.

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.

Dr. Robert Hill provided an update on the SCADA System Programming and Configuration Progress. He presented photographs depicting various equipment and systems that will be used to monitor and control the Surface Water Plant, and explained the configuration and function of each.

Mr. Phil Smith then presented an aerial video of the construction progress on the Surface Water Facility Project that was taken by Walker Engineering, Inc.

Mr. Tisdale then continued on to the consent agenda. Motion was made by Mr. Bleier, seconded by Mr. Stunja and unanimously approved, to: (i) approve the minutes of the May 22, 2014, Board of Directors meeting; (ii) approve the unaudited financial statements for the month of May 2014; (iii) approve the quarterly investment report for the quarter ended May 31, 2014; (iv) receive the Annual Energy Report for the period of September 1, 2012, through August 31, 2013, and post on the Authority's website as required by HB 3693; (v) adopt the *Resolution Regarding Review of Resolution Establishing Policy for Investment of San Jacinto River Authority Funds and Appointing Investment Officer*, attached hereto as Exhibit "A"; (vi) execute Work Order No. 7 with Freese and Nichols, Inc., in the amount of \$32,975.00, for updating and implementing the Emergency Action Plan (EAP) for the Highlands Reservoir; (vii) approve the purchase of a vacuum truck from Houston Freightliner, Inc., in the amount of

\$325,365.00, for use by the Woodlands Division; and (viii) execute Amendment No. 1 to Work Order No. 1 with CDM Smith, Inc., in the amount of \$9,993.75, for the comprehensive evaluation of Wastewater Treatment Plant No. 1 in The Woodlands.

Shifting the order of the agenda, Mr. Tisdale announced that the Board would recess into Executive Session. At 8:55 a.m. the Board recessed into Executive Session. With a quorum still present, the Board reconvened at 9:42 a.m.

Mr. Tisdale then referred back to the regular agenda for consideration. Motion was made by Mr. Stunja, seconded by Mr. Eckstrum and unanimously approved, to approve a Supplemental Agreement with Chevron Phillips Chemical Company, LP, and authorize the General Manager to execute same.

Mr. Tisdale announced that the Board would defer Item No. 7b until the Briefings and Presentations portion of the agenda.

Moving to the next item on the agenda, motion was made by Mr. Montgomery, seconded by Mr. Eckstrum and unanimously approved, to approve a motion to authorize the Board of Directors of the San Jacinto River Authority to authorize the use of the power of eminent domain to acquire fee simple title to the 1.899 acre tract of land located in the T. Patching Survey, Abstract No. 620, said 1.899 acre tract being a portion of the remainder of the 348.0163 acre tract described as Tract 1 in the deed to Garth Wallisville, Ltd., a Texas limited partnership, recorded at Clerk's File No. 20090462192 of the Official Public Records of Real Property of Harris County, Texas, being more particularly described by metes and bounds in Exhibit 1 to the Resolution, for use in the construction, installation, operation, and maintenance

of a pump station and related appurtenances and facilities, including communications facilities, in connection with the transportation, distribution, and delivery of water.

Mr. Tisdale then proceeded to the next item on the agenda and motion was made by Mr. Stunja, seconded by Mr. Eckstrum and unanimously approved, to declare 0.480 acre tract located in the Neil Martin Survey, Abstract No. 26, to be surplus real property; authorize the private sale of the property to Lake Conroe Fishermans Cove L.L.C.; and authorize the General Manager to execute Purchase and Sale Agreement in connection therewith.

Ms. Staggs discussed the next item on the agenda 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 Dunham Engineering, Inc., in an amount not to exceed \$64,662.50, for the design, procurement, construction phase services, and construction inspection for the Elevated Storage Tank No. 5 Rehabilitation and Elevated Storage Tank Nos. 1 and 2 Minor Repairs Projects for The Woodlands.

Moving to the next item on the agenda, Ms. Jan Bartholomew updated the Board on the status of the bond market and pricing of the Authority's Special Project Revenue Refunding Bonds (The Woodlands Water Supply System Project), Series 2014, and the Authority's Special Project Revenue Refunding Bonds (The Woodlands Waste Disposal System Project), Series 2014. She stated that it was a good time to take advantage of the current market conditions and went on to explain the refunding and the standards for same. She discussed the costs described in the handouts she provided and addressed questions from the Board.

Mr. Tisdale announced that the Board would defer Item No. 8c until the Briefings and Presentations portion of the agenda.

Moving to the next item on the agenda, Mr. Mark Smith presented information and motion was made by Mr. Stunja, seconded by Mr. Montgomery and unanimously approved, to authorize the General Manager to execute a professional services agreement and Work Order No. 1 with V&A Consulting Engineers, Inc., in an amount not to exceed \$20,500.00, for corrosion protection for the MUD 99 Water Receiving Facility 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 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 approve the GRP contract(s) as presented and authorize the execution of same by the General Manager. The item was tabled as there were none to consider.

Mr. Tisdale then referred back to Item No. 7b on the agenda to receive a presentation for the Raw Water Enterprise Five Year CIP presentation for the Highlands and Lake Conroe Divisions. Mr. Parkhill discussed how the various projects are identified and recognized staff's effort in developing the plan. He discussed the Authority's aging assets and the effect on raw water rates and how the CIP drives the raw water rate structure. Mr. Parkhill discussed the CIP costs and the schedule for same. No action was required.

Mr. Tisdale then referred to Item No. 8c on the agenda to receive a presentation for Capital Improvement Plans for the Woodlands Division. Ms. Staggs explained that as the Woodlands water and wastewater systems continue to age, increased rehabilitation and renewal is necessary to maintain the viability of the infrastructure and increase its useful life. She stated that the development of a robust asset management risk assessment tool has

helped identify short- and long-term improvements needed, and that the outcome is the development of a refined five-year capital improvement program. Ms. Staggs discussed the program goals, explained the dynamics of how projects are determined, and outlined changes for Fiscal Year 2015, to include the funding of projects using cash rather than bond financing. She provided an overview of projects scheduled for completion in the next five years, and addressed questions related to same. No action was required.

Mr. Houston introduced Ms. Amy Beussink with the United States Geological Survey (USGS). Ms. Beussink presented a report outlining the types of data collected and analyzed by USGS for the Montgomery area. She explained the hydrology of the Gulf Coast Aquifer System and stated that the USGS monitors water levels in about 750 public supply, irrigation, industrial, and observation wells in an eleven (11) county region. She discussed water-level changes in the Chicot, Evangeline, and Jasper Aquifers, as well as continuous groundwater-level monitoring efforts in the San Jacinto River Basin. Ms. Beussink explained that groundwater recharge to the Gulf Coast Aquifer System in Montgomery and adjacent counties occur on the order of inches per year. She presented maps detailing the streamflow and water quality of the San Jacinto River Basin below and near Lake Conroe and answered questions related to same. No action was required.

Mr. Houston reminded the Board that the Authority will once again host the Conroe Chamber of Commerce's fireworks event, and to be on the lookout for information from the Public Relations Department pertaining to same.

Mr. Tisdale announced the next Board meeting date of July 24, 2014, at 7:30 a.m. There being no further business to come before the Board, the meeting was adjourned at 11:12 a.m.



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Mary L. Rummell

Secretary

San Jacinto River Authority

# **Exhibit A**

RESOLUTION REGARDING REVIEW OF  
RESOLUTION ESTABLISHING POLICY FOR INVESTMENT  
OF AUTHORITY FUNDS AND APPOINTING INVESTMENT OFFICER

WHEREAS, the San Jacinto River Authority ("Authority") adopted an amended Resolution Establishing Policy for Investment of San Jacinto River Authority Funds and Appointing Investment Officer, effective as of January 24, 2013 ("Policy") pursuant to Chapter 2256, Texas Government Code; and

WHEREAS, Chapter 2256, Texas Government Code, requires the Authority to perform a review of its investment policy and investment strategies included within the Policy on an annual basis; and

WHEREAS, the Authority has, on the date hereof, performed said review;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of San Jacinto River Authority that the policies, procedures, provisions and investment strategies set forth in the Policy are hereby affirmed and the Policy shall remain in effect until amended by the Board of Directors of the Authority.

PASSED AND ADOPTED ON THIS 26th day of June, 2014.

SAN JACINTO RIVER AUTHORITY

  
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President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors

(SEAL)

# **Exhibit B**



Property of Harris County, Texas, being more particularly described by metes and bounds in Exhibit A attached hereto and incorporated herein for all purposes (the "Property"); 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 property necessary for the construction, installation, operation, and maintenance of the Pump Station 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.

- 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, the Property, as described in Exhibit A, for the construction, installation, operation, and maintenance of the Pump Station and communication facilities in connection with the transportation, distribution, and delivery of raw water supply within and without the watershed of the San Jacinto River; and
- B. In the event the Property cannot be acquired voluntarily, the Authority's legal counsel, under the direction of the Authority's General Manager, the Deputy General Manager, Operations, or the Director of Raw Water Enterprise is authorized to initiate proceedings to acquire such property through the power of eminent domain.

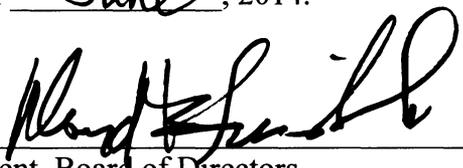
Section 3. Delegation of Authority. The Board of the Authority hereby delegates to the Authority's General Manager, the Deputy General Manager, Operations, or the Director of Raw Water Enterprise the following duties and responsibilities with respect to the design and development of the Pump Station and communication facilities and the acquisition of the property 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 for the Pump Station and communication facilities to be constructed and installed;
- B. To negotiate, or to delegate the authority to negotiate to such other entities or individuals as the General Manager, the Deputy General Manager, Operations, or the Director of Raw Water Enterprise may deem to be appropriate, with the respective owners of the property on which the Pump Station and communications facilities are to be constructed and installed regarding the acquisition of the property determined to be necessary for the construction, installation, operation, and maintenance of such facilities and appurtenances;

- C. To arrange for, or to delegate to such other entities or individuals as the General Manager, the Deputy General Manager, Operations, or the Director of Raw Water Enterprise may deem appropriate the authority to obtain surveys of and to commence eminent domain proceedings necessary to acquire the property on which the Pump Station and communications facilities are to be constructed and installed; 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 20th day of June, 2014.

  
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President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors  
(SEAL)

**EXHIBIT "A"**

**Metes and Bounds Description  
Of 1.899 Acres of Land  
Out of  
T. Patching Survey, Abstract No. 620  
Harris County, Texas**

**BEING** a 1.899 acre tract of land located in the T. Patching Survey, Abstract No. 620, said 1.899 acre tract being a portion of the remainder of the 348.0163 acre tract (by deed) described as Tract I in the deed to Garth Wallisville, Ltd., a Texas limited partnership recorded at Clerk's File No. 20090462192, of the Official Public Records of Real Property of Harris County, Texas, said 1.899 acre tract being more particularly described by metes and bounds as follows:

**BEGINNING** at a capped 5/8-inch iron rod stamped "GORRONDONA" set at the intersection of the north right-of-way line of 11.46 acre (by deed) right-of-way and easement to San Jacinto River Authority recorded at Clerk's File No. C266179, of the Deed Records of Harris County, Texas with the east right-of-way line if Haney Road (an 80-foot wide public right-of-way);

**THENCE**, North 12 degrees 53 minutes 21 seconds West, with said east right-of-way line of Haney Road, a distance of 50.00 feet, to a capped 5/8-inch iron rod stamped "GORRONDONA" set for corner;

**THENCE**, North 76 degrees 25 minutes 53 seconds East, for a distance of 188.00 feet, to a capped 5/8-inch iron rod stamped "GORRONDONA" set for angle corner;

**THENCE**, North 20 degrees 46 minutes 27 seconds East, for a distance of 239.00 feet, to a capped 5/8-inch iron rod stamped "GORRONDONA" set for angle corner;

**THENCE**, North 76 degrees 54 minutes 44 seconds East, for a distance of 240.00 feet, to a capped 5/8-inch iron rod stamped "LAND TECH" found for corner in the west right-of-way line of the 36.93 acre tract (by deed) described as Tract 1 in the deed to Coastal Industrial Water Authority recorded at Clerk's File No. D838008, of the Official Public Records of Real Property of Harris County, Texas;

**THENCE**, South 04 degrees 49 minutes 22 seconds East, for a distance of 198.47 feet, to a capped 5/8-inch iron rod found for an angle corner in said west right-of-way line of the Coastal Industrial Water Authority Tract;

**THENCE**, South 36 degrees 00 minutes 38 seconds West, continuing with said west right-of-way line of the Coastal Industrial Water Authority, for a distance of 75.81 feet, to a capped 5/8-inch iron rod stamped "GORRONDONA" set for corner in the aforementioned north right-of-way line of the San Jacinto River Authority right-of-way and easement;

**THENCE**, South 76 degrees 25 minutes 53 seconds West, with said north right-of-way line of the San Jacinto River Authority right-of-way and easement, for a distance of 475.52 feet, to the **POINT OF BEGINNING** and containing 1.899 acres (82,715 square feet) of land, more or less.

This property description is accompanied by a separate plat of even date.

All bearings are referenced to the Texas State Plane Coordinate System, Central Zone, NAD83.

All distances and areas are surface.

Job No. FNI\_1401.00

Date: April 23, 2014



*James M. Ewing*  
James M. "Matt" Ewing  
Texas Registered Professional Land Surveyor  
RPLS No. 4892  
Gorrondona and Associates, Inc.  
Houston, TX  
FNI\_1401.00\_MB.doc

**CERTIFICATE OF RESOLUTION**

STATE OF TEXAS §

COUNTY OF HARRIS §

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

June (1) The Board convened in regular session, open to the public, on the 20th day of June, 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: Mary L. Rummell 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 A RAW WATER TRANSFER PUMP STATION IN CONNECTION WITH THE TRANSPORTATION, DISTRIBUTION, AND DELIVERY OF RAW WATER SUPPLY, 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:

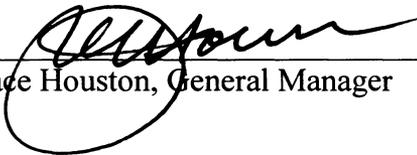
AYES: 6

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 21<sup>st</sup> day of June, 2014.

  
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Jace Houston, General Manager

(SEAL)