

**BOARD OF DIRECTORS
SAN JACINTO RIVER AUTHORITY
MINUTES OF REGULAR MEETING
MAY 26, 2016**

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 a.m., May 26, 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, Secretary John Eckstrum, Treasurer Mike Bleier, and Board Member Mary Rummell were present. Vice President Fred Koetting and Board Member Jim Alexander were 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 Interim Division Manager Chris Meeks, GRP Division Manager Mark Smith, 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 8:05 a.m.

2. PLEDGE OF ALLEGIANCE

The Pledges of Allegiance were led by Mr. Bleier.

3. PUBLIC COMMENTS

There were no public comments.

4. DIVISION UPDATES

a. G & A – General Manager

There was no update as it related to General and Administrative Departments.

b. G & A – Public Relations

Ms. Trow provided an update of ongoing projects related to the Lake Conroe Division's On-Site Sewage Facility (OSSF) Program, Stormwater Inlet Marking (SwIM) Program, and the Raw Water Supply Master Plan. She went on to provide a status update on Woodlands Division projects related to the Fats, Oils, and Grease (FOG) Program, as well as a recent appearance from Patty Potty.

c. G & A – Financial and Administrative Services

Mr. Michel reported on the progress of the Fiscal Year 2017 budget process.

d. Woodlands

Mr. Meeks provided an update regarding their attendance at recent Woodlands Joint Powers Agency ("WJPA"), WJPA Audit Committee, and various Municipal Utility District (MUD) meetings in which the FY 2017-2021 Woodlands Division Capital Improvement Program (CIP)

was presented. He commented that they kicked off the sixth interim accounting program used to study needed capacity in The Woodlands over the next ten years for water and wastewater systems.

e. GRP

Mr. Smith provided information related to a recent waterline break in The Woodlands, stating that the line and pavement have been thoroughly repaired, and that the cause of the break is still being investigated. Mr. Kelling and Mr. Smith reiterated their gratitude to various departments and entities that assisted with the event. Mr. Smith reported on a recent power outage at the Surface Water Treatment Facility, stating that there was an unknown interruption with the power feed to the plant. He further stated that the backup generators took over until power was reestablished, however there was an overvoltage due to one generator not powering down which led to complete shutdown of the plant for several hours. Mr. Kelling reported that staff identified and addressed the issue satisfactorily. Finally, Mr. Smith reported that an escrow adjustment is needed for the City of Oak Ridge North in the amount of \$72,700, due to the completion of improvements to their water plant, in accordance with the approved supplemental agreement. Ms. Bartholomew presented information related to the recent bond issuance, stating that the interest rates are low and that the closing is scheduled for June 21, 2016.

f. Raw Water Enterprise

Mr. Parkhill provided information related to the completion and fully operational East Canal Transfer Pump Station which supplies additional demands to an industrial customer in the Highlands.

5. CONSENT AGENDA

Ms. Rummell moved to approve the consent agenda. The motion was seconded by Mr. Bleier and carried unanimously.

G&A

a. Approval of Minutes – Regular Meeting of April 28, 2016.

b. Unaudited Financials for the Month of April, 2016

Consider approval of the unaudited financials for the month of April, 2016.

WOODLANDS

a. None

GRP

b. Release of Detention Easements Related to the GRP Surface Water Facility Access Road

Consider authorizing the General Manager to execute Release of Detention Easements related to the GRP Surface Water Facility Access Road.

c. New GRP Participants

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

RAW WATER ENTERPRISE

d. Ratify Issuance of Change Order No. 1 to Existing Purchase Order for Additional Repairs to Pump No. 2 and Pump No. 3 at Lake Houston Pump Station (LHPS) in Highlands

Consider authorizing the General Manager to ratify issuance of Change Order No. 1 to existing purchase order with Weisinger, Inc., in the amount of \$11,928, for additional repairs to Pump No. 2 and Pump No. 3 at Lake Houston Pump Station (LHPS) in Highlands.

6. REGULAR AGENDA

Mr. Houston announced that items 6a1 and 6a2 would be considered together.

a. G&A

1. Amendments to the Retirement Plans Investment Committee Charter

Consider approval of amendments to the Retirement Plans Investment Committee Charter.

Mr. Michel explained that because the Accounting Department was restructured and the Accounting Manager position was eliminated, an amendment to replace the named Accounting Manager position with an At-Large employee selected by the Retirement Plan Investment Committee is necessary.

2. Pension Plan Investment Policy Statement

Consider approval of a Pension Plan Investment Policy Statement.

Mr. Michel stated that the Pension Plan Investment Policy Statement describes the responsibilities of the Plan Administrator, Retirement Investment Plan Committee, and the Investment Advisor. He explained that the Policy Statement lays out the investment objectives, guidelines, and targeted fund allocations that the Retirement Plans Investment Committee must use. He went on to say that the Pension Plan Investment Policy Statement is required to be reviewed annually by the Board of Directors.

With no further discussion, Mr. Eckstrum made a motion to approve items 6a1 and 6a2. The motion was seconded by Ms. Rummell and carried unanimously.

3. Resolutions Amending the Existing Pension Plan and Establishing a New Retirement Program – 2016-R-07-09

Consider adoption of resolutions amending the existing pension plan and establishing a new retirement program.

Mr. Michel explained that staff reviewed retirement plan options and presented the findings and recommendations to members of the Finance and Personnel Committees. He went on to state that the recommendation was to convert the existing pension plan to a new retirement plan for new employees hired on or after August 1, 2016. Further, employees hired before

August 1, 2016, would remain in the existing pension plan until such time that further reviews warrant moving existing employees into a new retirement program. Mr. Michel summarized the new retirement program to be administered by the International City/County Management Association (“ICMA”).

With limited discussion, Mr. Bleier made a motion to approve:

Resolution No. 2016-R-07, attached hereto as Exhibit “A”, adopting the Third Amendment to the San Jacinto River Authority Pension Plan (As Amended and Restated Effective November 1, 2013).

Resolution No. 2016-R-08, attached hereto as Exhibit “B”, adopting an Amendment and Restatement of San Jacinto River Authority Deferred Compensation Plan and Trust (As Restated Effective as of September 1, 2012) with and into San Jacinto River Authority Deferred Compensation Plan and Trust in the form of ICMA Retirement Corporation 457 Governmental Deferred Compensation and Trust.

Resolution No. 2016-R-09, attached hereto as Exhibit “C”, relating to Employee Benefits Plans of San Jacinto River Authority.

The motion was seconded by Mr. Eckstrum and carried unanimously.

b. WOODLANDS

There were no items for consideration related to the Woodlands Division.

c. GRP

There were no items for consideration related to the GRP Division.

d. RAW WATER ENTERPRISE

1. Resolution Authorizing Submission of a Grant Application to the Texas Water Development Board for Flood Protection Planning Project, Phase 1 – 2016-R-10

Mr. Parkhill explained that the Texas Water Development Board (“TWDB”) offers grants to political subdivisions of the State of Texas for evaluation of structural and nonstructural solutions to flooding problems, including early warning systems, implementation of local strategies for alerting and responding to floods, and flood protection planning. He went on to state that the San Jacinto River Authority (“SJRA”) has coordinated with Montgomery County and the City of Conroe to submit an application to TWDB for a grant to conduct a Flood Protection Planning Project, Phase 1, for the West Fork of the San Jacinto River from Lake Conroe to Lake Creek. Mr. Parkhill added that SJRA proposes to be the project sponsor responsible for coordinating the project, facilitating the use of funds from TWDB, and each entity would pay a proportionate share. With little discussion, Mr. Eckstrum made a motion to adopt Resolution No. 2016-R-10, attached hereto as Exhibit “D”, authorizing submission of a grant application to the Texas Water Development Board for Flood Protection Planning Project, Phase 1. The motion was seconded by Ms. Rummell and carried unanimously.

7. BRIEFINGS AND PRESENTATIONS

a. Presentation regarding proposed amended rate order for GRP Participants.

Mr. Smith presented information related to the proposed amended rate order for GRP Participants, specifying changes to Section 4.01, Water Usage Reporting Requirements by Joint GRP Participants; Section 6.04, Production Schedule Amendments; and the deletion of Section 9.03, Reimbursements. He went on to explain the rationale for the increase for Fiscal Year 2017 and stated that the proposed rate order increases the pumpage fee and import fee from \$2.32 per 1,000 gallons to \$2.50 per 1,000 gallons, and increases the surface water fee from \$2.51 per 1,000 gallons to \$2.69 per 1,000 gallons. He stated that the proposed amended rate order would be effective June 23, 2016, while the fee increases would be effective September 1, 2016.

b. Presentation regarding Highlands Division, Lake Conroe Division, Raw Water Enterprise, and Bear Branch Fiscal Year 2017-2021 Capital Improvement Program

Mr. Matt Barrett, Engineer, Technical Services, presented an overview of the Highlands Division, Lake Conroe Division, Raw Water Enterprise, and Bear Branch Capital Improvement Program (CIP) for Fiscal Years 2017-2021. He provided information on each project detailing the funding source and fiscal year in which the projects would be funded.

8. EXECUTIVE SESSION

The meeting was called into executive session at 9:55 a.m., under the provisions of Section 551, Texas Local Government Code, to discuss topics under the authority of Section 551.072, deliberation regarding real property.

9. RECONVENE IN OPEN SESSION FOR ACTION FOLLOWING EXECUTIVE SESSION

The meeting was called into open session at 10:33 a.m. No action was taken regarding the items discussed in executive session.

10. ANNOUNCEMENTS / FUTURE AGENDA

Mr. Tisdale announced that the next SJRA Board meeting will take place on June 23, 2016.

11. ADJOURN

Without objection, the meeting was adjourned at 10:34 AM

John Eckstrum, Secretary
San Jacinto River Authority