

MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
SAN JACINTO RIVER AUTHORITY
DECEMBER 11, 2014

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 a.m., December 11, 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
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, Joseph L. Stunja, and John 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; 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; Doug Haude, Senior Project Manager/Construction Manager; Dr. Robert Hill, SCADA Manager; Mitchell Page, Schwartz, Page & Harding, LLP, General Counsel

and Bond Counsel; Jan Bartholomew with RBC Capital Markets, LLC; and numerous other guests.

Mr. Tisdale called the meeting to order at 8:02 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 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 mentioned that the December Board of Directors meeting incorporated both the months of November and December.

Ms. Trow reported that several staff members from SJRA participated in the Conroe ISD Career Fair. She also provided information regarding the tour of GRP by the Lake Conroe Watershed Protection Plan Stakeholder group; the final Construction Committee Team meeting; the final GRP update meeting at The Woodlands Township; the current water quality campaign; as well as upcoming campaigns.

Mr. Michel commented on the amendment to the banking resolution explaining the need for the amendment.

Mr. Parkhill commented briefly on the two Raw Water Enterprise items on the Consent agenda. He then introduced Jan Bartholomew of RBC Capital Markets, LLC, who provided an

update regarding the recent bond sale, stating that the market remained strong, interest rates were favorable, and the overall transaction went very well.

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

Mr. Kelling provided information related to GRP construction through the month of October. He stated that they are working with the Public Relations Department on the water quality campaign.

Mr. Phil Smith and Mr. Doug Haude provided the Groundwater Reduction Plan Program's Monthly Construction Progress Report regarding the progress of the Surface Water Facility and the Surface Water Transmission System, respectively.

Mr. Tisdale then continued on to the consent agenda. A motion was made by Mr. Koetting, seconded by Mr. Stunja and unanimously approved, to (5a) approve the minutes of the Board of Directors meeting of October 30, 2014; (5b) approve the unaudited financial statements for the two months ending October 31, 2014; (5c) adopt amended banking resolution, attached hereto as "Exhibit A"; (5d) pass and adopt an order confirming offices and meeting places and designating regular meetings, attached hereto as "Exhibit B"; (5e) authorize the General Manager to approve additional expenditures with Andrews Kurth, LLP, in the amount of \$100,000 for legal services, including professional appraisal services, related to land/easement acquisition in the Highlands; (5f) declare to be surplus and authorize the disposal by sale to Douglas A. Joslyn of six individual parcels totaling 0.97 acres of surplus real property located in Montgomery, Texas, for \$35,525.04, and authorize the General Manager to execute all necessary documents to complete the transaction; and (5g) declare to be surplus and authorize the disposal by sale to Gary L. Kott of a 0.003 acre tract of property located in Montgomery,

Texas, for \$3,754.87, and authorize the General Manager to execute all necessary documents to complete the transaction.

Moving on to item (6a) of the regular agenda, Mr. Michel explained that a single audit was conducted due to receiving a certain amount of grant funds from the State on behalf of Region H, as the administrative officer for the Region H Planning Group. Mr. Michel went on to explain that the Finance Committee met and recommended certain formatting changes to the Comprehensive Annual Financial Report (CAFR), but due to time constraints, those changes were not implemented as of the date of the Board meeting but would be incorporated in the final version of the CAFR. He then introduced Mr. John Knox, of Sandersen, Knox & Co., LLP. Mr. Knox reported that the single audit performed was a compliance audit due to the federal monies being expended. The single audit was reported as successful. Mr. Knox also provided information regarding the annual audit stating that the audit itself was exceptional. He commended staff for preparing the Comprehensive Annual Financial Report within three months of fiscal year end. After discussion, Mr. Stunja made a motion, seconded by Ms. Rummell and unanimously approved, to approve the audited financial statements, related notes, and the single audit report for the fiscal year ended August 31, 2014, subject to corrections to the CAFR related to formatting issues.

Ms. Staggs presented information regarding item (7a). Mr. Stunja made a motion, seconded by Mr. Eckstrum and unanimously approved, to authorize the General Manager to execute a Professional Services Agreement and Work Order No. 1 for \$127,846.50 with Klotz Associates, Inc., for preliminary and final design and procurement phase engineering services for the rehabilitation of sanitary sewer gravity mains in The Woodlands. Regarding item (7b), Mr.

Eckstrum made a motion, seconded by Mr. Alexander and unanimously approved, to authorize the General Manager to execute a Professional Services Agreement and Work Order No. 1 in an amount not to exceed \$135,487 with 5engineering, LLC, for preliminary design, topographic survey, and preconstruction equipment procurement for Wastewater Treatment Plant No. 2 filter rehabilitation in The Woodlands. Moving on to item (7c), Ms. Rummell made a motion, seconded by Mr. Alexander and unanimously approved, to authorize the General Manager to execute a construction contract for \$580,500 with Blastco Texas, Inc., for Elevated Storage Tank No. 5 rehabilitation and Elevated Storage Tank Nos. 1 and 2 minor repairs in The Woodlands, and contract modifications up to \$75,000.

Mr. Tisdale announced that items (8a) through (8c) would be considered together as they related to Surface Water Transmission Line, Segment W3D for the GRP Program. Mr. Kelling presented information for each item and after brief discussion, Mr. Eckstrum made a motion, seconded by Mr. Stunja and unanimously approved, to (8a) authorize the General Manager to execute a construction contract for \$1,840,986 with Alcott, Inc., dba TCH, for Surface Water Transmission Line, Segment W3D for the GRP Program, and contract modifications up to \$75,000; (8b) authorize the General Manager to execute Work Order No. 11 for an amount not to exceed \$68,500 with Cobb, Fendley & Associates, Inc., for construction phase services during construction of Surface Water Transmission Line, Segment W3D for the GRP Program; and (8c) authorize the General Manager to execute Work Order No. 4 for construction materials testing with GeoTest Engineering, Inc., for an amount not to exceed \$35,121, during construction of the Surface Water Transmission Line, Segment W3D for the GRP Program. Mr. Kelling moved on to item (8d), stating that T&W Water Service–Sunrise Ranch requested to join the GRP. Mr.

Koetting made a motion to authorize the General Manager or his designee to execute a letter of assurance to Lone Star Groundwater Conservation District, as requested. The motion was seconded by Mr. Stunja and carried unanimously.

Continuing on, Mr. Parkhill provided information with regard to the upgrade and repair of Pump No. 2 at the Lake Houston Pump Station in the Highlands. After discussion, Mr. Eckstrum made a motion, seconded by Mr. Alexander and unanimously approved, to (9a) authorize expenditure for upgrade and repair of Pump No. 2 at the Lake Houston Pump Station in the Highlands in an amount not to exceed \$190,031, and contract modifications up to \$15,000. Moving on, Mr. Parkhill explained that staff was successful in negotiating a change order to reduce the overall cost of the construction contract for the East Canal Transfer Pump Station. Mr. Alexander made a motion to authorize the General Manager to execute Change Order No. 1 in the deductive amount of (\$911,927.16) with Boyer, Inc., for construction of the East Canal Transfer Pump Station in the Highlands. The motion was seconded by Ms. Rummell and passed unanimously. Mr. Page went on to provide information regarding the water supply contract with Entergy Texas, Inc. After further discussion, Mr. Koetting made a motion, seconded by Mr. Stunja and unanimously approved, to authorize the General Manager to execute the water supply contract with Entergy Texas, Inc.

Mr. Tisdale then announced that the Board would recess into Executive Session. At 9:00 a.m., the Board recessed into Executive Session. With a quorum still present, the Board reconvened into open session at 10:04 a.m.

Mr. Tisdale announced the next Board meeting date of January 22, 2015, at 7:30 a.m. Without objection, the meeting was adjourned at 10:05 a.m.

A handwritten signature in black ink, reading "Mary L. Rummell". The signature is written in a cursive style with a large, prominent initial "M". A horizontal line is drawn across the signature.

Mary L. Rummell
Secretary
San Jacinto River Authority

Exhibit A

BANKING RESOLUTION

WHEREAS, the San Jacinto River Authority (the "Authority") has heretofore designated certain banking institutions as depositories of the San Jacinto River Authority, currently including Woodforest National Bank, First Bank, US Bank, TexPool, TexSTAR, and Wells Fargo; and

WHEREAS, the Authority maintains various kinds of funds and accounts with such banking institutions; NOW, THEREFORE,

BE IT RESOLVED, that all checks, drafts, notes, or orders for an amount in excess of \$500 drawn by the Authority against its (a) General Fund, (b) Woodlands Operating Fund, (c) GRP Operating Fund, and (d) such other accounts which have been heretofore created or may be hereafter created, shall now and hereafter require two (2) or more signatures of the following named nine (9) persons as prescribed by this resolution:

- | | |
|-------------------------|-------------------|
| 1. Lloyd B. Tisdale | 6. Pam J. Steiger |
| 2. Fredrick D. Koetting | 7. Mark L. Smith |
| 3. Jace A. Houston | 8. Don R. Sarich |
| 4. Ronald D. Kelling | 9. Tom Michel |
| 5. David Parkhill | |

BE IT FURTHER RESOLVED, that all checks, drafts, notes, or orders drawn by the Authority against the above funds for an amount of \$500 or less shall require the signature of any one (1) of the above named persons.

BE IT FURTHER RESOLVED, that all checks, drafts, notes, or orders drawn by the Authority against the above funds for any amount in excess of \$5,000 and up to and including \$25,000 shall require the signatures of any three (3) of the above named persons.

BE IT FURTHER RESOLVED, that all checks, drafts, notes or orders drawn by the Authority against the above funds for an amount in excess of \$25,000 shall require the signatures of any three (3) of the above named persons, provided one (1) of the signatures is that of Lloyd B. Tisdale, Fredrick D. Koetting, or Jace A. Houston.

BE IT FURTHER RESOLVED, that all checks, drafts, notes, or orders drawn by the Authority against its Payroll Fund, without restrictions as to the amount, shall now and hereafter require the signature of any one (1) of the above named persons.

BE IT FURTHER RESOLVED, that all checks, drafts, notes, or orders drawn by Discovery Benefits, Inc., or any successor firm administering the Authority's cafeteria plan created pursuant to Internal Revenue Code Section 125 (the "Administrator"), against the account(s) created or hereafter created to pay eligible claims under such plan (the "FSA Fund" and "HRA Fund"), shall be authorized in accordance with applicable provisions of the

contractual arrangements between the Authority and the Administrator relative to the processing and payment of such claims from the FSA Fund and HRA Fund.

BE IT FURTHER RESOLVED, that all said designated banking institutions of the Authority are hereby authorized and directed to honor and pay any checks, drafts, notes, or orders signed as set forth in this resolution and that banking signature cards shall be prepared and executed accordingly.

BE IT FURTHER RESOLVED, that this resolution shall be effective as of the date set forth below and all prior banking resolutions shall be of no further force and effect as of such date; provided, however, that all said designated banking institutions of the Authority are hereby authorized and directed to honor and pay any checks, drafts, notes, or orders signed prior to the date set forth below if such checks, drafts, notes, or orders were signed in accordance with a prior banking resolution.

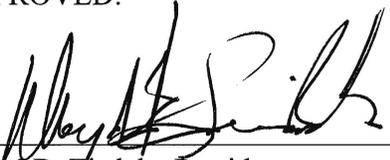
PASSED AND APPROVED this 11th day of December, 2014.

ATTEST:

APPROVED:



Mary L. Rummell, Secretary
Board of Directors



Lloyd B. Tisdale, President
Board of Directors



Exhibit B

ORDER CONFIRMING OFFICES AND MEETING PLACES AND
DESIGNATING REGULAR MEETINGS

The Board of Directors of the San Jacinto River Authority met on December 11, 2014, in accordance with the duly posted notice of such meeting, with a quorum of Directors present, as follows:

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) N/A,
thus constituting a quorum, when the following business was transacted.

Director Koetting introduced the order set out below and moved its adoption, which motion was seconded by Director Stunja and unanimously carried, the order thus adopted being as follows:

WHEREAS, 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, Section 6 of the Act provides that the domicile of the Authority shall be located in the City of Conroe, Texas, where the District shall maintain its principal offices; and

WHEREAS, Section 6 of the Act authorizes the Board of Directors of the Authority to fix the time, place and number of its meetings; and

WHEREAS, the Board of Directors of the Authority deems it appropriate at this time to confirm the official offices of the Authority and to designate the time, place and schedule for conducting its regular meetings.

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

Section 1: Domicile and Principal Office. The domicile of the Authority and its principal official offices are located at the following address:

SJRA General & Administration Division Offices, 1577 Dam Site Road, Conroe, Montgomery County, Texas 77304.

Section 2: Other Offices. Official offices of the Authority are also located at the following addresses:

SJRA Lake Conroe Division Offices, 1561 Dam Site Road, Conroe, Montgomery County, Texas 77304;

SJRA GRP Division Offices, 6627 Longmire Road, Conroe, Montgomery County, Texas 77304;

SJRA Woodlands Division Offices, 2436 Sawdust Road, The Woodlands, Montgomery County, Texas 77380; and

SJRA Highlands Division Offices, 1108 East Canal Rd., Highlands, Harris County, Texas 77562.

Section 3: Meeting Places. Each of the aforesaid official offices of the Authority is hereby confirmed as a meeting place for the Board of Directors of the Authority. The Board of Directors of the Authority declares said meeting places to be public places for such purposes and invites the public to attend any of its public meetings at any of said meeting places.

Section 4: Regular Meetings. Regular meetings of the Board of Directors of the Authority shall be held at the principal official offices of the Authority, at the address set forth under Section 1 hereof, beginning at 7:30a.m., Conroe, Texas time, on the following days:

The fourth (4th) Thursday of each calendar month from January through September, both inclusive;

The last Thursday of each October; and

The second (2nd) Thursday of each December.

The Board of Directors of the Authority reserves the right to hold special meetings at such other times and places, and on such other days, as allowed by law.

Section 5: The President or Vice President is authorized to execute and the Secretary to attest this order on behalf of the Board and the Authority.

PASSED AND ADOPTED, this 11th day of December, 2014.

ATTEST:


Secretary
Board of Directors


President
Board of Directors



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