

**BOARD OF DIRECTORS
SAN JACINTO RIVER AUTHORITY
MINUTES OF REGULAR MEETING
JANUARY 25, 2018**

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 a.m., January 25, 2018, 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 Gary Renola, Assistant Secretary Jim Alexander, and Treasurer Ronnie Anderson 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, Highlands Division Manager Kimberly Wright, Administrative Services Manager Cynthia Bowman, Financial Advisor Ryan Nesmith, and General Counsel Mitchell Page were in attendance.

1. CALL TO ORDER

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

2. PLEDGES OF ALLEGIANCE

The Pledges were led by Mr. Anderson.

3. PUBLIC COMMENTS

Ms. Jennifer Tucker, Kingwood, Texas, spoke in regard to finding a permanent solution to flooding issues in and around the Kingwood area.

4. DIVISION UPDATES

a. G & A:

Mr. Houston provided an update related to recent meetings with the Lake Houston Chamber of Commerce, The Woodlands Area Chamber of Commerce, and State Representative Huberty and City of Houston Councilmember Martin.

b. G & A:

Ms. Trow provided an update related to an article written about the Authority’s Woodlands Division with assistance of Authority staff, which was highlighted in Municipal Water Leader magazine. She provided further details related to upcoming participation with local associations and workshops.

c. G & A:

Mr. Michel briefly discussed item 5b, stating that unaudited financials for the month of November, 2017, are being provided this month instead of last month due to the scheduling of December’s Board of Directors meeting.

d. Woodlands:

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

e. GRP:

Mr. Smith provided no update relative to the GRP Division.

f. Raw Water:

Mr. Parkhill provided brief details related to the Raw Water Enterprise First Quarter Newsletter.

g. Lake Conroe:

Mr. Raley provided no update relative to the Lake Conroe Division.

h. Highlands:

Ms. Wright provided no update relative to the Highlands Division.

5. CONSENT AGENDA

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

a. Approval of Minutes

Approve the minutes of the San Jacinto River Authority Board of Directors Regular Meeting of December 14, 2017.

b. Unaudited Financials for the Months of November and December, 2017

Approve the unaudited financials for the months of November and December, 2017.

c. Increase to an Existing Purchase Order

Approve an increase to an existing purchase order with Andrews Myers in the amount of \$15,000, related to the legal review of and revisions to the standard professional services agreement, miscellaneous services agreement, and various construction contract documents.

d. Resolution for Participation in the Texas Comptroller of Public Accounts Cooperative Purchasing Program

Adopt Resolution No. 2018-R-01, of the Board of Directors of the San Jacinto River Authority authorizing staff to execute any and all documentation pertaining to its participation in the Texas Comptroller of Public Accounts Cooperative Purchasing Program, attached hereto as "Exhibit A".

e. Resolution Adopting List of Qualified Brokers

Adopt Resolution No. 2018-R-02, of the Board of Directors of the San Jacinto River Authority adopting list of qualified brokers authorized to engage in investment transactions with the Authority, attached hereto as “Exhibit B”.

f. Resolution Amending the Policy for Investment of San Jacinto River Authority Funds and Appointment of an Investment Officer

Adopt Resolution No. 2018-R-03, of the Board of Directors of the San Jacinto River Authority adopting amended policy for investment of Authority funds and appointing investment officer, attached hereto as “Exhibit C”.

g. Law Enforcement Interlocal Agreement with Harris County for Highlands Division

Authorize the General Manager to execute a Law Enforcement Interlocal Agreement with Harris County in the amount of \$69,165, for law enforcement services commencing on March 1, 2018, and ending on February 28, 2019, for the Highlands Division.

6. REGULAR AGENDA

a. G&A

1. Comprehensive Annual Financial Report for the Fiscal Year Ended August 31, 2017

Ms. Pam Steiger, Controller, presented information related to the Comprehensive Annual Financial Report (“CAFR”) for Fiscal Year ended August 31, 2017. She introduced Ms. Jennifer Wienecke, audit manager with Knox Cox and Company, LLP, who reported an unmodified “clean” opinion based on auditing standards and the evidence obtained through auditing procedures. Ms. Wienecke explained that the CAFR is a culmination of a tremendous amount of effort and information and commended staff for the quality of service during the audit as well as the work performed in assembling the CAFR. On behalf of the Finance Committee, Mr. Anderson reported that they met on January 5, 2018, and recommended approval. Mr. Anderson made a motion to approve the Comprehensive Annual Financial Report - Audited Financial Statements and Related Notes for the fiscal year ended August 31, 2017. The motion was seconded by Mr. Alexander and carried unanimously.

b. WOODLANDS

1. Professional Services Agreement and Work Order No. 1 for Preliminary Design Services for Wastewater Treatment Facility No. 1 Aeration Basin Nos. 1 and 2 Replacement

Mr. Meeks provided information related to the Wastewater Treatment Facility No. 1 Aeration Basin Nos. 1 and 2 replacement project. He stated that both were constructed in the 1970’s and are showing signs of structural and mechanical deterioration, safety concerns, and corrosion as a result of their age. He stated that this contract will allow for a preliminary engineering report and related items for the ultimate removal and replacement of two aeration basins. He stated that the contract also allows for a nutrient removal study related to potential upcoming regulations. Mr. Renola made a motion to authorize the General Manager to execute Professional Services Agreement and Work Order No. 1 with Ardurra Group, LLC, in an amount not to exceed \$499,758, for preliminary design services for Wastewater Treatment

Facility No. 1 Aeration Basin Nos. 1 and 2 Replacement in The Woodlands. The motion was seconded by Mr. Alexander and carried unanimously.

c. RAW WATER ENTERPRISE

1. Resolution Authorizing Participation in a Regional Flood Protection Planning Project

Mr. Houston provided information related to a regional flood protection planning project being put together by the Authority, Montgomery County, and the Harris County Flood Control District. As background, he explained that approximately eighteen months ago, the Authority partnered with Montgomery County and the City of Conroe on an application to the Texas Water Development Board (“TWDB”) for a Phase 1 flood protection planning grant. He stated that the project covered the Lake Conroe watershed as well as the West Fork of the San Jacinto River just south of Lake Conroe to the confluence of Lake Creek. Further, he stated that the City of Conroe later added Alligator Creek, a targeted area within the city that they wanted to address with flood mitigation strategies. Mr. Houston stated that after Hurricane Harvey, the Authority, the HCFCF, and Montgomery County began discussions related to the creation of a scope of work for a new, larger regional flood study to be jointly funded by HCFCF, Montgomery County, and SJRA. He stated that this study would cover the entire basin, focusing on drainage basins north of Harris County, including Luce Bayou and the East Fork of the San Jacinto River. Mr. Houston explained that further development of flood predictive models, expansions to the hydrologic monitoring system throughout Montgomery County, improved hydraulic and hydrologic modeling throughout the basins in Montgomery County, and improved joint operations and communications between Harris and Montgomery counties and SJRA would be included in the scope. In addition, the scope would also include flood mitigation strategies. He went on to explain that HCFCF would facilitate the project and provided additional information related to the process. Mr. Houston explained that approving the resolution authorizes the General Manager to enter into a contract with multiple governmental agencies in an amount not to exceed \$125,000 to fund SJRA’s participation of the study; authorizes an amendment to the Lake Conroe budget; and authorizes the withdrawal and utilization of funds from the Lake Conroe financial reserves to fund this study, as it was not an anticipated budget item during the budgeting process. Mr. Alexander made a motion to adopt Resolution No. 2018-R-04, of the Board of Directors of the San Jacinto River Authority authorizing participation in a Regional Flood Protection Planning Project, providing a source of funding therefor, and other actions in connection therewith, attached hereto as “Exhibit D”. The motion was seconded by Mr. Renola and carried unanimously.

7. EXECUTIVE SESSION

The meeting was called into Executive Session at 8:39 a.m., under the provisions of Section 551.071, Texas Local Government Code, for consultation with the Authority’s attorney.

8. RECONVENE IN OPEN SESSION FOR ACTION FOLLOWING EXECUTIVE SESSION

The meeting was reconvened in open session at 9:47 a.m. No action was taken regarding the items discussed in executive session.

9. ANNOUNCEMENTS / FUTURE AGENDA

Mr. Tisdale announced that the next San Jacinto River Authority Board of Directors meeting would take place on February 22, 2018.

10. ADJOURN

Without objection, the meeting was adjourned at 9:48 a.m.



James C. Alexander
Jim Alexander
Assistant Secretary, Board of Directors

Exhibit A

RESOLUTION NO. 2018-R-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JACINTO RIVER AUTHORITY AUTHORIZING STAFF TO EXECUTE ANY AND ALL DOCUMENTATION PERTAINING TO ITS PARTICIPATION IN THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS COOPERATIVE PURCHASING PROGRAM.

WHEREAS, the Texas Comptroller of Public Accounts is authorized to provide purchasing services for local governments pursuant to §271.082 and §271.083 of the Local Government Code; and

WHEREAS, the San Jacinto River 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, enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution (the "Act"), and

WHEREAS, the San Jacinto River Authority is defined as an entity qualified to participate in the Cooperative Purchasing Program of the Texas Comptroller of Public Accounts pursuant to §271.081 of the Local Government Code; and

WHEREAS, in accordance with the requirements of 34 TAC §20.85 administrative rules, the Agent(s) of Record, being the General Manager and the Purchasing Manager are authorized to execute any and all documentation for the San Jacinto River Authority pertaining to its participation in the Texas Comptroller of Public Accounts Cooperative Purchasing Program; and

WHEREAS, the San Jacinto River Authority acknowledges its obligation to pay participation fees by the Texas Comptroller of Public Accounts.

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

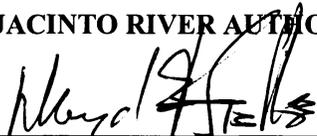
A request be made to the Texas Comptroller of Public Accounts to approve the San Jacinto River Authority for participation in the Texas Comptroller of Public Accounts Cooperative Purchasing Program.

APPROVED AND ADOPTED by the Board of Directors of the San Jacinto River Authority, at a regular meeting on the 25th day of January, 2018.

ATTEST:


Secretary, Board of Directors

SAN JACINTO RIVER AUTHORITY


President, Board of Directors





State of Texas CO-OP Program

State of Texas CO-OP Application

Elton D. Brock, MBA, CTPM, CTCM, CPSM, C.P.M.

Name of Authorized Individual

(NOTE: This person is authorized to sign for purchases and will receive all correspondence from CPA. Additional authorized signers or Agents of Record may be listed on the resolution with the signatures documented at the bottom of the resolution.)

San Jacinto River Authority

Organization/Qualified Entity Name

1577 DamSite Road

Address

Conroe, Texas 77304

City, State, Zip Code

purchasing@sjra.net

Email Address (More than one may be listed.)

936-588-7101

Phone Number

936-588-3043

Fax Number

The annual membership fee for participation in the State of Texas CO OP is: **\$100.00 – FEE IS NON-REFUNDABLE**

Please make checks payable to:

Texas Comptroller of Public Accounts

Please mail to:

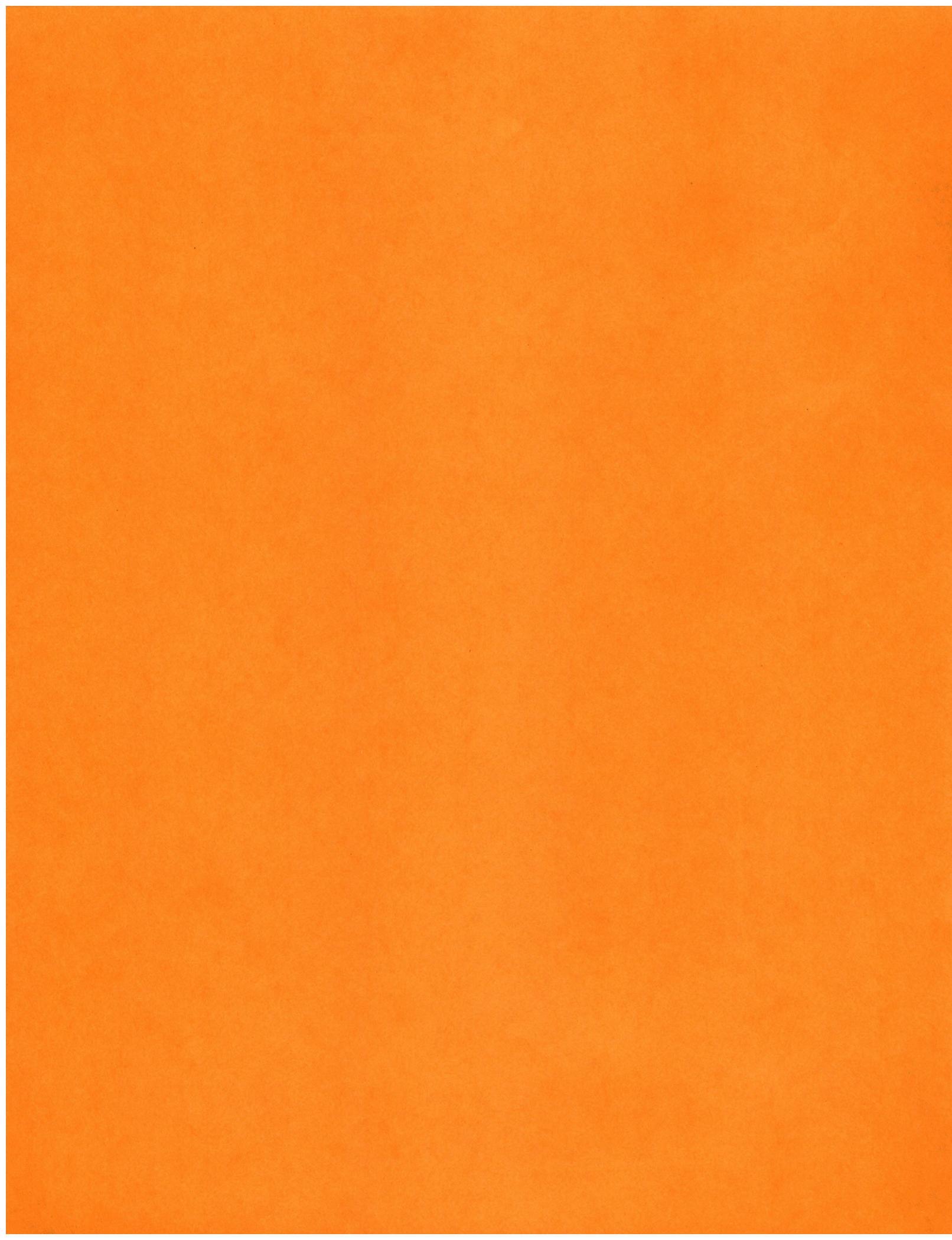
Texas Comptroller of Public Accounts

P.O. Box 13186

Austin, TX 78711

**PLEASE RETURN THIS FORM WITH PAYMENT
AND ALL REQUIRED DOCUMENTS AND SIGNATURES**

Questions? Contact the CO-OP at (512) 463-3368 or at coop@cpa.texas.gov.





State of Texas CO-OP Program

Documents required for proof of eligibility

Submit all documentation required as proof of eligibility at the time you apply for membership in the State of Texas CO-OP. All documentation must be on file at the State of Texas CO-OP BEFORE a determination of eligibility can be made.

Local Governments

County, Independent School District, Municipality, Jr. College District, Volunteer Fire Department

Documents required:

- ✓ Board approved resolution

MHMR Community Centers

Documents required:

- ✓ Board approved resolution

Special Districts or Other Legally Constituted Political Subdivisions of the State

Documents required:

- ✓ Board approved resolution
- ✓ Documentation evidencing creation of entity including statutory citation.
This can be in the form of:
 - a. Legislation in which the entity was created by name
 - b. A resolution passed by a city or a county stating that there is a need for the entity to exist and actually creating the entity

Assistance Organizations

Non-profit organizations that receive state funds and provide educational, health, or human services or provide assistance to homeless individuals

Documents required:

- ✓ Board approved resolution
- ✓ Articles of Incorporation and Certificate of Incorporation. A letter from the Secretary of State with the entity's charter number evidencing that the entity filed for incorporation will be accepted in lieu of a Certificate of Incorporation. **The State of Texas CO-OP cannot accept by-laws in lieu of Articles of Incorporation**
- ✓ Current contract or grant from a State agency to prove State funding. This document must show beginning and end dates for the current State of Texas Fiscal Year, and these dates must be valid at the time the application is reviewed.

Texas Rising Star Providers

Childcare providers certified as Texas Rising Star Providers by Texas Workforce Commission

Documents required:

- ✓ Board Approved Resolution



State of Texas CO-OP Program

What is the State of Texas CO-OP Program?

Created by legislation in 1979, the Texas Comptroller of Public Accounts (CPA) State of Texas CO-OP Program offers members a unique opportunity to make the most of their purchasing dollars and efforts by using the State of Texas volume buying power.

Who can join?

- Local governments
- MHMR community centers
- Assistance organizations
- Texas Rising Star Providers (certified by the Texas Workforce Commission)

Sections 271.081-271.083, Local Government Code, and Sections 2155.202 and 2175.001(1), Government Code, provide the legal authority for the CO-OP Program:

Why should you join the State of Texas CO-OP?

- **Get Best Value for Your Purchases** – Our purchasers competitively bid and award hundreds of contracts in accordance with state purchasing statutes and competitive bidding requirements. You reap the savings for your organization and ultimately for the citizens of Texas.
- **Save Valuable Time and Effort** – No bidding, just order from hundreds of established state contracts.
- **Search Thousands of Vendors** – Looking for something not on one of our negotiated contracts? Use our Centralized Master Bidder's List to identify vendors from our database of over 12,000 companies (including HUB).
<https://mycpa.cpa.state.tx.us/tpasscmlsearch/index.jsp>
- **Post Bid and Award Notices on the Electronic State Business Daily** – As a CO-OP member, set up FREE password access to the Electronic State Business Daily (ESBD) where you can post your entity's solicitations to increase vendor participation and provide public notice of awards. <http://esbd.cpa.state.tx.us/>
- **Save Money on Travel** – Qualified CO-OP members may use the State Travel Management Program for discounted rates on rental cars and over 1,000 hotels.

If you have any questions or need more information about our program please feel free to e-mail coop@cpa.texas.gov or call (512) 463-3368.



State of Texas CO-OP Program

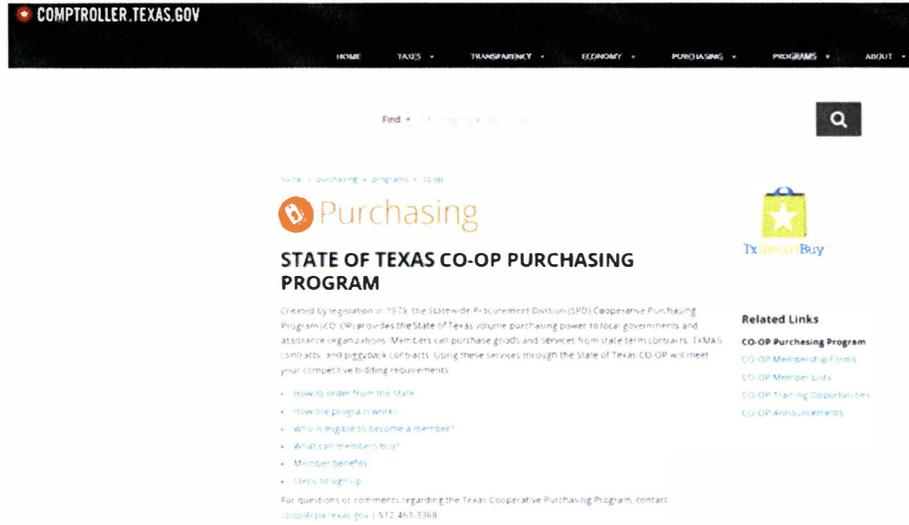
Accessing the State of Texas CO-OP on the Internet

Go to the State of Texas CO-OP web site: <https://www.comptroller.texas.gov/purchasing/programs/co-op/>

- **CO-OP Forms Library:** This is the complete CO-OP forms library, to include the application, name change form, purchase order forms, and school bus specifications.
- **Term Contracts:** All CPA term contracts have been competitively bid, saving you valuable time. This is a complete numeric listing of all of the current CPA term contracts. To access the contract, click on the contract number. To use state term contracts please follow the ordering instructions on the contract. The state's online ordering system, TxSmartBuy will generate a state purchase order on your behalf, forwarding a copy to you and to the vendor. The vendor will then ship the merchandise and invoice your entity directly. CPA has awarded term contracts for many commodities and services, including:

- Vehicles
- Office Supplies
- Procurement Card Services
- Appliances
- Road and Highway Equipment
- Police Equipment
- Pharmaceuticals
- Cleaning Supplies
- Food

- **TXMAS Information:** This is a complete listing of the Texas Multiple Award Schedules (TXMAS). TXMAS contracts feature the most favored customer pricing and the possibility of negotiation. TXMAS can be used as alternative volume contracts if you cannot find the items you need on the CPA term contracts.
- **Managed Contracts:** Managed term contracts are established by CPA or the Council on Competitive Government (CCG) for unique items and allow you to order directly from the awarded contractor.
- **CMBL Search:** This feature enables you to access the state Centralized Master Bidders List (CMBL) to create a bid list by product/service code. You may narrow the search by entering a county, city or zip code. This is a vendor list only. You should use this only as a vendor resource. You will need to follow your local bid requirements to purchase from these vendors.
- **State Travel Management Program:** Texas Government Code, Sections 2171.001-2171.055 extend the state travel management contracts to certain members of the State of Texas CO-OP program. Eligible entities include Municipalities, Counties, School Districts, Public Junior and Community Colleges, and Emergency Communication Districts, hospital districts and transit/transportation districts.





RESOLUTION

State of Texas

County of Montgomery

Whereas, the Texas Comptroller of Public Accounts is authorized to provide purchasing services for local governments pursuant to §§ 271.082 and 271.083 of the Local Government Code;

and WHEREAS, the Board of Directors
(e.g., Commissioner's Court, City Council, School Board, Board of Directors)

of San Jacinto River Authority, is a: (Check one of the following.)
(Name of Qualified Entity)

- County
- Municipality
- Political Subdivision (Special Districts, Other)
- Assistance Organization
- Independent School District
- Junior College District
- Mental Health and Mental Retardation Community Center
- Texas Rising Star Provider
(certified by the Texas Workforce Commission)

defined as an entity qualified to participate in the Cooperative Purchasing Program of the Texas Comptroller of Public Accounts pursuant to § 271.081 of the Local Government Code; and

WHEREAS, in accordance with the requirements of 34 TAC §20.85 administrative rules, the Agent(s) of Record,
Jace Houston, General Manager
(Name of Person) (Title)

(and Elton Brock, Purchasing Manager) is/are authorized to execute
(Name of Person) (Title)

any and all documentation for San Jacinto River Authority pertaining to its participation in the Texas Comptroller of Public Accounts Cooperative Purchasing Program; and

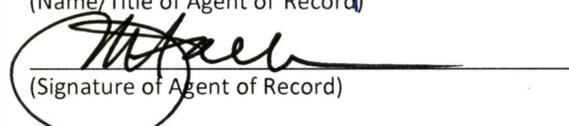
WHEREAS, San Jacinto River Authority acknowledges its obligation to pay participation fees established (Entity Name)

by the Texas Comptroller of Public Accounts.

NOW, THEREFORE BE IT RESOLVED, that request be made to the Texas Comptroller of Public Accounts to approve San Jacinto River Authority for participation in the Texas Comptroller of Public Accounts Cooperative Purchasing Program.
(Entity Name)

Adopted this 25th day of January, 2018 by San Jacinto River Authority.
(Entity Name)

By: 
(Signature of Chair)
Jace A. Houston
(Printed Name)
General Manager
(Title of Chair)

(Signature of Agent of Record)
Jace A. Houston / General Manager
(Name/Title of Agent of Record)

(Signature of Agent of Record)

(Name/Title of Agent of Record)

San Jacinto River Authority
To: TEXAS COMPTROLLER OF PUBI 8941750

Check Number: 35267
Date: 12/04/2017

Invoice Number	Date	Description	Amount	Discount	Paid Amount
MEMBERSHIP 2018	11/17/2017		\$100.00	\$0.00	\$100.00

TOTALS: \$100.00 \$0.00 \$100.00

THIS CHECK IS VOID WITHOUT A BLUE & BURGUNDY BACKGROUND AND AN ARTIFICIAL WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW

San Jacinto River Authority

General & Administration Office
PO Box 329
Conroe, TX 77305

First Financial Bank
PO Box 1280
Conroe, TX 77305-1280

88-1464 35267
1131

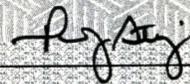
Pay **One Hundred Dollars and 00 Cents**

DATE Dec 4, 2017
AMOUNT \$100.00

to the Order of:

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

PO BOX 13186
AUSTIN, TX 78711



CHECKS OVER \$5000 REQUIRE THREE SIGNATURES

SIGNATURE HAS A COLORED BACKGROUND - BORDER CONTAINS MICROPRINTING

⑈ 35267⑈ ⑆ 111301122⑆ ⑈ 140001051457⑈



PURCHASE ORDER

PO Number: 18-0391
PO Date: 11/16/2017

Purchase from:

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

PO BOX 13186

AUSTIN, TX 78711

Phone: 512-463-3368

Bill to:

San Jacinto River Authority

Accounts Payable

PO Box 329

Conroe, TX 77305

Phone: 936-588-3111

Ship to:

San Jacinto River Authority

General & Administration Office

1577 Dam Site Road

Conroe, TX 77304

Phone: 936-588-3111

Buyer	Account Number with Vendor	Currency	Terms	Source Req#	Shipping Method
Brock		US\$	NET30	R:9691	BESTWAY

Ln	Item Number	Rqd By	Description	Req'd Date	Qty	U/M	Unit Cost	Ext Cost
1	Membership	mm	State of Texas Co-Op Application	8/24/2017	1	Each	\$ 100.00	\$ 100.00

State of Texas Co-Op Application

This Purchase Order is subject to SJRA standard terms and conditions viewable at www.sjra.net, and standard insurance provisions (when applicable) unless otherwise stated and agreed upon by both issuer and receiver.

Subtotal	\$	100.00
Freight	\$	0.00
Misc	\$	0.00
Tax	\$	0.00
Total	\$	100.00

<p>SJRA:</p> <div style="text-align: center;">  _____ Authorized Signature Date </div>	<p>Accepted by vendor:</p> <div style="text-align: center;"> _____ Authorized Signature Date </div>
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SAN JACINTO RIVER AUTHORITY
BOARD RESOLUTION

RESOLUTION PRESCRIBING RULES, REGULATIONS, PROCEDURES, AND POLICIES
FOR THE PURCHASE OR CONSTRUCTION OF MATERIALS, EQUIPMENT,
IMPROVEMENTS, OR SERVICES

WHEREAS, the San Jacinto River Authority (the "Authority"), acting by and through its Board of Directors and its General Manager, Deputy General Manager, Director of Financial and Administrative Services, and Director of Raw Water Enterprise (collectively, the "Senior Management Team"), Division Managers and other authorized employees, from time to time requires the purchase and/or construction of materials, equipment, improvements, and/or services; and

WHEREAS, the Board of Directors of the Authority wishes to ratify and confirm the current policies of the Authority relating to such activities and to establish further and additional policies for certain purchases and acquisitions; and

WHEREAS, the Board of Directors of the Authority deems it appropriate and advisable to set forth in writing the scope and application of certain purchasing procedures and to adopt guidelines and procedures for the procurement of certain professional services; NOW, THEREFORE,

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

Section 1: It shall be the policy of the Authority that all purchases made for or on behalf of the Authority, or any Division thereof, shall be made in a manner that is consistent with the Authority's Purchasing Policies and Procedures Manual, as now existing or as same may be hereafter adopted or amended (the "Manual"), and in compliance with all applicable requirements of the general and special laws of the State of Texas, including the Authority's enabling legislation, as amended (the "Act"), Chapter 49, Texas Water Code ("Chapter 49") and, in certain instances, Chapter 2269, Texas Government Code ("Chapter 2269"). Such purchases may be further categorized and described as follows:

Non-professional or non-construction related goods and services

Purchases of non-professional or non-construction related goods and services shall be accomplished through purchase orders, the Authority's State of Texas Procurement Card, or other written authorizations given and approved in compliance with the Manual.

Purchases of not more than \$5,000 that do not require standard liability insurance policies listing the Authority as an additional insured may be made using either (i) a purchase order approved by the appropriate Division Manager or Senior Management Team member, or (ii) the Authority's State of Texas Procurement Card, subject to the approved expenditure levels established by the appropriate Division Manager and approved by the General Manager.

Purchases of not more than \$5,000 that do require standard liability insurance policies listing the Authority as an additional insured require prior approval of the appropriate

Division Manager through the use of a purchase order or other written authorization given and approved in compliance with the Manual.

Purchases over \$5,000, but not more than \$25,000, require (i) prior approval of the appropriate Division Manager, and (ii) a minimum of three (3) informal quotes unless waived by the appropriate Division Manager due to impracticality or time constraints.

Purchases over \$25,000, but not more than \$50,000, require (i) a minimum of three (3) informal quotes, and (ii) prior approval of a member of the Senior Management Team.

Purchases over \$50,000, but not more than \$75,000, require (i) a minimum of three (3) informal quotes, and (ii) prior approval of the General Manager.

Purchases over \$75,000 require a minimum of three (3) informal quotes on uniform, written specifications and prior approval of the Board of Directors. Board approval is not required if the proposed expenditure is for an item of equipment, appliances, materials, supplies, services, or other property that is itemized, categorized, or otherwise described or contemplated in the currently approved operating budget of the Authority.

Professional Services

It is hereby declared the policy of the San Jacinto River Authority that services of the type provided by professional consultants shall be performed by the staff of the Authority unless, in the opinion of the General Manager or the Board of Directors, considerations of time constraints, capability, or professional or administrative propriety require the retention and engagement of consultants who are not full-time employees of the Authority. Any contract, including individual work orders, for professional consulting services, including but not limited to, fiscal, accounting, auditing, engineering, and/or technical specialty services, for an annual sum of not more than \$50,000 may be initiated, concluded, and administered by any member of the Senior Management Team. Consulting contracts and individual work orders for amounts more than \$50,000 but not more than \$75,000 shall be initiated, concluded, and administered by the General Manager. Consulting contracts and individual work orders for amounts in excess of \$75,000 must be approved by the Board of Directors. Individual work orders that are components of a single project must be approved by the Board of Directors when the aggregate sum of the individual work orders exceeds \$75,000.

Prior to entering into a contract for professional consulting services, the Authority's staff, under the direction of the General Manager, shall solicit, review, and evaluate such qualification statements and/or proposals as deemed appropriate. After an evaluation of such qualifications or proposals, the General Manager shall select and conclude a written contract with a qualified consultant or, as provided above, shall submit to the Board of Directors a recommendation as to the selection of and the principal terms of a written contractual agreement with a qualified consultant. All such contracts shall be in writing and shall set forth the term, scope of work, schedule and, to the extent reasonably foreseeable, the anticipated costs to be incurred.

Unless a contractual term in excess of a twelve month period is approved by the Board of Directors in the initial consulting contract, no consulting contract or individual work order in excess of \$75,000 shall extend for a term beyond a twelve month period unless continued or extended by recommendation of the General Manager and approval of the Board of Directors. A consulting contract or work order that is subject to termination by the Authority without cause upon notice of less than ninety (90) days is not considered a contract with a term in excess of a twelve month period.

The procedures for selection of professional consultants herein shall be subject to all other applicable requirements of the general and special laws of the State of Texas including, but not limited to, the provisions of the Chapter 2254, Texas Government Code (the Professional Services Procurement Act), and Chapter 1201, Texas Government Code (the Public Security Procedures Act).

Construction Contracts

The form, terms, advertising, and award of any contract for the construction of improvements or the purchase of materials, machinery, or equipment to comprise the works, plants, or facilities of the Authority ("construction contract") to be made and entered into by the Authority shall conform to the requirements of Chapter 49 or, in certain instances described hereinafter, Chapter 2269.

Construction contracts of not more than \$5,000 do not require solicitation of quotes. Construction contracts of more than \$5,000, but not more than \$25,000, require solicitation of a minimum of three (3) informal quotes or proposals unless waived by the appropriate Division Manager due to impracticality or time constraints. Construction contracts of more than \$25,000, but not more than \$75,000, require solicitation of a minimum of three (3) informal quotes or proposals. Construction contracts of more than \$75,000 require formal advertising with sealed competitive bids in accordance with the competitive bidding procurement method prescribed under Chapter 49; provided, however, that any contracting and delivery method authorized under Subchapter D, E or F of Chapter 2269 may be used in the alternative to said competitive bidding procurement method. The Board of Directors hereby delegates to any member of the Senior Management Team the authority to determine which procurement method provides the best value for the Authority and, further, directs that such a determination be made prior to advertising. This resolution shall serve as notice of such delegation for purposes of Section 2269.053(b) of Chapter 2269. The approval by the Board of Directors of a construction contract under Subchapter D, E or F of Chapter 2269 shall constitute an election that Chapter 2269 supersede Chapter 49 with respect to such contract for purposes of Section 2269.003(d) of Chapter 2269.

Construction contracts of not more than \$25,000 require prior approval of the appropriate Division Manager. Construction contracts over \$25,000, but not more than \$50,000, require prior approval of a member of the Senior Management Team. Construction contracts over \$50,000, but not more than \$75,000, require prior approval of the General Manager. Construction contracts over \$75,000 require prior approval of the Board of Directors.

Section 2. For all purchases of goods or services described in Section 1 above, the requirement to obtain prior approval of the Board of Directors is hereby waived in the event that the Authority experiences an emergency condition that, in the judgment of the General Manager or a Deputy General Manager, may create a serious health hazard or unreasonable economic loss to the Authority. In the event that a purchase is authorized in response to an emergency condition, as outlined in this section, the General Manager shall, within three (3) days of the authorization, provide a description of the conditions requiring such action and the terms of the purchase to an officer of the Board of Directors. A report shall also be provided to the full Board of Directors at its next ensuing meeting.

Section 3. All approvals or authorizations required by this resolution shall be in writing or in a form that creates an electronic record of the approval or authorization.

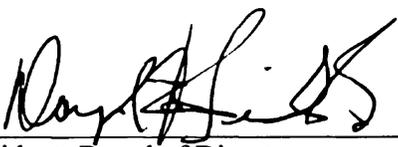
Section 4. Nothing herein shall be deemed or construed to authorize the purchase or acquisition of materials, machinery, equipment, or improvements for purposes or in amounts not previously authorized by action of the Board of Directors of the Authority or included within the spending authority of the approving officer or within the scope of the current budget of the Authority.

Section 5. For purposes of this resolution, the term "Division Manager" shall also include General and Administration Department Managers.

Section 6. All prior resolutions inconsistent or in conflict with this resolution are hereby repealed to the extent of such inconsistency or conflict.

Section 7. This resolution shall become effective September 1, 2013. All references herein to the Act, Chapter 49, Chapter 2269 or any other laws of the State of Texas shall mean and refer to such laws as amended and in effect as of said effective date.

PASSED AND APPROVED this 22nd day of August, 2013.



President, Board of Directors



Secretary, Board of Directors

SAN JACINTO RIVER AUTHORITY
ENABLING LEGISLATION

Art. 8280—121. San Jacinto River Authority

Section 1. It being declared by Constitutional provision the policy of the State of Texas, Section 59, Article 16, to provide for the conservation and development of all the natural resources of the State, including the control, storing, preservation, and distribution of its storm and flood waters, the waters of its rivers and streams, for irrigation, power, and all other useful purposes, the reclamation and irrigation of its arid, semi-arid, and other lands needing irrigation, the reclamation and drainage of its overflowed lands, and other lands needing drainage, the conservation and development of its forests, water and hydro-electric power, the navigation of its inland and coastal waters, and the preservation and conservation of all such natural resources of the State, are each and all hereby declared public rights and duties, which may be effected through the creation within the State, or the divisions of the State, into such number of conservation and reclamation districts as may be determined to be essential to the accomplishment of the purposes of the policy expressed in the Constitution of the State; such Districts to be governmental agencies and bodies politic and corporate, with all rights, privileges, and functions as may be conferred by law, there is hereby created the San Jacinto River Conservation and Reclamation District [now San Jacinto River Authority].

Sec. 2. The San Jacinto River Conservation and Reclamation District [now San Jacinto River Authority] is created as a governmental agency, a body politic and corporate, vested with all the authority as such under the Constitution and laws of the State; and shall have and be recognized to exercise all of the powers of such governmental agency and body politic and corporate as expressly authorized in the provisions of the Constitution, Section 59 of Article 16, for Districts created to conserve, control, and utilize to beneficial service the storm and flood waters of rivers and streams of the State, or such powers as may be contemplated and implied by the purposes of this provision of the Constitution, and as may be conferred by General Law, and in the provisions of this Act; and shall have and be recognized to exercise all the rights and powers of an independent governmental agency, body politic and corporate, to formulate any and all plans deemed essential to the operation of the District and for its administration in the control, storing, preservation, and distribution to all useful purposes of the storm and flood waters of the San Jacinto River and its tributary streams; and as such district, shall have and be recognized to exercise such authority and power of control and regulation over such storm and flood waters of the San Jacinto River and its tributaries as may be exercised by the State of Texas, subject to the provisions of the Constitution and the Acts of the Legislature.

Sec. 3. The San Jacinto River Authority, in addition to all powers expressly or impliedly granted by other Sections of this Act, by complying where applicable with the provisions of Chapter 1, Title 128, Vernon's Texas Civil Statutes, as amended, is hereby empowered as follows:

(i) to store, control and conserve the storm and flood waters of the watershed of the San Jacinto River and its tributaries, ~~and to prevent the escape of any such waters through every practical means; so as to prevent the devastation of lands from recurrent overflows, and to protect life and property;~~

(ii) to provide through every practical means for the control, utilization and coordination of regulation of the waters of the San Jacinto River and its tributaries;

(iii) ~~to appropriate~~ the waters of the San Jacinto River and its tributaries, to construct dams and other facilities for the impoundment, conservation, diversion and utilization of such waters, and to devote such waters to municipal, domestic, agricultural, commercial, industrial, mining, and other beneficial uses; within and without the watershed of said River;

(iv) to provide waters for the irrigation of lands where irrigation is required for agricultural purposes or may be deemed helpful to more profitable agricultural production;

(v) to provide water for domestic, municipal, commercial, industrial and mining purposes within and without the watershed of said River, including water supplies for cities, towns and industries, and in connection therewith to construct or otherwise acquire water transportation, treatment and distribution facilities and supplemental sources of supply;

(vi) to encourage and develop drainage systems and provisions for drainage of lands in the valleys of the San Jacinto River and its tributary streams needing drainage for profitable agricultural production; and drainage for other lands in the watershed area of the Authority requiring drainage for the most advantageous use;

(vii) to encourage through practical and legal means the conservation of soils against destructive erosion and thereby preventing the increased flood menace incident thereto;

(viii) to forest and reforest and to aid in the foresting and reforesting of the watershed area of the San Jacinto River and its tributaries and to prevent and aid in the prevention of soil erosion and floods in, on, and upon all lands situated within the boundaries of said Authority;

(ix) to control, store, and employ the waters of the San Jacinto River and its tributaries in the development and distribution of hydroelectric powers, where such use may be economically coordinated with other and superior uses, and subordinated to the uses declared by law to be superior;

(x) to encourage, aid, and protect navigation and harbor improvements;

(xi) to acquire land adjacent to or in the vicinity of any waters impounded by the Authority or adjacent to or in the vicinity of the San Jacinto River or any of its tributaries for park and recreation purposes and to acquire or construct park and recreation facilities thereon. Except as may otherwise be provided by the general law, the acquisition or construction of any recreation and park facilities by the Authority shall be subject to the approval of the Texas State Parks and Wildlife Commission and to such conditions as the Commission may prescribe;

(xii) to acquire or construct facilities for the gathering, transporting, treating and disposing of sewage and industrial waste and effluent;

(xiii) to control, store and employ all or any of such waters for each and every purpose for which the same when controlled and conserved may

be utilized in the performance of a useful service as contemplated and authorized by the provisions of the Constitution and the public policy herein declared;

(xiv) to construct and otherwise acquire and to repair, improve, extend, operate and maintain all works, plants and other facilities necessary or useful in the furtherance of any power granted by law to the Authority, including, but not limited to, water storage reservoirs, dams, canals, waterways, and water transportation facilities of all kinds, water treatment facilities, hydroelectric facilities, municipal water supply facilities, facilities for the treatment of sewage and industrial waste and effluent, parks and recreation facilities, and all other necessary and useful structures, facilities and equipment;

(xv) to enter into any and all necessary and proper contracts with other Federal or State agencies, districts and bodies politic and corporate, and others, to make and enter into such cooperative and coordinative contracts with such agencies, districts and bodies politic and corporate, and others, necessary or useful in the furtherance of any power granted by law to the Authority, including the power to pledge its funds and its other assets or any part thereof;

(xvi) to acquire any properties necessary for any of its corporate purposes by purchase, by condemnation as elsewhere provided in this Act, or by gift, and to acquire property by lease or other contract, upon such terms as may be accepted by the Authority's Board of Directors;

(xvii) to operate the water and sewage properties and facilities of other public bodies or political subdivisions upon such terms as the Authority may agree in connection with the supplying by the Authority of any water or sewage or waste disposal or other services to public bodies;

(xviii) to enter into such contracts, upon such terms and for such periods of time as the Board of the Authority might approve, with municipalities or other corporate bodies or persons, public or private, for the purpose of establishing and collecting, and by resolution or order to otherwise establish and collect, rates and other charges for the sale or use of water, water transmission, treatment or connection facilities, sewage or industrial or other waste disposal services and facilities of all types, park or recreation facilities, power, electric energy, and any other services sold, furnished, or supplied by the Authority, which fees and charges shall be sufficient to produce revenue adequate—

(1) to pay expenses necessary to the operation and maintenance of the properties and facilities of the Authority;

(2) to pay the interest on or the principal of any bonds or other obligations issued by the Authority when and as same become due and payable and to fulfill any reserve or other fund obligations of the Authority in connection with such bonds; and

(3) to pay such other expenses as the Board of Directors shall deem necessary and proper for any purpose in the corporate operations and functions of the Authority; and

(xix) to authorize by its contracts any other districts, agencies, and bodies politic and corporate and individuals to participate in the joint construction, operation, and maintenance of all of said water storage reservoirs, dams, canals, waterways, and water lines and all other structure, facilities, and equipment in connection therewith, or in connection with sewage or waste facilities of all types, and all necessary facilities for the manufacture, sale, and transportation of such hydroelectric power, along with said Authority, and said Authority may by such contracts allow such other agencies, districts, and bodies politic and corporate, and others to receive such portion of the revenues derived from the sale of water and hydroelectric power or furnishing sewage and waste facilities and services, as the Board of Directors shall deem just, equitable, and proper.

✓Sec. 4: The powers and duties herein developed upon the San Jacinto River Authority are recognized to be taken subject to all legislative declarations of public policy in the maximum utilization of the storm, flood and unappropriated flow waters of the State for the purpose for which the Authority is created, as expressed and indicated in this Act, as amended, and subject to the continuing rights of supervision by the State which shall be exercised through the Texas Water Rights Commission, which agency shall be charged with the authority and duty to approve, or to refuse to approve, the adequacy of any plan or plans (devised in the exercise of any power granted under this Act) which contemplate improvements or facilities, the plans pertaining to which are required to be supervised or approved by said agency under the provisions of the General Law. If any such plans contemplate the installation, construction or other acquisition of parks and recreation facilities or of facilities for the gathering, transporting or disposal of sewage, or industrial wastes and effluent, said Commission shall not approve such plans until it finds that the Texas State Parks and Wildlife Commission or the Texas Water Pollution Control Board, as the case may be, has issued such approvals or permits relating to such matters as may be required by this Act or the General Law.
Sec. 4 amended by Acts 1967, 60th Leg., p. 1214, ch. 547, § 2, emerg. eff. June 14, 1967.

Sec. 5: The area of said District is hereby established to comprise all the territory within the watershed of the San Jacinto River and its tributary streams, save and except that portion of said watershed lying and being situated within the boundaries of Harris County, which is hereby expressly excluded from the boundaries of said District. Provided, that prior to September 1, 1941, the actual boundaries of said District shall be established by the Reclamation Department of the General Land Office, so that the same may be expressed in written calls of the metes and bounds of said District. The written description of said boundaries shall be certified by the Commissioner of the General Land Office, approved by the State Board of Water Engineers, and recorded in the minutes of said District. The Board of Directors shall cause a copy of said certified boundaries to be filed and recorded in the office of the County Clerk of each county lying in whole or in part within the boundaries of said District, and shall also file a copy thereof, together with a map showing said boundaries with the Tax Assessor and Collector of each of the counties lying in whole or in part within said District. As amended, Acts 1941, 47th Leg., p. 769, ch. 480, § 2.

Sec. 6. The management and control of all the affairs of said District shall be vested in, and the powers, rights, privileges, and functions of the District shall be exercised by a Board of Directors consisting of six (6) members, all of whom shall be freehold property taxpayers and legal voters of the State of Texas. Members of such Board of Directors shall be appointed by the State Board of Water Engineers for terms of six (6) years. Provided, the present Board of six (6) directors of said District, appointed by the State Board of Water Engineers under authority of House Bill No. 1094, Chapter 613, Acts of the Regular Session of the Forty-seventh Legislature, amending Section 6 of Chapter 426, Acts of the Regular Session of the Forty-fifth Legislature, as amended by House Bill No. 828, Chapter 480, Acts of the Regular Session of the Forty-seventh Legislature, for terms of two (2), four (4), and six (6) years, shall continue to serve as such until the expiration of the respective terms for which they were appointed. Upon the expiration of the terms for which the present members of the Board of Directors were appointed, the successors of each and all of them shall be appointed by the State Board of Water Engineers for a term of six (6) years.

√The Directors shall hold office after their appointment and qualification until their successors shall be appointed and qualified. Should any vacancy occur in the Board of Directors, the same shall be filled in like manner by the State Board of Water Engineers for the unexpired term. The Directors appointed shall, within thirty (30) days after their appointment, qualify by taking the official oath required of County Commissioners, and shall execute bond in the sum of Five Thousand Dollars (\$5,000) payable to the District, the sufficiency of which bond shall be determined by the State Board of Water Engineers, which bonds after being recorded in the official bond records of the county in which the District maintains its office shall be deposited with the depository selected and approved for the deposit of the funds of the District.

√The Board of Directors shall organize by electing one of its members President, one Vice-President, one Secretary, and one Treasurer. Four (4) members, including the presiding officer, shall constitute a quorum to transact business. The President shall preside at all meetings of the Board and shall be the chief executive officer of the District. The Vice-President shall act as President in case of the absence or disability of the President. The Secretary shall act as Secretary of the Board and shall be charged with the duty of keeping a record of all proceedings and all orders of the Board. The Treasurer shall receive and receipt for all moneys received by the District and shall keep books and records of all moneys received and expended. In case of the absence or inability of the Secretary to act, a Secretary pro tem shall be selected by the Directors.

The domicile of the District shall be in the City of Conroe, in the County of Montgomery, Texas, where the District shall maintain its principal office. The Board of Directors shall have authority to fix the time, place and number of meetings of such Board by proper resolutions, regulations and bylaws passed by said Board. Said Board shall cause to be kept complete and accurate accounts conforming to approved methods of bookkeeping. Said accounts and all contracts, documents, and records of the District shall be kept at said principal office, and same shall be open to public inspection at all reasonable times. As amended, Acts 1941, 47th Leg., p. 769, ch. 480, § 3; Acts 1941, 47th Leg., p. 1850, ch. 613, § 1; Acts 1943, 48th Leg., p. 653, ch. 371, § 1.

Sec. 7. (a) The Board of Directors shall have all powers, both express and implied, to do and perform any and all acts for any on behalf of the Authority which are authorized by the Constitution and laws of the United States of America and the State of Texas for the purpose of the achievement of the plans and purposes intended in the creation of the Authority and in the exercise of all powers elsewhere herein granted to the Authority; and said Board of Directors shall have full and complete authority to do any and all acts necessary or convenient to the exercise of the powers, privileges, and functions conferred upon said Authority and its Board of Directors by this Act or any other Act or law.

(b) The Board of Directors is hereby authorized and directed to make or cause to be made surveys and engineering investigations for the information of the Authority and to determine the plans necessary to the accomplishment of the purposes for which the Authority is created, and may employ engineers, attorneys, and all other technical and non-technical assistants or employees and fix and provide the amount and manner of their compensation for the making of such surveys, the preparation of plans, and the collection of data essential to the determination of the character, extent, and cost of all improvements essential in the exercise of any power granted herein or in any other law applicable to the Authority, and for expenditures found essential in the maintenance and administration of the Authority. The members of the Board of Directors shall receive a per diem of not more than Twenty-five (\$25.00) Dollars per day for the period served, together with traveling and other necessary expenses. Any director may perform any service required by the Board, but in such case may not receive the per diem and other compensation at the same time.

(c) All bonds issued by the Authority shall be and are hereby declared to be legal and authorized investments for banks, savings banks, trust companies, building and loan associations, insurance companies, fiduciaries and trustees, and for any sinking funds of cities,

towns, villages, counties, school districts and other political corporations and subdivisions of the State of Texas. Such bonds shall be eligible to secure the deposit of any and all public funds of the State of Texas and any and all public funds of cities, towns, villages, counties, school districts and other political corporations or subdivisions of the State of Texas, and such bonds shall be lawful and sufficient security for said deposits at their market value when accompanied by all unmatured coupons appurtenant thereto.

(d) Money in any fund of the Authority or any fund established by the Board of Directors in connection with the authorization of its bonds, including but not limited to proceeds from the sale of bonds, and which funds are not needed to satisfy their particular purpose for any period of time may be invested or reinvested from time to time in direct obligations of or obligations the principal and interest of which are guaranteed by the United States of America or invested in direct obligations of or participation certificates guaranteed by the Federal Intermediate Credit Banks, Federal Land Banks, Federal National Mortgage Association, Federal Home Loan Banks, Banks for Cooperatives, and in certificates of deposit of any bank or trust company the deposits of which are fully secured by a pledge of securities of any of the kind hereinabove specified. The type and maturity of investments made hereunder shall be determined by the Board which, in the case of funds established in connection with the authorization of bonds, shall provide appropriate recitals with regard thereto in the resolutions relating to the issuance of such bonds. Income and profits on such investments shall be applied as provided in any such resolution, and, absent such provision, shall be applied to the uses hereinabove specified for bond proceeds.

Sec. 7 amended by Acts 1967, 60th Leg., p. 1215, ch. 547, § 3, emerg. eff. June 14, 1967.

Sec. 8. For the purpose of providing funds requisite to procure necessary engineering surveys, the collection and compilation of data respecting regional and general conditions entering into and influencing the character and extent of the improvements necessary to the storage, control, conservation, and equitable distribution, to the greatest public advantage of such flood waters when stored and controlled, it is hereby provided that any county lying in whole or in part within the area of the temporary District, as herein defined, may contribute to the funds from year to year for such engineering surveys and the compilation of data essential to the progress of flood control improvement in such amount as may be deemed an equitable part of the cost of such surveys and the compilation of necessary information in the estimated relations of such expenditures to the contemplated and probable benefit to be secured to the respective counties from the accomplishment of the plans and purposes of the creation of the District, and for the provision of such fund may make the necessary collections through their respective general funds, or may appropriate the amount of the estimated equitable contribution of such costs of developing essential engineering data from their general fund.

Sec. 9. The San Jacinto River Conservation and Reclamation District is hereby declared to be a Conservation and Reclamation District, having all and singular, the powers, duties, functions, and to observe procedures in so far as the same may be applicable and practicable, to accomplish the purposes of this Act, as is provided by Chapter 25 of the General Laws of the Thirty-ninth Legislature, Regular Session, and the several Amendments thereof¹; provided however, that the provisions of said Chapter 25, and the subsequent Amendments thereto, shall not apply to any matter specifically provided for herein, or expressly or impliedly excluded, relating to the creation of a district and to the issuance of preliminary bonds to finance the making of investigations upon which to base a plan for improvements and the levy of a tax therefor. It is, however, provided that the District may upon a vote of the qualified electors issue such preliminary bonds and levy a tax to retire the same, which tax may be in addition to all other taxes hereby authorized; Section 15 of Chapter 280, General and Special Laws of the Forty-first Legislature of Texas, Regular Session, amending said Chapter 25, General Laws of the Thirty-ninth Legislature, Regular Session², and Section 6 of Chapter 107 of the General and Special Laws of the Fortieth Legislature, First Called Session, amending said Chapter 25³, shall not control this District, but in lieu thereof it is specifically provided as follows:

(a) After the completion and approval of a plan for the coordination of improvements deemed adequate to serve said watershed as a whole, as herein provided for, the State Board of Water Engineers and the Reclamation Department of the General Land Office of Texas in authorizing improvements to control the waters of, and, or in allocating the right to use waters from said San Jacinto River and its tributaries shall substantially conform to, and shall effectually preserve the benefits of, the plan formulated by this District, and said District shall have the right to enforce the observance of the same by judicial decree.

(b) This District shall have the power to provide and maintain improvements for the common benefit of said District as a whole, subject only in appropriate case to the constitutional and statutory provisions concerning a vote by the qualified electors of the District.

(c) Especially shall said District have all and singular the powers contained in Section 15 of said Chapter 280, General and Special Laws of the Forty-first Legislature, relating to improvements peculiar to defined areas within a district.

(d) It is, however, further provided that if the electors of any defined area within this District desire they may become a water control and improvement district for the purpose of independently providing, operating, and maintaining improvements designed peculiarly to serve such defined area. Such contained defined area may be so constituted under the applicable provisions of said Chapter 25 of the General Laws of the Regular Session of the Thirty-ninth Legislature. In like manner any other political subdivision of the State of Texas being in whole or in part in this District may independently provide, maintain, and operate works peculiarly designed to benefit such body politic. In either case, however, such works and the operation thereof shall be constructed and operated in such manner as will conform to this District's plan to the greatest practicable degree.

(e) To the extent necessary to enable this District to construct, maintain, and operate works beneficial to the District as a whole, or to give supervision, or to perform any service inuring to the benefit of the District as a whole and provide funds adequate to defray the cost of the administration to this District, it shall have power to levy and collect taxes, equitably distributed, which taxes shall be in addition to other taxes that may lawfully be levied by the State and other political subdivisions thereof.

(f) This Legislature finds and declares that the recurrent, devastating floods in the valley of the San Jacinto River, which have, over a long period of years, caused a deplorable loss of life and property, and the erosion of the soil, and a depletion of the fertility of the lands in said valley and the watershed served by the San Jacinto River in Texas, and the public highways and structures and lands belonging to the State of Texas situated within said watershed, to be a public calamity, and the San Jacinto River Conservation and Reclamation District is hereby authorized to do any and all things necessary or suitable for the prevention of such public calamity. As amended, Acts 1941, 47th Leg., p. 769, ch. 480, § 5.

1 Article 7880—1 et seq.

2 Article 7880—130.

3 Article 7880—37.

Sec. 10. The San Jacinto River Conservation and Reclamation District shall not be authorized to issue bonds nor to incur any form of continuing obligations or indebtedness for purposes of effecting improvements comprehended in the plan of organization and administration of the District, nor incur any indebtedness in the form of a continuing charge upon land or properties within the District, unless such proposition shall have been submitted to the qualified property taxpaying voters of the District, or, in appropriate case, such voters of a defined area or political subdivision within the District, and approved by a majority of such electors voting thereon.

Sec. 10a. The Board of Directors of the San Jacinto River Conservation and Reclamation District, a State Agency, shall have full

authority to negotiate and deal and/or contract with the United States of America or with any of its governmental agencies now in existence or that may hereafter come into existence and/or others for grants, and/or loans and/or allotments and is hereby granted the right and power to receive and accept grants and/or loans and/or allotments from the United States of America and/or others for the purpose of making investigations and assembling data and/or for any one or more purposes set forth in this Act and/or the Act creating the San Jacinto Conservation and Reclamation District and to receive and use said moneys for the purpose mentioned in said Acts. Added Acts 1939, 46th Leg., Spec.L., p. 1097, § 1.

Sec. 10b. The Authority shall have the authority and is hereby authorized to issue from time to time its negotiable revenue bonds for the purpose of making investigations and assembling data; for the purposes of purchasing, acquiring, and/or condemning lands, easements, rights-of-way and other properties; and for the purpose of constructing, repairing, improving and extending any structures, dams, reservoirs, transmission facilities, water treatment, water supply, sewage and other waste gathering, transmission, treatment and disposal facilities, for developing park and recreation facilities; and for the purposes of acquiring, constructing, improving, repairing and extending any other properties and facilities deemed appropriate by the Board of Directors of the Authority in the exercise of powers granted the Authority in Section 3 and elsewhere in this Act. Any one or more or a combination of the foregoing purposes may be combined into a single issue of bonds. Such bonds shall be issued in accordance with, and may be secured by and payable from any or all the revenues of the Authority permitted by, Section 10c hereof, including, but not limited to, the proceeds of any one or more contracts between the Authority and any persons, firms, corporations, ~~cities~~ and political subdivisions.

If and when the Legislature remits the ad valorem tax in the counties for a certain period of years, the Directors may in their discretion if necessary with approval of the Commissioners Court of the county in the watershed use part or all of the taxes remitted to said counties for the purpose of paying back to the United States of America or any of its agencies or others the money borrowed by the Authority for the purposes herein mentioned.

Sec. 10b amended by Acts 1967, 60th Leg., p. 1216, ch. 547, § 4, emerg. eff. June 14, 1967.

Sec. 10c. The bonds issued by the authority of this Act may either be (1) sold for cash, at public or private sale, at such price or prices as the Board of Directors shall determine, not to be for less than par and accrued interest, provided that the interest cost of the money received therefor, computed to maturity in accordance with the standard bonds tables in general use by banks and insurance companies, shall not exceed five (5) per cent per annum, or (2) may be issued on such terms as the Board of Directors shall deem necessary or convenient for any corporate purpose, or (3) may be issued to refund any bonds issued at any time under authority of this Act. All such bonds shall be authorized by resolution or resolutions of the Board of Directors concurred in by a majority of the members of the Board, and shall bear such date or dates, made at such time or times, bear interest at such rate or rates (not exceeding five (5) per cent per annum) payable annually or semiannually, that such denominations be in such form, either coupon or registered, carrying such registered privileges as to principal only or as to both principal and interest, and as to exchange of coupon bonds for registered bonds or vice versa, in exchange of bonds of one denomination for bonds of other denominations, be executed in such manner and be payable at such place or places within or without the State of Texas, as such resolution or resolutions may provide. Any resolution or resolutions authorizing any bonds may contain provisions, which shall be part of the contract between the directors and the bondholders thereof from time to time.

(a) Reserving the right to redeem such bonds at such time or times, in such amounts and at such prices not exceeding one hundred and two (102) per cent of the principal amount thereof, plus accrued interest, as may be provided;

(b) Providing for the setting aside of sinking funds or reserve funds and the regulation and disposition thereof;

(c) Pledging to secure the payment of the principal and interest on such bonds and the sinking fund or reserve fund payments agreed to be made in respect to such bonds all or any parts of the moneys that may be donated and/or granted herein by the State of Texas and all or any part of the gross or net revenues hereafter received by the district in respect of the property, real, personal, or mixed, to be acquired and/or constructed with such bonds or with proceeds thereof, or all or any part of the gross or net revenues thereafter received by the District from whatsoever source derived;

(d) Prescribing the purposes to which such bonds or any bonds thereafter to be issued or the proceeds thereof, may be applied;

(e) Agreeing to fix and collect rates and charges sufficient to produce revenues together with the moneys that may be granted and/or donated by the State of Texas adequate to pay the items specified herein, and prescribing the use and disposition of all revenues;

(f) Prescribing limitations upon the issuance of additional bonds and upon all agreements which may be made with the purchaser and successive bondholders;

(g) With regard to the construction, extension, improvement, operation, maintenance, depreciation, replacement, and betterments of the properties of the District and carrying of insurance upon all or any part of said property covering loss or damage or loss of use and occupance resulting from specified risks;

(h) Fixing the procedure, if any, by which, if the District shall so desire, the terms of any contract with bondholders of such bonds may be amended or abrogated, the amount of bonds the holders of such must consent thereto, and the manner in which such consent shall be evidenced, for the execution and delivery by the district to the bank or trust company authorized by law to accept such trust, or to the United States of America or any office or agency thereof, of indentures or agreements therein authorized to be made with all for the benefit of the holders of such bonds and such other provisions as may be contained in such indentures or agreements; and

(1) Such other provisions not inconsistent with provisions of this Act as the Board may approve.

Any such resolution and any indenture or agreement entered into pursuant thereto may provide that in the event that,

(1a) Defaults may be made in the payment of the interest on any or all bonds when and as the same shall become due and payable, or

(1b) Defaults shall be made in payment of the principal of any or all bonds when and as the same shall become due and payable, whether at maturity thereof, by call for redemption or otherwise, or

(1c) Defaults shall be made in the performance in agreement made with purchasers or successive holders of any bonds, and such defaults shall have continued for such period, if any, as may be prescribed by said resolution in respect thereof, the trustee under the indenture or indentures entered into in respect of the bonds authorized, and by, or, if there shall be in such indenture, a trustee appointed in the manner provided in such resolution or resolutions by the bondholders of twenty-five (25) per cent aggregate principal amount of the bonds authorized hereby and at the time outstanding may, and upon the written request of the holders of twenty-five (25) per cent in aggregate principal amount of the bonds authorized by such resolution or resolutions at the time outstanding, shall, in his or its own name, be for the equal and proportionate benefit of the holders of all such bonds; and with or without having possession thereof for the holders of all such bonds:

(1) By mandamus or suit, action or proceeding at law or in equity, enforce all rights of the holders of such bonds,

(2) Bring suit upon such bonds and/or appurtenant coupons,

(3) By action or suit in equity requiring the Directors to act as if they were the trustees of an express trust for the bondholders,

(4) By action or suit in equity enjoin any act or things which may be unlawful or in violation of the rights of the holders of such bonds, and/or

(5) After such notice to the Directors as such resolution may provide, declare the principal of all of such bonds due and payable and if all defaults shall be made good, then with the written consent

of the holders of twenty-five (25) per cent aggregate principal amount of such bonds at the time outstanding, annul such declaration and its consequences; provided, however, that the bondholders of more than the majority and principal amounts of bonds authorized thereby and at the time outstanding shall by instrument or instruments in writing delivered to such trustee, have the right to direct and control any and all actions taken or to be taken by such trustee under this paragraph. Such resolution, indenture or agreement may provide that in any such suit, action or proceeding, any such trustee, whether or not all of such bonds shall have been declared due and payable, and with or without possession of any thereof, shall be entitled as of right to the appointment of a receiver who may enter and take possession of all or any part of the properties of the District, and operate and maintain the same, and fix, collect and receive rates and charges that together with the moneys that may be granted and/or donated by the State of Texas will be sufficient to provide revenues adequate to pay the items set forth herein, and cost and disbursements of such suit, action or proceeding, and to apply such revenue in conformity with the provisions of this Act and the resolution or resolutions authorizing such bonds. In any suit, action or proceeding by any such trustee or receivers, if any, counsel fees and expenses of such trustee and of receiver or receivers, if any, shall constitute taxable disbursements and all costs and disbursements allowed by the Court shall be a fixed charge upon any revenue pledged to secure the payment of such bonds. In addition to the powers hereinabove specifically provided for, each trustee shall have and possess all powers necessary or appropriate for the exercise of any thereof, or incident to the general representation of the bondholders in enforcement of their rights.

Before any bonds shall be sold by the District, a certified copy of the proceedings for the issuance thereof, including the term of such bonds, together with any other information which the Attorney General of the State of Texas may require, shall be submitted to the Attorney General, and if he shall find that such bonds have been issued in accordance with law, and he shall approve such bonds, he shall execute a certificate to that effect which shall be filed in the office of the Comptroller of the State of Texas and be recorded in a record kept for that purpose. No bonds shall be issued until the same shall have been registered by the Comptroller who shall so register the same if the Attorney General shall have filed with the Comptroller his certificate approving the bonds and the proceedings for the issuance thereof as hereinabove provided.

All bonds approved by the Attorney General as aforesaid, and registered by the Comptroller as aforesaid, and issued in accordance with proceedings so approved shall be valid and binding obligations of the District and shall be incontestable for any cause, from and after the time of such registration. Added Acts 1939, 46th Leg., Spec.L., p. 1097, § 1.

Sec. 10d. The Authority shall be authorized to enter into oil and gas leases with respect to its properties upon such terms as the Board of Directors may consider appropriate in the production of revenues to the Authority. The Authority shall be additionally authorized to sell or otherwise dispose of its properties if its Board of Directors shall have first determined that the property or interest to be disposed of is not necessary to the business of the Authority and shall have approved the terms of any such sale. All property of the Authority, however, shall be at all times exempted from forced sale under any judgment, suit or proceeding of any nature or kind.

Sec. 10d amended by Acts 1967, 60th Leg., p. 1216, ch. 547, § 5, emerg. eff. June 14, 1967.

Sec. 10e. The District shall have the power and is hereby authorized to acquire by purchase, lease, gift, or in any other manner (otherwise than by condemnation) and to maintain, use and operate any and all property of any kind, real, personal, or mixed, or any interest therein, within or without the boundaries of the District necessary or convenient to the exercise of the powers, rights, privileges, and functions conferred upon it by this Act.

The District shall have the power and right of eminent domain for the purpose of acquiring by condemnation any and all property of any kind, real, personal, or mixed, or any interest therein, within or without the boundaries of the District (other than such property of or any interest therein without the boundaries of the District as may at the time be owned by any body politic) necessary or convenient to the exercise of the powers, rights, privileges, and functions conferred upon it by this Act in the manner provided by General Law with respect to condemnation, or at the option of the District, in the manner provided by Statutes relative to condemnation by Districts organized under General Law pursuant to Section 59 of Article 16 of the Constitution of the State of Texas.

In condemnation proceedings, being prosecuted by said District, the District shall not be required to give bond for appeal or bond for costs.

That if in the exercise of the power of eminent domain, the relocation or change of grade of any railroad facilities are required, the same shall be accomplished under the provisions of Article 7880—123a, Revised Civil Statutes of Texas, 1925.

Sec. 10e, par. 4 added by Acts 1967, 60th Leg., p. 1216, ch. 547, § 5A, emerg. eff. June 14, 1967.

The District shall have the power and authority to overflow, and inundate any public lands and public property and to require the relocation of roads and highways in the manner and to the extent permitted to Districts organized under General Law pursuant to Section 59 of Article 16 of the Constitution of the State of Texas. Added Acts 1939, 46th Leg., Spec.L., p. 1097, § 1.

Sec. 10f. The Board of Directors shall have authority to make all necessary rules and regulations for the government and control of the District not inconsistent with the Constitution and Laws of the State of Texas. Added Acts 1939, 46th Leg., Spec.L., p. 1097, § 1.

Sec. 11. The permanent Board of Directors of the District shall be elected and constituted as follows:

1. The number of such Directors shall be six (6). Such Directors shall be elected by a vote of the electors of the District as a whole.

2. The two (2) Directors elected receiving the highest number of votes shall serve for six (6) years; the two (2) Directors receiving the next highest number of votes shall serve for four (4) years, and the two (2) Directors receiving the next highest number of votes shall serve for two (2) years.

3. Upon expiration of the term of any Director there shall be held an election to determine a successor who shall hold office for the term of six (6) years. The Board of Directors shall fill all vacancies on said Board by appointment, and such appointees shall hold office for the unexpired term for which they were appointed.

4. An election for Directors shall be held each biennium on the corresponding Monday in the same month in which the first election may be held.

Sec. 12. In the prosecution of the plans for which the District has been created for the storing, controlling, conserving, and distributing to useful purposes the storm and flood waters of the San Jacinto River watershed, the District shall be recognized to have the right to make use of the bed and banks of the San Jacinto River and of its tributary streams for any and all purposes necessary to the accomplishment of the plans of the District.

Sec. 13. Nothing in this Act, as amended, shall be construed to violate any provision of the Federal or State Constitutions, and all acts done under this Act shall be in such manner as will conform thereto, whether expressly provided or not. Where any procedure hereunder may be held by any court to be violative of either of such Constitutions, the Authority shall have the power by resolution to provide an alternative procedure conformable with such Constitutions. If any provision of this Act should be invalid, such fact shall not affect the validity of any other provisions of this Act, and the Legislature hereby declares that it would have enacted the valid provisions of this Act notwithstanding the invalidity of any other provision or provisions hereof.

Sec. 13 amended by Acts 1967, 60th Leg., p. 1217, ch. 547, § 6, emerg. eff. June 14, 1967.

Sec. 14. The importance of this legislation to a very large area of the most productive agricultural and other lands of the State, and the fact that the limited time remaining of this Session of the Legislature creates an emergency and an imperative public necessity that the Constitutional Rule requiring bills to be read on three several days be suspended, and that this Act be placed upon its third reading and final passage, and said Rule is hereby suspended, and this Act shall take effect from and after its passage, and it is so enacted. Acts 1937, 45th Leg., p. 861, ch. 426.



The State of Texas

Secretary of State

I, JOHN HANNAH, JR., Secretary of State of the State of Texas, DO
HEREBY CERTIFY that the attached is a TRUE AND CORRECT copy of House
Bill 1683, passed by the 72nd Legislature, Regular Session, 1991, as signed by the
Governor on June 16, 1991, and as filed in this office on June 16, 1991.

IN TESTIMONY WHEREOF, I have
hereunto signed my name officially
and caused to be impressed hereon
the Seal of State at my office in the
City of Austin, this 14th day of
October, 1991.



John Hannah Jr.
Secretary of State

AN ACT

1
2 relating to the authority of the board of directors of the San
3 Jacinto River Authority to adopt and enforce rules, and to contract
4 with local law enforcement agencies.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Chapter 426, Acts of the 45th Legislature,
7 Regular Session, 1937 (Article 8280-121, Vernon's Texas Civil
8 Statutes), is amended by adding Section 8C to read as follows:

9 Sec. 8C. (a) The Board of Directors of the Authority may
10 adopt and enforce rules to:

11 (1) preserve and protect the sanitary condition and
12 prevent waste or unauthorized use of water owned or controlled by
13 the Authority;

14 (2) preserve, protect, secure, and regulate privileges
15 on any Authority property; and

16 (3) ensure the public safety on, in, under, across, or
17 within any Authority property.

18 (b) A rule adopted under this section must clearly define
19 any conduct that constitutes an offense and plainly state the
20 punishment for the offense. In adopting a rule under this section,
21 the Board must prescribe a punishment that is proportionate to the
22 seriousness of the offense. The Board may designate an offense
23 only as a Class C misdemeanor.

24 (c) A rule adopted under this section does not take effect

1 until the Authority has published once a week for two consecutive
2 weeks a substantive statement of the rule and the penalty for
3 violation of the rule in a newspaper with general circulation in
4 each county in which the rule is to be effective. The statement
5 must intelligently explain the purpose to be accomplished by or the
6 acts prohibited by the rule. The statement must advise the public
7 that violation of the rule will subject the violator to a penalty.
8 The statement must advise the public that the full text of the rule
9 is on file in the principal office of the Authority and that any
10 interested person is entitled to read the full text. The Board may
11 use one statement to satisfy the notice requirements of this
12 section for any number of rules the Board adopts. The Board may
13 amend a rule after the rule is adopted, but must meet the notice
14 requirements under this subsection.

15 (d) The violation of a rule is not punishable as an offense
16 unless the violation occurs after the 30th day after the date on
17 which the notice requirements under this section are met. A rule
18 adopted under this section is effective until repealed, revoked,
19 rescinded, or amended by official action of the Board.

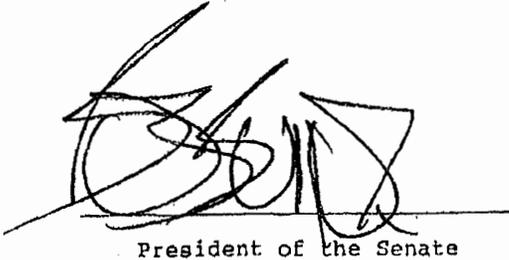
20 (e) A rule adopted under this section shall be recognized by
21 the courts of the state and is enforceable by complaint filed in
22 the appropriate court by the proper prosecuting authority in
23 jurisdiction in which Authority property is located in the same
24 manner as a penal statute under state law. A penalty provided by
25 rule adopted under this section is in addition to any other penalty
26 provided by law. Rules promulgated under the authority of this
27 chapter shall not conflict with any provision of the Parks and

1 Wildlife Code or a rule adopted under the authority of the Parks
2 and Wildlife Code.

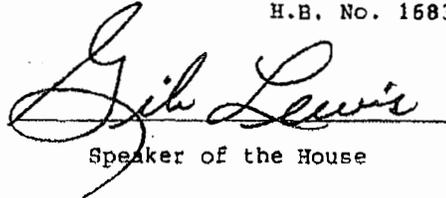
3 (f) The Board, the commissioners court, and the law
4 enforcement officials in a county in which Authority property is
5 located may enter into a contract to provide for the employment,
6 assignment, duties, equipping, or compensation of local law
7 enforcement personnel to enforce the Board's rules. A contract
8 under this subsection may require the Authority to pay to the
9 commissioners court a specified portion of the cost of providing
10 the law enforcement personnel.

11 (g) In this section, "Authority property" means any land,
12 easement, water, property, equipment, work, or facility owned or
13 controlled, in whole or in part, by the Authority, including a
14 reservoir, impoundment, lake, canal, channel, conduit, pipe,
15 siphon, dam, dike, levee, embankment, or berm, but excluding Lake
16 Houston and the San Jacinto River below Lake Houston, except for
17 equipment, works and facilities owned by the Authority at or near a
18 dam site.

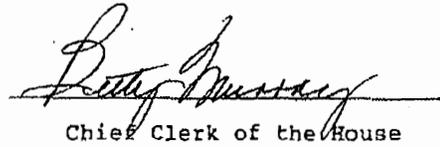
19 SECTION 2. The importance of this legislation and the
20 crowded condition of the calendars in both houses create an
21 emergency and an imperative public necessity that the
22 constitutional rule requiring bills to be read on three several
23 days in each house be suspended, and this rule is hereby suspended,
24 and that this Act take effect and be in force from and after its
25 passage, and it is so enacted.


President of the Senate

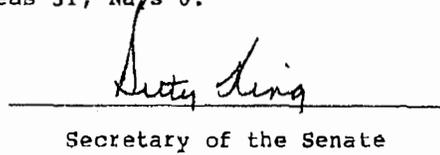
H.B. No. 1683

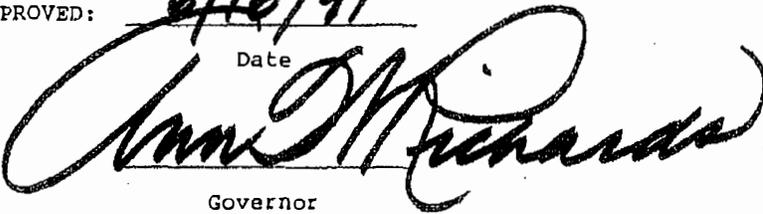

Speaker of the House

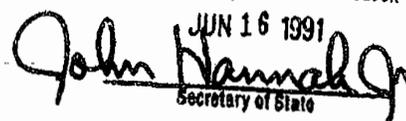
I certify that H.B. No. 1683 was passed by the House on May 14, 1991, by a non-record vote.


Chief Clerk of the House

I certify that H.B. No. 1683 was passed by the Senate on May 21, 1991, by the following vote: Yeas 31, Nays 0.


Secretary of the Senate

APPROVED: 6/16/91
Date

Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
4:00 p.m. O'CLOCK
JUN 16 1991

Secretary of State

CHAPTER 847.

S.B. No. 526

AN ACT

relating to the San Jacinto River Authority board of directors.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 6, Chapter 426, Acts of the 45th Legislature, Regular Session, 1937, is amended to read as follows:

Sec. 6. The management and control of all the affairs of said District shall be vested in, and the powers, rights, privileges, and functions of the District shall be exercised by a Board of Directors consisting of six (6) members, all of whom shall be freehold property taxpayers and legal voters of the State of Texas and four (4) of whom shall be residents of a county wholly encompassed by the District. Members of such Board of Directors shall be appointed by the Governor [~~State Board of Water Engineers~~] for terms of six (6) years. Provided, the present Board of six (6) directors of said District, appointed by the State Board of Water Engineers under authority of House Bill No. 1094, Chapter 613, Acts of the Regular Session of the Forty-seventh Legislature, amending Section 6 of Chapter 426, Acts of the Regular Session of the Forty-fifth Legislature, as amended by House Bill No. 828, Chapter 480, Acts of the Regular Session of the Forty-seventh Legislature, for terms of two (2), four (4), and six (6) years, shall continue to serve as such until the expiration of the respective terms for which they were appointed. Upon the expiration of the terms for which the present members of the Board of Directors were appointed, the successors of each and all of them shall be appointed by the Governor [~~State Board of Water Engineers~~] for a term of six (6) years.

The Directors shall hold office after their appointment and qualification until their successors shall be appointed and qualified. Should any vacancy occur in the Board of Directors, the same shall be filled in like manner by the Governor [~~State Board of Water Engineers~~] for the unexpired term. The Directors appointed shall, within thirty (30) days after their appointment, qualify by taking the official oath required of County Commissioners, and shall execute bond in the sum of Five Thousand Dollars (\$5,000) payable to the District, the sufficiency of which bond shall be determined by the Governor [~~State Board of Water Engineers~~], which bonds after being recorded in the official bond records of the county in which the District maintains its office shall be deposited with the depository selected and approved for the deposit of the funds of the District.

The Board of Directors shall organize by electing one of its members President, one Vice-President, one Secretary, and one Treasurer. Four (4) members, including the presiding officer, shall constitute a quorum to transact business. The President shall preside at all meetings of the Board and shall be the chief executive officer of the District. The Vice-President shall act as President in case of the absence or disability of the President. The Secretary shall act as Secretary of the Board and shall be charged with the duty of keeping a record of all proceedings and all orders of the Board. The Treasurer shall receive and receipt for all moneys received by the District and shall keep books and records of all moneys received and expended. In case of the absence or inability of the Secretary to act, a Secretary pro tem shall be selected by the Directors.

The domicile of the District shall be in the City of Conroe, in the County of Montgomery, Texas, where the District shall maintain its principal office. The Board of Directors shall have authority to fix the time, place and number of meetings of such Board by proper resolutions, regulations and bylaws passed by said Board. Said Board shall cause to be kept complete and accurate accounts conforming to approved methods of bookkeeping. Said accounts and all contracts, documents, and records of the District shall be kept at said principal office, and same shall be open to public inspection at all reasonable times.

SECTION 2. The changes in law made by this Act to Section 6, Chapter 426, Acts of the 45th Legislature, Regular Session, 1937, relating to the appointment and qualifications of members of the board of directors of the San Jacinto River Authority do not affect the entitlement of a member of the board of directors serving immediately before the effective date of this Act to continue to serve on the board of directors for the term to which the member was appointed. As the terms of the members of the board of directors expire or as vacancies on the board of directors occur, the governor shall make appointments to the board of directors as provided by Section 6, Chapter 426, Acts of the 45th Legislature, Regular Session, 1937, as amended by this Act.

SECTION 3. This Act takes effect September 1, 2003.

Passed the Senate on April 10, 2003: Yeas 31, Nays 0; passed the House on May 23, 2003, by a non-record vote.

Approved June 20, 2003.

Effective September 1, 2003.

Chapter 1148

S.B. No. 523

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AN ACT

relating to the sunset review of river authorities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. SUNSET ACT. Chapter 325, Government Code, is amended by adding Section 325.025 to read as follows:

Sec. 325.025. RIVER AUTHORITIES SUBJECT TO REVIEW. (a) A river authority listed in Subsection (b) is subject to a limited review under this chapter as if it were a state agency but may not be abolished.

(b) This section applies to the:

- (1) Angelina and Neches River Authority;
- (2) Bandera County River Authority and Groundwater District;
- (3) Brazos River Authority;
- (4) Central Colorado River Authority;
- (5) Guadalupe-Blanco River Authority;
- (6) Lavaca-Navidad River Authority;
- (7) Lower Colorado River Authority;
- (8) Lower Neches Valley Authority;
- (9) Nueces River Authority;
- (10) Palo Duro River Authority of Texas;
- (11) Red River Authority of Texas;
- (12) Sabine River Authority of Texas;
- (13) San Antonio River Authority;

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- 1 (14) San Jacinto River Authority;
2 (15) Sulphur River Basin Authority;
3 (16) Trinity River Authority of Texas;
4 (17) Upper Colorado River Authority; and
5 (18) Upper Guadalupe River Authority.

6 (c) The limited review under this chapter must assess each
7 river authority's:

- 8 (1) governance;
9 (2) management;
10 (3) operating structure; and
11 (4) compliance with legislative requirements.

12 (d) A river authority shall pay the cost incurred by the
13 commission in performing a review of the authority under this
14 section. The commission shall determine the cost, and the
15 authority shall pay the amount promptly on receipt of a statement
16 from the commission detailing the cost.

17 (e) A river authority reviewed by the commission under this
18 section may not be required to conduct a management audit under
19 Chapter 292, Title 30, Texas Administrative Code.

20 SECTION 2. ANGELINA AND NECHES RIVER AUTHORITY. Subchapter
21 A, Chapter 8501, Special District Local Laws Code, is amended by
22 adding Section 8501.0015 to read as follows:

23 Sec. 8501.0015. APPLICATION OF SUNSET ACT. (a) The
24 authority is subject to review under Chapter 325, Government Code
25 (Texas Sunset Act), but may not be abolished under that chapter.
26 The review shall be conducted under Section 325.025, Government
27 Code, as if the authority were a state agency scheduled to be

S.B. No. 523

1 abolished September 1, 2023, and every 12th year after that year.

2 (b) The authority shall pay the cost incurred by the Sunset
3 Advisory Commission in performing the review. The Sunset Advisory
4 Commission shall determine the cost, and the authority shall pay
5 the amount promptly on receipt of a statement from the Sunset
6 Advisory Commission detailing the cost.

7 SECTION 3. BANDERA COUNTY RIVER AUTHORITY AND GROUNDWATER
8 DISTRICT. Chapter 629, Acts of the 62nd Legislature, Regular
9 Session, 1971, is amended by adding Section 1A to read as follows:

10 Sec. 1A. (a) The district is subject to review under
11 Chapter 325, Government Code (Texas Sunset Act), but may not be
12 abolished under that chapter. The review shall be conducted under
13 Section 325.025, Government Code, as if the district were a state
14 agency scheduled to be abolished September 1, 2023, and every 12th
15 year after that year.

16 (b) The district shall pay the cost incurred by the Sunset
17 Advisory Commission in performing the review. The Sunset Advisory
18 Commission shall determine the cost, and the district shall pay the
19 amount promptly on receipt of a statement from the Sunset Advisory
20 Commission detailing the cost.

21 SECTION 4. CENTRAL COLORADO RIVER AUTHORITY. Subchapter A,
22 Chapter 8505, Special District Local Laws Code, is amended by
23 adding Section 8505.0021 to read as follows:

24 Sec. 8505.0021. APPLICATION OF SUNSET ACT. (a) The
25 authority is subject to review under Chapter 325, Government Code
26 (Texas Sunset Act), but may not be abolished under that chapter.
27 The review shall be conducted under Section 325.025, Government

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1 Code, as if the authority were a state agency scheduled to be
2 abolished September 1, 2017, and every 12th year after that year.

3 (b) The authority shall pay the cost incurred by the Sunset
4 Advisory Commission in performing the review. The Sunset Advisory
5 Commission shall determine the cost, and the authority shall pay
6 the amount promptly on receipt of a statement from the Sunset
7 Advisory Commission detailing the cost.

8 SECTION 5. GUADALUPE-BLANCO RIVER AUTHORITY. Chapter 75,
9 Acts of the 43rd Legislature, 1st Called Session, 1933, is amended
10 by adding Section 1A to read as follows:

11 Sec. 1A. (a) The District is subject to review under
12 Chapter 325, Government Code (Texas Sunset Act), but may not be
13 abolished under that chapter. The review shall be conducted under
14 Section 325.025, Government Code, as if the District were a state
15 agency scheduled to be abolished September 1, 2019, and every 12th
16 year after that year.

17 (b) The District shall pay the cost incurred by the Sunset
18 Advisory Commission in performing the review. The Sunset Advisory
19 Commission shall determine the cost, and the District shall pay the
20 amount promptly on receipt of a statement from the Sunset Advisory
21 Commission detailing the cost.

22 SECTION 6. LAVACA-NAVIDAD RIVER AUTHORITY. Chapter 186,
23 Acts of the 50th Legislature, Regular Session, 1947, is amended by
24 adding Section 1A to read as follows:

25 Sec. 1A. (a) The District is subject to review under
26 Chapter 325, Government Code (Texas Sunset Act), but may not be
27 abolished under that chapter. The review shall be conducted under

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1 Section 325.025, Government Code, as if the District were a state
2 agency scheduled to be abolished September 1, 2023, and every 12th
3 year after that year.

4 (b) The District shall pay the cost incurred by the Sunset
5 Advisory Commission in performing the review. The Sunset Advisory
6 Commission shall determine the cost, and the District shall pay the
7 amount promptly on receipt of a statement from the Sunset Advisory
8 Commission detailing the cost.

9 SECTION 7. LOWER COLORADO RIVER AUTHORITY. Chapter 8503,
10 Special District Local Laws Code, is amended by adding Section
11 8503.0021 to read as follows:

12 Sec. 8503.0021. APPLICATION OF SUNSET ACT. (a) The
13 authority is subject to review under Chapter 325, Government Code
14 (Texas Sunset Act), but may not be abolished under that chapter.
15 The review shall not include the management of the generation or
16 transmission of electricity under the wholesale electricity
17 operation of the authority and the authority's affiliated nonprofit
18 corporations. The review shall be conducted under Section 325.025,
19 Government Code, as if the authority were a state agency scheduled
20 to be abolished September 1, 2019, and every 12th year after that
21 year.

22 (b) In anticipation of the sunset review under Subsection
23 (a), based on the results of an audit, including a
24 performance-related audit, conducted by the state auditor before
25 December 1, 2016, the state auditor may make recommendations to the
26 legislature, including whether a review conducted under Subsection
27 (a) should include the financial operation and management of the

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1 generation or transmission of electricity under the wholesale
2 electricity operation of the authority and the authority's
3 affiliated nonprofit corporations.

4 (c) The authority shall pay the cost incurred by the Sunset
5 Advisory Commission in performing the review under Subsection (a).
6 The Sunset Advisory Commission shall determine the cost, and the
7 authority shall pay the amount promptly on receipt of a statement
8 from the Sunset Advisory Commission detailing the cost.

9 SECTION 8. LOWER COLORADO RIVER AUTHORITY. Section
10 8503.015, Special District Local Laws Code, is amended to read as
11 follows:

12 Sec. 8503.015. AUDITS [~~AUDIT~~]. (a) The authority is
13 subject to the audit provisions of Subchapter G, Chapter 49, Water
14 Code.

15 (b) The authority is subject to the audit provisions of
16 Chapter 321, Government Code. This subsection expires January 1,
17 2017.

18 SECTION 9. LOWER NECHES VALLEY AUTHORITY. Subchapter A,
19 Chapter 8504, Special District Local Laws Code, is amended by
20 adding Section 8504.0021 to read as follows:

21 Sec. 8504.0021. APPLICATION OF SUNSET ACT. (a) The
22 authority is subject to review under Chapter 325, Government Code
23 (Texas Sunset Act), but may not be abolished under that chapter.
24 The review shall be conducted under Section 325.025, Government
25 Code, as if the authority were a state agency scheduled to be
26 abolished September 1, 2021, and every 12th year after that year.

27 (b) The authority shall pay the cost incurred by the Sunset

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1 Advisory Commission in performing the review. The Sunset Advisory
2 Commission shall determine the cost, and the authority shall pay
3 the amount promptly on receipt of a statement from the Sunset
4 Advisory Commission detailing the cost.

5 SECTION 10. NUECES RIVER AUTHORITY. Chapter 427, Acts of
6 the 44th Legislature, 1st Called Session, 1935, is amended by
7 adding Section 1.02A to read as follows:

8 Sec. 1.02A. APPLICATION OF SUNSET ACT. (a) The authority
9 is subject to review under Chapter 325, Government Code (Texas
10 Sunset Act), but may not be abolished under that chapter. The
11 review shall be conducted under Section 325.025, Government Code,
12 as if the authority were a state agency scheduled to be abolished
13 September 1, 2019, and every 12th year after that year.

14 (b) The authority shall pay the cost incurred by the Sunset
15 Advisory Commission in performing the review. The Sunset Advisory
16 Commission shall determine the cost, and the authority shall pay
17 the amount promptly on receipt of a statement from the Sunset
18 Advisory Commission detailing the cost.

19 SECTION 11. PALO DURO RIVER AUTHORITY OF TEXAS. Chapter
20 438, Acts of the 63rd Legislature, Regular Session, 1973, is
21 amended by adding Section 1A to read as follows:

22 Sec. 1A. (a) The Authority is subject to review under
23 Chapter 325, Government Code (Texas Sunset Act), but may not be
24 abolished under that chapter. The review shall be conducted under
25 Section 325.025, Government Code, as if the Authority were a state
26 agency scheduled to be abolished September 1, 2017, and every 12th
27 year after that year.

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1 (b) The Authority shall pay the cost incurred by the Sunset
2 Advisory Commission in performing the review. The Sunset Advisory
3 Commission shall determine the cost, and the Authority shall pay
4 the amount promptly on receipt of a statement from the Sunset
5 Advisory Commission detailing the cost.

6 SECTION 12. RED RIVER AUTHORITY OF TEXAS. Chapter 279, Acts
7 of the 56th Legislature, Regular Session, 1959, is amended by
8 adding Section 1A to read as follows:

9 Sec. 1A. (a) The Authority is subject to review under
10 Chapter 325, Government Code (Texas Sunset Act), but may not be
11 abolished under that chapter. The review shall be conducted under
12 Section 325.025, Government Code, as if the Authority were a state
13 agency scheduled to be abolished September 1, 2019, and every 12th
14 year after that year.

15 (b) The Authority shall pay the cost incurred by the Sunset
16 Advisory Commission in performing the review. The Sunset Advisory
17 Commission shall determine the cost, and the Authority shall pay
18 the amount promptly on receipt of a statement from the Sunset
19 Advisory Commission detailing the cost.

20 SECTION 13. SABINE RIVER AUTHORITY OF TEXAS. Chapter 110,
21 Acts of the 51st Legislature, Regular Session, 1949, is amended by
22 adding Section 2A to read as follows:

23 Sec. 2A. (a) The district is subject to review under
24 Chapter 325, Government Code (Texas Sunset Act), but may not be
25 abolished under that chapter. The review shall be conducted under
26 Section 325.025, Government Code, as if the district were a state
27 agency scheduled to be abolished September 1, 2021, and every 12th

S.B. No. 523

1 year after that year.

2 (b) The district shall pay the cost incurred by the Sunset
3 Advisory Commission in performing the review. The Sunset Advisory
4 Commission shall determine the cost, and the district shall pay the
5 amount promptly on receipt of a statement from the Sunset Advisory
6 Commission detailing the cost.

7 SECTION 14. BRAZOS RIVER AUTHORITY. Chapter 8502, Special
8 District Local Laws Code, is amended by adding Section 8502.0021 to
9 read as follows:

10 Sec. 8502.0021. APPLICATION OF SUNSET ACT. (a) The
11 authority is subject to review under Chapter 325, Government Code
12 (Texas Sunset Act), but may not be abolished under that chapter.
13 The review shall be conducted under Section 325.025, Government
14 Code, as if the authority were a state agency scheduled to be
15 abolished September 1, 2021, and every 12th year after that year.

16 (b) The authority shall pay the cost incurred by the Sunset
17 Advisory Commission in performing the review. The Sunset Advisory
18 Commission shall determine the cost, and the authority shall pay
19 the amount promptly on receipt of a statement from the Sunset
20 Advisory Commission detailing the cost.

21 SECTION 15. SAN ANTONIO RIVER AUTHORITY. Chapter 276, Acts
22 of the 45th Legislature, Regular Session, 1937, is amended by
23 adding Section 1-a to read as follows:

24 Sec. 1-a. APPLICATION OF SUNSET ACT. (a) The District is
25 subject to review under Chapter 325, Government Code (Texas Sunset
26 Act), but may not be abolished under that chapter. The review shall
27 be conducted under Section 325.025, Government Code, as if the

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1 District were a state agency scheduled to be abolished September 1,
2 2023, and every 12th year after that year.

3 (b) The District shall pay the cost incurred by the Sunset
4 Advisory Commission in performing the review. The Sunset Advisory
5 Commission shall determine the cost, and the District shall pay the
6 amount promptly on receipt of a statement from the Sunset Advisory
7 Commission detailing the cost.

8 SECTION 16. SAN JACINTO RIVER AUTHORITY. Chapter 426, Acts
9 of the 45th Legislature, Regular Session, 1937, is amended by
10 adding Section 1A to read as follows:

11 Sec. 1A. (a) The District is subject to review under
12 Chapter 325, Government Code (Texas Sunset Act), but may not be
13 abolished under that chapter. The review shall be conducted under
14 Section 325.025, Government Code, as if the District were a state
15 agency scheduled to be abolished September 1, 2021, and every 12th
16 year after that year.

17 (b) The District shall pay the cost incurred by the Sunset
18 Advisory Commission in performing the review. The Sunset Advisory
19 Commission shall determine the cost, and the District shall pay the
20 amount promptly on receipt of a statement from the Sunset Advisory
21 Commission detailing the cost.

22 SECTION 17. SULPHUR RIVER BASIN AUTHORITY. Sections 1A(a)
23 and (c), Chapter 3, Acts of the 69th Legislature, 1st Called
24 Session, 1985, are amended to read as follows:

25 (a) The authority is subject to review under Chapter 325,
26 Government Code (Texas Sunset Act), but may not be abolished under
27 that chapter [~~as if it were a state agency~~]. The review shall be

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1 conducted under Section 325.025, Government Code, as if the
2 authority were a state agency scheduled to be abolished September
3 1, 2017, and every 12th year after that year [~~Unless the authority~~
4 ~~is continued in existence, the authority is abolished and this Act~~
5 ~~expires September 1, 2017~~].

6 (c) The authority shall pay the costs incurred by the Sunset
7 Advisory Commission in performing the [a] review [~~of the authority~~
8 ~~under this section~~]. The Sunset Advisory Commission shall
9 determine the costs, and the authority shall pay the amount
10 promptly on receipt of a statement from the Sunset Advisory
11 Commission detailing the costs.

12 SECTION 18. TRINITY RIVER AUTHORITY OF TEXAS. Chapter 518,
13 Acts of the 54th Legislature, Regular Session, 1955, is amended by
14 adding Section 1A to read as follows:

15 Sec. 1A. (a) The Authority is subject to review under
16 Chapter 325, Government Code (Texas Sunset Act), but may not be
17 abolished under that chapter. The review shall be conducted under
18 Section 325.025, Government Code, as if the Authority were a state
19 agency scheduled to be abolished September 1, 2023, and every 12th
20 year after that year.

21 (b) The Authority shall pay the cost incurred by the Sunset
22 Advisory Commission in performing the review. The Sunset Advisory
23 Commission shall determine the cost, and the Authority shall pay
24 the amount promptly on receipt of a statement from the Sunset
25 Advisory Commission detailing the cost.

26 SECTION 19. UPPER COLORADO RIVER AUTHORITY. Chapter 126,
27 General Laws, Acts of the 44th Legislature, Regular Session, 1935,

S.B. No. 523

1 is amended by adding Section 1A to read as follows:

2 Sec. 1A. (a) The District is subject to review under
3 Chapter 325, Government Code (Texas Sunset Act), but may not be
4 abolished under that chapter. The review shall be conducted under
5 Section 325.025, Government Code, as if the District were a state
6 agency scheduled to be abolished September 1, 2017, and every 12th
7 year after that year.

8 (b) The District shall pay the cost incurred by the Sunset
9 Advisory Commission in performing the review. The Sunset Advisory
10 Commission shall determine the cost, and the District shall pay the
11 amount promptly on receipt of a statement from the Sunset Advisory
12 Commission detailing the cost.

13 SECTION 20. UPPER GUADALUPE RIVER AUTHORITY. Chapter 5,
14 page 1062, Special Laws, Acts of the 46th Legislature, Regular
15 Session, 1939, is amended by adding Section 1A to read as follows:

16 Sec. 1A. (a) The District is subject to review under
17 Chapter 325, Government Code (Texas Sunset Act), but may not be
18 abolished under that chapter. The review shall be conducted under
19 Section 325.025, Government Code, as if the District were a state
20 agency scheduled to be abolished September 1, 2021, and every 12th
21 year after that year.

22 (b) The District shall pay the cost incurred by the Sunset
23 Advisory Commission in performing the review. The Sunset Advisory
24 Commission shall determine the cost, and the District shall pay the
25 amount promptly on receipt of a statement from the Sunset Advisory
26 Commission detailing the cost.

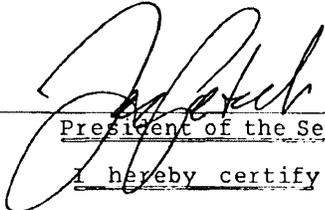
27 SECTION 21. REPEALER. Sections 1A(b) and (d), Chapter 3,

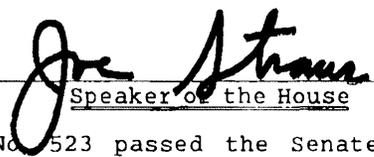
S.B. No. 523

1 Acts of the 69th Legislature, 1st Called Session, 1985, are
2 repealed.

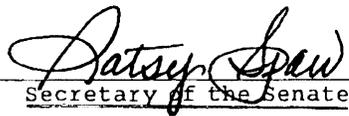
3 SECTION 22. EFFECTIVE DATE. This Act takes effect
4 immediately if it receives a vote of two-thirds of all the members
5 elected to each house, as provided by Section 39, Article III, Texas
6 Constitution. If this Act does not receive the vote necessary for
7 immediate effect, this Act takes effect September 1, 2015.

S.B. No. 523

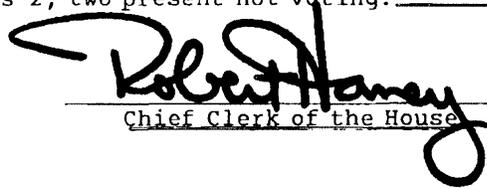

President of the Senate


Speaker of the House

I hereby certify that S.B. No. 523 passed the Senate on April 9, 2015, by the following vote: Yeas 31, Nays 0; May 27, 2015, Senate refused to concur in House amendment and requested appointment of Conference Committee; May 28, 2015, House granted request of the Senate; May 30, 2015, Senate adopted Conference Committee Report by the following vote: Yeas 31, Nays 0.


Secretary of the Senate

I hereby certify that S.B. No. 523 passed the House, with amendment, on May 23, 2015, by the following vote: Yeas 139, Nays 1, two present not voting; May 28, 2015, House granted request of the Senate for appointment of Conference Committee; May 31, 2015, House adopted Conference Committee Report by the following vote: Yeas 141, Nays 2, two present not voting.


Chief Clerk of the House

Approved:

6-16-2015
Date


Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
6:30 pm O'CLOCK

JUN 19 2015

Secretary of State

Exhibit B

RESOLUTION NO. 2018-R-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JACINTO RIVER AUTHORITY ADOPTING LIST OF QUALIFIED BROKERS FOR INVESTMENT TRANSACTIONS.

WHEREAS, the San Jacinto River Authority (the "Authority") is a conservation and reclamation district and a governmental agency and political subdivision of the State of Texas, created and operating under the provisions of Chapter 426, Acts of the 45th Texas Legislature, Regular Session, 1937, enacted pursuant to Article XVI, Section 59 of the Constitution of Texas; and

WHEREAS, Chapter 2256, Texas Government Code, as amended (the "Investment Act"), requires that the Board of Directors of the Authority adopt a specific list of qualified brokers with whom the Authority is authorized to engage in investment transactions.

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

Section 1: The Authority shall be authorized to engage in investment transactions with the financial institutions, brokers and dealers listed in Exhibit "A" hereto.

Section 2: This Resolution shall be effective from and after its adoption and shall remain in force and effect until modified by further action of the Board of Directors. Any similar resolution heretofore adopted by the Board of Directors shall be and is hereby repealed, revoked and rescinded as of the effective date hereof.

APPROVED AND ADOPTED by the Board of Directors of the San Jacinto River Authority, at a regular meeting on the 25th day of January, 2018.

ATTEST:


Secretary, Board of Directors

SAN JACINTO RIVER AUTHORITY


President, Board of Directors



EXHIBIT "A"

LIST OF AUTHORIZED BROKERS

Allegiance Bank	Legg Mason, Inc.
Amegy Bank, N.A., a division of ZB N.A.	LOGIC (Local Gov't. Investment Cooperative)
American Bank of Commerce (ABC Bank)	Lone Star Bank
Austin Capital Bank SSB	Lone Star Investment Pool/First Public, LLC
Bank of America N.A./Merrill Lynch	Lowery Bank, a division of Huntington State Bank
Bank of Texas, a division of BOKF, N.A.	MidSouth Bank, N.A.
Bank of the Ozarks	Moody National Bank
Bank of the West	Morgan Stanley
BBVA – Compass Bank	NewFirst National Bank
Beal Bank SSB	Pioneer Bank
Blackrock Investments, Inc.	PlainsCapital Bank
BOK Financial Securities, Inc.	Plains State Bank
Branch Banking and Trust Company (BB&T)	Post Oak Bank
Business Bank of Texas, N.A.	Preferred Bank
Cadence Bank, N.A.	Prosperity Bank
Capital Bank of Texas	Raymond James Financial, Inc.
Capital One, N.A.	R Bank
Central Bank	RBC Capital Markets/RBC Investments
Chasewood Bank	Regions Bank
Citibank N.A./Citigroup	Robert W. Baird & Company, Inc.
Comerica Bank	Santander Bank, N.A.
Commercial State Bank	Spirit of Texas Bank SSB
Community Bank of Texas	State Street Bank & Trust Co.
East West Bank	Texan Bank
Edward Jones	Texas Capital Bank, N.A.
Federated Investors Inc.	Texas Citizens Bank
Fidelity Investments	Texas C.L.A.S.S.
First Bank and Trust East Texas	Texas Exchange Bank
First Citizens Bank	Texas First Bank
First Financial Bank, N.A.	Texas Gulf Bank, N.A.
First National Bank Texas/First Convenience Bank	TexPool/TexPool Prime
First State Bank Central Texas	Tex Star Investment Pool
First Texas Bank	The Bank of New York Mellon
First United Bank	The Bank of New York Mellon Trust Company, N.A.
Frontier Bank of Texas	The Bank of River Oaks
Frost Bank	The First National Bank of Bastrop
FTN Financial	The Independent Bankers Bank (TIB)
Green Bank, N.A.	Third Coast Bank S.S.B.
Guaranty Bank & Trust, N.A.	Trustmark National Bank
Heritage Bank, N.A.	UBS Financial Services, Inc.
Herring Bank	UBS Securities LLC.
Hilltop Securities, Inc./First Southwest Asset Management	United Bank of El Paso del Norte
HomeTown Bank, N.A.	United Texas Bank
IberiaBank	Unity National Bank
Icon Bank of Texas, N.A.	Wallis State Bank
Independent Bank	Wells Fargo Advisors
Integrity Bank, SSB	Wells Fargo Bank, N.A.
International Bank of Commerce (IBC Bank)	Wells Fargo Investments, LLC
Inter National Bank	Wells Fargo Securities, LLC
J.P. Morgan Chase & Co./J.P. Morgan Securities / JPMorgan Chase Bank, N.A.	Westbound Bank
Legacy Texas Bank	WestStar Bank
	Whitney Bank
	Woodforest National Bank

Effective as of January 1, 2018

Exhibit C

RESOLUTION NO. 2018-R-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JACINTO RIVER AUTHORITY ADOPTING AN AMENDED POLICY FOR INVESTMENT OF AUTHORITY FUNDS AND APPOINTING INVESTMENT OFFICER.

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, enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution (the "Act"); and

WHEREAS, Chapter 2256, Texas Government Code (the "Investment Act"), and Section 49.199, Texas Water Code, require that the Board of Directors of the Authority adopt rules, regulations and policies governing the investment of Authority funds and designate one or more of its officers, employees or authorized representatives to be responsible for the investment of such funds.

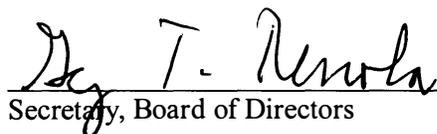
NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN JACINTO RIVER AUTHORITY THAT:

The Investment Policy attached hereto as Exhibit "A", is hereby ADOPTED and shall remain in effect until amended by the Board of Directors of the Authority, and that any resolution, and every amendment thereto, heretofore adopted by the Board of Directors to the Authority establishing policies for the investment of Authority funds and appointing an investment officer shall be and is hereby revoked and superseded effective as of January 25, 2018, the effective date of this resolution.

APPROVED AND ADOPTED by the Board of Directors of the San Jacinto River Authority, at a regular meeting on the 25th day of January, 2018.

ATTEST:

SAN JACINTO RIVER AUTHORITY


Secretary, Board of Directors

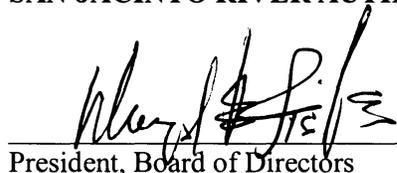

President, Board of Directors



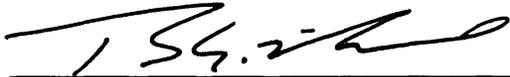
EXHIBIT "A"

**SAN JACINTO RIVER AUTHORITY
INVESTMENT POLICY**

Section 1. Purpose. The purpose of this written policy is to adopt rules and regulations which set forth the Authority's policies with regard to the investment and security of Authority funds or funds under the Authority's control ("Investment Policy"). It is further the purpose of this Investment Policy to ensure that purchases and sales of Authority investments are initiated by authorized individuals, conform to investment objectives and regulations, and are properly documented and approved, and to provide for the periodic review of Authority investments to evaluate investment performance and security, all as required by applicable law.

Section 2. Appointment of Investment Officer; Standard of Care; Liability.

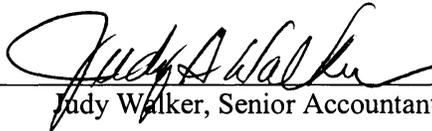
A. The Director of Financial and Administrative Services of the Authority, and the successive holders of such position, shall be and is hereby designated the Investment Officer of the Authority, responsible for supervision of the investment of Authority funds pursuant to this Investment Policy; however, the Authority's Board of Directors shall retain ultimate responsibility as fiduciaries of the Authority's assets. The Authority's Controller, Pam J. Steiger, the Authority's Senior Accountant, Judy Walker, and the Authority's Accountant, Pam Meekins (the "Investment Representatives") shall be authorized to assist the Investment Officer in carrying out the duties of such office. Following are the true, correct and genuine signatures of the Investment Officer and such Investment Representatives:



Tom Michel, Director of Financial and
Administrative Services



Pam J. Steiger, Controller



Judy Walker, Senior Accountant



Pam Meekins, Accountant

B. The standard of care to be applied by the Investment Officer and the Investment Representatives in the administration of their respective duties hereunder shall be the "prudent investor" rule:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

In determining whether an Investment Officer or Investment Representative has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

- (1) the investment of all funds, or funds under the Authority's control, over which the officer or representative had responsibility rather than a consideration as to the prudence of a single investment; and
- (2) whether the investment decision was consistent with the written approved investment policy of the Authority.

C. The Investment Officer and the Investment Representatives shall not be held personally liable for a specific investment's credit risk or market price changes as long as such person acted in accordance with written procedures and the standard of care set forth hereinabove, and provided that such person reports deviations immediately and appropriate action is taken in response to same.

Section 3. Appointment of Investment Officer and Investment Representatives for Investment of Authority Funds. Pursuant to Section 49.157(b), Texas Water Code, the Board of Directors hereby designates the Authority's Investment Officer and Investment Representatives as the authorized representatives of the Authority to (a) invest and reinvest the funds of the Authority; (b) withdraw Authority funds from appropriate accounts of the Authority for the investment of same, but only in accordance with the terms, conditions and restrictions contained in this Investment Policy; and (c) arrange for adequate security for uninsured deposits or funds of the Authority pursuant to and in compliance with a Public Funds Depositor Collateral Security Agreement, which shall be substantially in the form attached hereto as Exhibit "B" or such other form that has been approved through formal action of the Board of Directors of the Authority, and to execute said Agreement(s) and any documentation required in connection therewith on behalf of the Authority.

Section 4. Authority and Duties of Investment Officer and Investment Representatives. The following rules shall apply to the Authority's Investment Officer and Investment Representatives:

A. The Board of Directors hereby instructs the Investment Officer and the Investment Representatives for the Authority to maintain the investments of the Authority in a manner consistent with the rules and regulations set forth in this Investment Policy and the Investment Act.

B. No person, other than those designated in Section 3 above, may invest, transfer, withdraw or otherwise manage Authority funds without express written authority of the Authority's Board of Directors.

C. The Investment Representatives for the Authority, under the supervision of the Authority's Investment Officer, shall invest and reinvest Authority funds only in those investments authorized under this Investment Policy or by the Board, and only in the name of and solely for the account of the Authority. The Investment Representatives for the Authority shall be authorized to wire transfer funds of the Authority or to utilize automated clearinghouse electronic transfer services through the Federal Reserve System for the transfer of funds of the Authority only (1) for the purchase of investments solely in the name of the Authority, (2) for the transfer of all or any portion of the principal of or interest earnings or profits or gains on any investment of the Authority to one or more previously authorized and established accounts of the Authority, (3) for the transfer of Authority funds to any paying agent or escrow agent of the Authority for the defeasance and/or payment of principal and interest payments on any outstanding bonds of the Authority and for the payment of paying agent and/or escrow agent

fees relative to same, or (4) for other purposes, such as payment of Authority bills, pursuant to a resolution or other express written instructions of the Authority's Board of Directors.

D. The Investment Officer and Investment Representatives of the Authority shall, not later than the first anniversary of the date the Investment Officer takes office or assumes such duties, attend a training session of at least six (6) hours of instruction relating to the Investment Officer's responsibilities under the Investment Act from an independent source approved by the Board of Directors of the Authority, and thereafter shall attend at least four (4) hours of additional investment training within each two-year period that begins on the first day of the Authority's fiscal year and consists of the two consecutive fiscal years after that date. Such investment training must include education in investment controls, security risks, diversification of investment portfolio, strategy risks, market risks, and compliance with the provisions of applicable law, as amended.

E. Not less frequently than each fiscal quarter, the Investment Representatives, under the supervision of the Authority's Investment Officer, shall prepare and submit to the Board of Directors of the Authority a written report of investment transactions for all invested funds of the Authority for the preceding reporting period. Such report must (1) describe in detail the investment position of the Authority on the date of the report; (2) be prepared jointly by the Investment Representatives, as applicable, and the Investment Officer of the Authority; (3) be signed by the Investment Officer of the Authority; (4) contain a summary statement of each pooled fund group, if any has been created by the Authority, that states the beginning market value for the reporting period, ending market value for the period, and fully accrued interest for the reporting period; (5) state the book value and market value of each separately invested asset of the Authority at the beginning and at the end of the reporting period by the type of asset and fund type invested; (6) state the maturity date of each separately invested asset that has a maturity date; (7) state the current rating assigned to each investment, investment vehicle, or investment security by a nationally recognized investment rating firm, nationally recognized credit rating agency or nationally recognized rating service, as appropriate; (8) state the account or fund or pooled group fund, if the Authority has any, for which each individual investment was acquired; and (9) state the compliance of the Authority's investment portfolio as it relates to the investment strategy for each account of the Authority as set forth in this Investment Policy and the provisions of applicable law. Such report must be presented to the Board of Directors of the Authority within a reasonable period of time after the end of each fiscal quarter. If the Authority invests in other than (i) money market mutual funds, (ii) investment pools or (iii) accounts offered by its depository bank in the form of certificates of deposit, money market accounts or similar accounts, all of the type authorized under Section 6 of this Investment Policy, the reports prepared under this Section 4.E. shall be formally reviewed at least annually by an independent auditor, and the result of such review shall be reported to the Authority's Board of Directors by that auditor.

F. In the event an investment or investment vehicle in which the Authority has placed funds, or the security therefor, is required to maintain a minimum rating pursuant to the Investment Act fails to maintain the minimum required rating, the Investment Representatives, under the supervision of the Investment Officer, shall take all prudent measures consistent with this Order to liquidate the investment in a reasonable amount of time and reinvest such funds in a conforming investment, if appropriate.

G. In the event Authority funds are invested or reinvested in Certificates of Deposit, the Investment Representatives shall solicit bids or ascertain prevailing rates from at least two (2) banking institutions, either orally, in writing, electronically or by any combination of these methods, for each such investment.

H. All purchases of securities, except investments in investment pools or in mutual funds, shall be made on a delivery versus payment basis.

I. Not less frequently than each fiscal quarter, and as close as practicable to the end of such reporting period, the Authority's Investment Representatives, under the supervision of the Authority's Investment Officer, shall determine the market value of each Authority investment. Such market values shall be included in the written reports submitted to the Authority's Board of Directors pursuant to Section 4.E hereinabove. The following methods shall be used:

- (1) Certificates of deposit shall be valued at their face value plus any accrued but unpaid interest.
- (2) Shares in money market mutual funds and investment pools, if any, shall be valued at par plus any accrued but unpaid interest.
- (3) Other investment securities may be valued in any of the following ways:
 - (a) the lower of two bids for such security obtained from qualified securities brokers/dealers with whom the Authority may engage in investment transactions;
 - (b) the average of the bid and asked prices for such security, as published in *The Wall Street Journal* or *The New York Times*;
 - (c) the bid price for such security published by any nationally recognized security pricing service; or
 - (d) the market value quoted by the seller of the security.

J. A written copy of the Authority's Investment Policy must be presented to any business organization offering to engage in an investment transaction with the Authority. For purposes of this section J., the term "business organization" means an investment pool or an investment management firm under contract with the Authority to invest or manage the Authority's investment portfolio that has accepted authority from the Authority to exercise investment discretion in regard to the Authority for the investment and management of its funds. The "qualified representative" of the business organization offering to engage in an investment transaction with the Authority or an investment management firm shall execute a written instrument in a form acceptable to the Authority substantially to the effect that the business organization or firm has received and reviewed the Investment Policy of the Authority and acknowledges that such business organization or firm has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Authority and such organization or firm that are not authorized by the Authority's Investment

Policy, except to the extent that such authorization is dependent on an analysis of the makeup of the Authority's entire investment portfolio or requires an interpretation of subjective investment standards, or relates to investment transactions of the Authority that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority. The Authority's Investment Officer and Investment Representatives may not acquire or otherwise obtain any authorized investment described in Section 6 hereof from a business organization that has not delivered to the Authority the written statement acknowledging receipt of this Investment Policy in a form substantially similar to that attached hereto as Exhibit "A" (the "Certificate of Compliance"). For purposes of this Section 4.J., the "qualified representative" of a business organization offering to engage in an investment transaction with the Authority means a person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

- (1) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers;
- (2) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution; or
- (3) for an investment pool, the person authorized to sign the written instrument on behalf of the investment pool by the elected official or board with authority to administer the activities of the investment pool.

The "qualified representative" of an investment management firm under contract with the Authority for the investment and management of its public funds is a person who is an officer or principal of such firm.

K. The Investment Officer and the Investment Representatives for the Authority shall disclose in writing to the Board of Directors any (i) "personal business relationship" that they may have with a business organization offering to engage in an investment transaction with the Authority, or (ii) any or relationship within the second degree by affinity or consanguinity, as determined by Chapter 573, Texas Government Code, as amended, to any individual seeking to sell an investment to the Authority. Any written disclosure statement filed with the Board of Directors by the Investment Officer or any Investment Representative pursuant to this section must also be filed with the Texas Ethics Commission. For purposes of this Section 4.K., the Investment Officer or any Investment Representative has a "personal business relationship" with a business organization if:

- (1) such person owns 10 percent or more of the voting stock or shares of the business organization, or owns \$5,000 or more of the fair market value of the business organization;
- (2) funds received by the Investment Officer or Investment Representative from the business organization exceeded 10 percent of such person's gross income for the previous year; or

- (3) such person has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for their personal account.

L. In conjunction with the Authority's annual financial audit, a compliance audit of management controls on investments and adherence to this Investment Policy must be performed. In connection with said compliance audit, the Board of Directors shall review on an annual basis this Investment Policy and investment strategies. In connection with such annual review, the Authority's Board of Directors shall adopt a written resolution stating that it has reviewed this Investment Policy and the investment strategies set forth herein and shall indicate in such resolution either the continuation of this Investment Policy without amendment, or any changes to be made to this Investment Policy and/or the investment strategies herein.

M. In addition to all other requirements set forth herein, the Investment Representatives for the Authority, under the supervision of the Authority's Investment Officer shall invest and reinvest Authority funds in a manner consistent with Chapter 2270, Texas Government Code, relative to prohibition of investment or reinvestment of public funds in publically traded securities of scrutinized companies, as determined by the Texas State Comptroller, engaging in scrutinized business operations in the Sudan, Iran, or with a designated foreign terrorist organization. In the event an investment or investment vehicle in which the Authority has placed funds, or the security therefor, requires divestment in accordance with the requirements of Chapter 2270, Texas Government Code, the Investment Representatives for the Authority, under the supervision of the Authority's Investment Officer, shall sell, redeem, divest, or withdraw all publically traded securities of the company engaging in scrutinized business operations, all in accordance with Chapter 2270.

N. Not later than December 31 of each year, the Investment Representatives of the Authority, under the supervision of the Authority's Investment Officer, shall prepare and file on behalf of the Authority: (i) a publicly available report with the presiding officer of each chamber of the State Legislature and the State Attorney General identifying: (a) all investments sold, redeemed, divested, or withdrawn in compliance with Section 2270.0206, Texas Government Code; (b) all prohibited investments under Section 2270.0209, Texas Government Code; and (c) summarizing any changes made with respect to investments of the Authority exempted from divestment pursuant to Section 2270.0207, Texas Government Code; and (ii) a report with the United States presidential special envoy to Sudan that identifies investments in Sudan identified in the report filed with the State Legislature and Attorney General and any changes made under Section 2270.0207 related to those investments. Prior to December 31 of each year, the Investment Representatives of the Authority, under the supervision of the Authority's Investment Officer, shall provide the Board of Directors of the Authority with a copy of both reports required by this subsection, along with evidence of filing same with the required entities.

Section 5. General Investment Principles. All investments of Authority funds or funds under the Authority's control shall be made in accordance with the following general rules, regulations and policies:

A. Any moneys in any fund of the Authority or in any fund established by the Board of Directors in connection with the authorization of the Authority's bonds, including, but not limited to, proceeds from the sale of such bonds, which funds are not required for the payment of obligations due or to become due immediately, shall be invested and reinvested, from time to time, only in the authorized investments specified in Section 6 hereunder; provided, however, that all such investments shall be secured in the manner provided by applicable law, including the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended, or in such other manner as may be authorized by law from time to time and otherwise suitable for the Authority's needs.

B. The policy of the Authority is to invest Authority funds only in instruments which further the following investment objectives of the Authority stated in order of importance: (1) preservation and safety of principal; (2) understanding of the suitability of the investment to the financial requirements of the Authority and that particular fund; (3) liquidity; (4) marketability of the investment if the need arises to liquidate the investment before maturity; (5) diversity of the investment portfolio; and (6) yield. The type, conditions and maturity date of Authority investments shall be consistent with the cash flow needs and operating requirements of the Authority, as determined from time to time by the Board of Directors, and consistent with the investment strategy for each Authority account as set forth in Section 7 hereunder.

C. If invested in certificates of deposits, the Authority's funds shall be secured, to the extent that such funds are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, by the pledge to the Authority of certain types of securities, as determined in the sole discretion of the Authority, which under the laws of the State of Texas may be used to secure the deposits of conservation and reclamation districts, pursuant to and in compliance with a Public Funds Depositor Collateral Security Agreement which shall be substantially in the form attached hereto as Exhibit "B", the terms and conditions of which are incorporated herein by reference (the "Public Funds Depositor Collateral Security Agreement").

D. Securities pledged to the Authority shall be pledged pursuant to and in compliance with a Public Funds Depositor Collateral Security Agreement to be entered into by and between the Authority and the institution(s) pledging such securities. Securities pledged to the Authority shall either be deposited and held in safekeeping at the trust or safekeeping department of a commercial banking institution located in the State of Texas and not affiliated with the pledging institution(s) or a federal home loan bank, or shall be held in a restricted securities account, joint safekeeping account or other similar account in a branch of the Federal Reserve Bank pursuant to any and all applicable regulations, operating circulars, bulletins and policies of the Federal Reserve Bank, including the terms and conditions of any applicable forms or agreements, as may exist now or hereafter be enacted, promulgated or issued by the Federal Reserve Bank. The Authority's Investment Officer and Investment Representatives shall, within the limits of business practicality and consistent with the Federal Deposit Insurance Corporation Statement of Policy dated March 23, 1993, (or any subsequent applicable Statement of Policy issued by the FDIC) relative to the securing of public funds, ensure that the Authority's uninsured funds are at all times secured as required by the Public Funds Collateral Act (Chapter 2257, Texas Government Code, as amended) and in the manner set forth in the Public Funds Depositor Collateral Security Agreement. The Authority's Investment Officer and Investment Representatives are hereby authorized to execute Public

Funds Depositor Collateral Security Agreements and any agreements, documents or forms required by the Federal Reserve Bank on behalf of the Authority, as and when required, and to approve the substitution of securities pledged to the Authority as collateral pursuant to and in the manner set forth in any Public Funds Depositor Collateral Security Agreement entered into by the Authority.

E. The Board of Directors recognizes that, within the framework of the above rules, decisions must be made concerning the type and duration of each investment transaction and that such decisions are best made by the person responsible for implementing the transaction, based upon the facts and circumstances prevailing at the time. As a guide to making such decisions, it is hereby declared the policy of the Board of Directors that priority should be given to proper security of the Authority's funds over maximizing the yield on investments. Furthermore, in cases where the rate of return on an investment security offered by competing banking institutions are substantially equivalent, the Authority's Investment Officer and Investment Representatives shall give preference to those investments and investment institutions offering the greatest degree of administrative convenience and proximity, and the flexibility of investment arrangements.

F. Except as herein expressly provided, and except for (i) insufficient funds debits for returned items, and (ii) payment of bank service charges (or deductions from interest income in lieu of such payment) established by written agreements with the Authority's depository bank or banks, nothing herein shall be deemed or construed to authorize the withdrawal, expenditure or appropriation of funds of the Authority except by check or draft signed by three (3) members of the Board of Directors, or as otherwise provided by applicable statutes or the resolutions, rules, regulations, policies, orders or proceedings of the Board of Directors. Furthermore, the Board of Directors shall retain sole responsibility for establishing and implementing, from time to time, this Investment Policy, and all investment transactions to be undertaken by the Authority's Investment Officer and the Authority's Investment Representatives pursuant to this Investment Policy shall be subject to the further or more specific directions, instructions, orders, resolutions or actions of the Board of Directors.

Section 6. Authorized Investments. The following categories of investment are authorized for investment of Authority funds:

A. Obligations, including letters of credit, of the United States or its agencies and instrumentalities;

B. Direct obligations of the State of Texas or its agencies and instrumentalities;

C. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas, or the United States or any of their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;

D. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent;

E. Interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;

F. (1) Certificates of deposit that are issued by a depository institution that has its main office or a branch office in the State of Texas that are:

- (a) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
- (b) secured by obligations of the type described in Section 2256.010(a)(2) of the Investment Act; or
- (c) secured in any other manner and amount provided by law for deposits of the Authority pursuant to an approved and fully executed Public Funds Depositor Collateral Security Agreement;

(2) Certificates of deposit that are acquired in the manner described in Section 2256.010(b), Texas Government Code, as amended; provided, however, that each investment of Authority funds in the foregoing shall require specific prior approval by the Board of Directors;

G. Banker's acceptances with a stated maturity of 270 days or fewer from the date of issuance which meet the requirements set forth in Section 2256.012 of the Investment Act;

H. Commercial paper with a stated maturity of 270 days or fewer from the date of issuance which meets the requirements set forth in Section 2256.013 of the Investment Act;

I. No-load money market mutual funds that:

- (1) are registered with and regulated by the Securities and Exchange Commission;
- (2) provide the Authority with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.);
- (3) comply with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.);
- (4) have a dollar-weighted average stated maturity of 90 days or fewer; and
- (5) include in their investment objectives the maintenance of a stable net asset value of \$1.00 for each share;

J. Investment pools which meet the requirements set forth in Section 2256.016 and Section 2256.019 of the Investment Act;

K. No-load mutual funds that:

- (1) are registered with the Securities and Exchange Commission; and
- (2) have an average weighted maturity of less than two (2) years; and
- (3) either:
 - (a) have a duration of one (1) year or more; or
 - (b) have a duration of less than (1) year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and
- (4) are invested exclusively in obligations approved by Subchapter A. of the Investment Act; and
- (5) are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and

L. Fully collateralized repurchase agreements meeting the requirements set forth in Section 2256.011 of the Investment Act, provided that (1) the maximum maturity of same shall not exceed seven (7) days, and (2) unless otherwise authorized by the Board of Directors of the Authority, no such agreement shall waive the sovereign immunity of the Authority;

M. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, provided that the obligation is not:

- (1) an obligation whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- (2) an obligation whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- (3) a collateralized mortgage obligation that has a stated final maturity date of greater than ten (10) years; or
- (4) a collateralized mortgage obligation the interest rate of which is determined by an index that adjusts opposite to the changes in a market index;

N. Bonds issued, assumed or guaranteed by the State of Israel;

O. Guaranteed investment contracts meeting the requirements set forth in Section 2256.015 of the Investment Act, provided that, unless otherwise authorized by the Board of Directors of the Authority, no such contract shall waive the sovereign immunity of the Authority; and

P. Securities lending programs meeting the requirements set forth in Section 2256.0115 of the Investment Act.

Section 7. Investment Strategies. Authority investments shall be made upon the evaluation of the specific investment objectives and strategies of each account of the Authority, with the primary objective for the selection of any Authority investment being the understanding of the suitability of such investment to the financial requirements of the Authority. The Authority's investment strategy for each of its accounts is as follows:

A. General Funds: The Authority's several General Funds are used for all operations and maintenance needs of the Authority. The highest priorities for the accounts comprising the General Funds are the preservation and safety of the principal of investments in the operating account. Of next importance is the liquidity and marketability of an investment if the need arises to liquidate the investment before its maturity. The Authority may conduct cash flow analysis to determine the appropriate liquidity needs for any of the Authority's several General Funds or the accounts comprising such funds. Typically, the Authority will ladder or match investment maturity dates so that any such maturity coincides with a potential expenditure of the Authority. Secondly, should the Authority establish reserve accounts for the benefit of a General Fund, or have funds on hand in a General Fund that are not specifically budgeted towards a specific expenditure, the Authority may invest these funds in various maturing investments as deemed prudent. However, no investment of a General Fund, unless otherwise authorized by the Board, shall exceed (5) five years in final maturity. The Authority may utilize an investment pool to fund some or all of the short-term expenditures.

B. Debt Service Funds: The Authority's several Debt Service Funds are used to pay debt service on outstanding bonds. The highest priority for the accounts comprising the Debt Service Funds is the preservation and safety of principal. Since the Authority knows the amount of its debt service requirements and when it becomes due, investments for such Debt Service Funds should be structured to coincide with the amount and timing of debt service requirements. When the preservation and safety of principal and liquidity considerations for debt service purposes are assured, including the marketability of investments in the event the need arises to liquidate an investment before its maturity, the yield on investments should be considered. Since the amount of Authority funds in the several Debt Service Funds can be significant, diversification of the investment portfolio for such funds may be necessary. The Authority may easily liquidate investments in an investment pool and therefore such investments may be appropriate in combination with longer term investments in the Debt Service Funds. However, no investment of a Debt Service Fund, unless otherwise expressly authorized by the Board, shall exceed (5) five years in final maturity. The Authority may utilize an investment pool to fund some or all of the short-term expenditures.

C. Debt Service Reserve Funds: The Authority's several Debt Service Reserve Funds are used to pay debt service in the event of a shortfall in an underlying Debt Service Fund. Since the Authority knows timing and amounts of future debt service payments, the

Authority should ensure that any investment strategy provides for ample liquidity in the event of a shortfall in a Debt Service Fund. Therefore, the Authority should seek to mitigate interest rate risk arising from investments in a Debt Service Reserve Fund. While Debt Service Reserve Funds are not likely to be needed, unless otherwise expressly authorized by the Board, no investment shall have a final maturity in excess of (5) years in final maturity. Furthermore, any securities purchased for the account of a Debt Service Reserve Fund should be highly marketable securities in the event the Authority needs to raise liquidity.

D. Construction Funds: The Authority's several Construction Funds are used to pay for capital improvements of the Authority. The highest priority for the accounts comprising the Construction Funds is the preservation and safety of principal. In the event that funds held in the several Construction Funds are for particular improvement projects that have been previously identified by the Authority's Board of Directors, the Investment Representatives should secure a schedule of the approximate time when disbursements will be required to be made from such accounts. Investments in the several Construction Funds should be structured so that they mature or can be liquidated on or about the dates that disbursements are expected to be made. Once the safety of principal and liquidity and marketability of investments which are to match certain disbursement dates are assured, the yield on such investments may be considered. Since Authority funds in the several Construction Funds may not be needed for a year or more, longer term instruments should be considered to increase yield. If funds available in any Construction Fund are deemed surplus or are not required for specific improvement projects, such funds should be considered for longer term investment. Investment diversification for large amounts of Authority funds that may be deposited into the several Construction Funds for a very short term may be achieved through the use of an investment pool. Since investment pools are short term in nature, they would normally be used for Authority funds in these accounts only if the Authority knows that it will be disbursing funds in a relatively short period of time. However, on some occasions the yield on investment pools is higher than on longer term investments, so their use may be optimal for other funds in the several Construction Funds. However, no investment in the Construction Funds, unless otherwise Authorized by the Board, shall exceed (5) five years in final maturity. The Authority may utilize and investment pool to fund some or all of the short-term expenditures.

E. Other Funds: From time to time, the Authority may create new Fund types by resolution or order of the Board of Directors. Any investment strategy for such Funds shall take into account the underlying cash flow needs of such Fund. Investment strategy shall correspond to the needs of such Fund. In addition, upon the annual review of the Investment Policy, the Authority may adopt a specific formal investment strategy for any new Fund type. However, no investment in these other Funds, unless otherwise Authorized by the Board, shall exceed (5) five years in final maturity. The Authority may utilize and investment pool to fund some or all of the short-term expenditures.

Section 8. Miscellaneous.

A. In the event of any conflict or inconsistency between the terms of this Investment Policy and applicable requirements of law, such conflict or inconsistency will be resolved in favor of the more restrictive of this Investment Policy or the applicable requirements of law. In the event of any ambiguity or uncertainty as to the intent and application of any part, section, paragraph or provision hereof, a written request for clarification or approval of a proposed action describing such circumstances shall be submitted to the Board of Directors for a decision as to a proper course of action.

B. The rules, regulations and policies set forth herein shall be and remain in full force and effect unless and until amended, revised, rescinded or repealed by action of the Board of Directors. The Authority's Board of Directors specifically reserves the right to change, alter or amend any provision of this Investment Policy at any time.

C. The provisions of this Investment Policy are severable, and if any provision or part of this Investment Policy or the application thereof to any person or circumstances shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Investment Policy and the application of such provision or part of this Investment Policy shall not be affected thereby.

D. All rules, regulations and policies heretofore adopted on the subject matter hereof or in conflict herewith are hereby repealed, revoked and rescinded as of the effective date hereof.

EXHIBIT "A"

**CERTIFICATE OF COMPLIANCE FROM SELLERS OF INVESTMENTS AS REQUIRED BY
THE PUBLIC FUNDS INVESTMENT ACT**

To: San Jacinto River Authority (the "Authority")

From: _____ [Title of such person]
[Name of the person offering
or the "qualified representative"
of the business organization
offering to engage in an investment
transaction with the Authority or of
the Authority's Investment Manager]

of _____ (the "Business Organization")
[Name of financial institution,
business organization or
investment pool]

Date: _____, 20__

In accordance with the provisions of the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, I hereby certify that:

1. I am an individual offering to enter into an investment transaction with the Authority or a "qualified representative" of the Business Organization offering to enter into an investment transaction with the Authority, as applicable, as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the "Seller"), and that Seller meets all requirements under such Act to execute this Certificate.

2. The Business Organization is an investment pool or an investment management firm under contract with the Authority to invest or manage the Authority's investment portfolio that has accepted authority from the Authority to exercise investment discretion in regard to the Authority's funds.

3. Seller anticipates selling to the Authority investments that are authorized by the Authority's Order Establishing Policy for Investment of Authority Funds and Appointing Investment Officer, dated [____], 20__ (the "Investment Policy") and the Public Funds Investment Act (collectively referred to herein as the "Investments").

4. I or a registered investment professional that services the Authority's account, as applicable, have received and reviewed the Authority's Investment Policy now in full force and effect. The Authority has further acknowledged that Seller may rely upon the Investment Policy until the Authority provides Seller with any amendments to or any newly adopted form of the Investment Policy.

5. Seller has implemented reasonable procedures and controls in an effort to preclude investment transactions between the Authority and Seller that are not authorized by the Investment Policy, except to the extent that this authorization is dependent upon an analysis of the Authority's

entire portfolio, requires an interpretation of subjective investment standards, or relates to investment transactions of the Authority that are not made through accounts or other contractual arrangements over which the Business Organization has accepted discretionary investment authority.

6. Seller has reviewed or will review prior to sale, the terms, conditions and characteristics of the investments to be sold to the Authority and has determined or will determine, prior to sale, that (i) each of the Investments is an authorized investment for local governments under the Public Funds Investment Act and (ii) each of the Investments is an authorized investment under the Authority's Investment Policy.

7. Seller acknowledges that the Authority has disclosed and hereby discloses that certain funds within the custody of the Authority which may be deposited or invested with Seller are by law or under a bond indenture required to be set aside to discharge a debt owed to the holder(s) of the Authority's outstanding notes, bonds or other obligations. As such, these funds shall be deemed to be a deposit by a trustee of trust funds of which the holder(s) are pro rata beneficiaries in accordance with 12 C.F.R. §330.15(c). Such funds held in trust for the holder(s) of the Authority's notes, bonds or other obligations are deposited within the account(s) titled "Bond Fund", "Bond Account", "Debt Service Fund", "Debt Service Account", "Interest and Sinking Fund", "Interest and Sinking Account", or other similar name sufficient to satisfy the requirements of 12 C.F.R. §330.5(b) indicating that such funds are pledged towards the payment of principal and interest on the Authority's notes, bonds or other obligations. Seller further acknowledges that the Authority may be acting in a fiduciary capacity on behalf of certain persons or entities who may, in turn, be acting in a fiduciary capacity for subsequent purchasers and/or holders of the Authority's outstanding notes, bonds or other obligations.

8. Seller will continuously maintain an executed copy of this Certificate of Compliance in its "deposit account records" (as defined in 12 C.F.R. §330.1(e)) for so long as Seller holds any funds of or within the custody of the Authority.

By: _____

Name: _____

Title: _____

EXHIBIT "B"

PUBLIC FUNDS DEPOSITOR COLLATERAL SECURITY AGREEMENT

This Public Funds Depositor Collateral Security Agreement (the "Agreement") is made and entered into as of the ___ day of ____, 20__ by and between SAN JACINTO RIVER AUTHORITY (the "Depositor") and _____ ("Bank"), and any prior Agreement between Depositor and Bank relative to the subject matter hereof is hereby terminated as of the date first written above.

RECITALS

Depositor, through action of its Board of Directors, has designated Bank as a depository for Depositor's funds. Funds on deposit with Bank to the credit of Depositor in excess of federal deposit insurance are required to be secured by eligible security as provided for by the Public Funds Collateral Act, V.T.C.A. Government Code Section 2257.001 et seq. (the "Public Funds Law"). Depositor and Bank understand and acknowledge that the amount of Depositor's uninsured deposits in Bank may vary substantially from time to time; that under the circumstances permitted herein, the Bank may release, add to or substitute for the securities pledged by Bank from time to time to secure such uninsured deposits of Depositor; and that it is the intent of the parties that this Agreement be renewed and extended upon and at the time of each permitted release, addition or substitution of collateral securities and thereafter remain in force and effect for the full term thereof until terminated in the manner set forth herein. In order to perfect Depositor's security interest in eligible securities pledged by Bank from time to time to secure such uninsured deposits, the Board of Directors of the Bank (the "Bank Board") has authorized the undersigned Bank officer to enter into this Agreement on behalf of Bank under the terms of which Bank will either [(i) cause _____, a [state or national bank], which has its main office or a branch office in Texas and which has been designated by the State Comptroller as a Texas State Depository to hold the collateral assets in a custody account as bailee for the benefit of Depositor, or (ii)] cause the Federal Reserve Bank or a federal home loan bank ("FHLB") to hold the collateral assets in a restricted securities account, joint safekeeping account or other similar account as custodian/bailee for the benefit of Depositor (such [bank or] FHLB or the Federal Reserve Bank, as the case may be, hereinafter called the "Custodian").

AGREEMENT

Now, therefore, in consideration of the mutual covenants in this Agreement, the parties agree as follows:

1. Grant of Security Interest. To secure the uninsured deposits maintained by Depositor with Bank from time to time, Bank hereby pledges and grants to Depositor a security interest in its Eligible Securities (as defined in the Public Funds Law) which are held, now or hereafter, by Custodian for the benefit of Depositor in accordance with the terms of this Agreement (the "Collateral"). At all times during the term of this Agreement, the Collateral shall consist solely of the following:

general obligations of the United States of America or its agencies or instrumentalities backed by its full faith and credit;

direct obligations of the State of Texas or Texas State agencies and instrumentalities;

collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States of America, the underlying security for which is guaranteed by an agency or instrumentality of the United States of America;

other obligations, the principal and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or the United States of America or their respective agencies and instrumentalities;

obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;

fixed-rate collateralized mortgage obligations that have an expected weighted average life of 10 years or less and which do not constitute a high-risk mortgage security as defined in the Public Funds Law;

floating-rate collateralized mortgage obligations that do not constitute a high-risk mortgage security as defined in the Public Funds Law; and

letters of credit issued by a federal home loan bank.

Bank shall cause Custodian to accept and hold the Collateral as bailee and/or custodian for Depositor to secure Bank's obligation to repay the deposits.

2. Receipts. The Collateral held by Custodian for the benefit of Depositor, as of the effective date of this Agreement, has been described on Trust Receipts (as defined in the Public Funds Law) issued by Custodian, copies of which Custodian has forwarded to Depositor, and such current Collateral is described on Exhibit "A" attached hereto and made a part hereof for all purposes. With respect to additional or substitute Collateral hereafter delivered by Bank to Custodian to hold for the benefit of Depositor, or any releases of securities previously held as Collateral ("Releases"), as contemplated by this Agreement, Bank shall cause Custodian to issue Trust Receipts or Releases describing such additional or substitute Collateral or released securities and promptly forward copies of same to Depositor. Such Trust Receipts and Releases which are furnished to Depositor by Custodian from time to time shall be deemed a part of this Agreement without further action on the part of any party hereto, and this Agreement shall apply to such released, additional or substitute Collateral to the same extent as if it were described on Exhibit "A" attached hereto. If the Custodian is the Federal Reserve Bank, such Trust Receipts or Releases will consist of a written confirmation (the "Advice"). Such Advice shall be subject to the terms and conditions of all applicable regulations, operating circulars, bulletins and policies of the Federal Reserve Bank, including the terms and conditions of any applicable forms or agreements, as may now exist or hereafter be enacted, promulgated or issued by the Federal Reserve Bank (collectively "Applicable Regulations"). If the Custodian is the Federal Home Loan Bank of Dallas ("FHLB Dallas"), notwithstanding the foregoing, such Trust Receipts may be forwarded to Bank with instructions for Bank to immediately forward the same to Depositor. Bank hereby agrees to comply with Custodian's instructions and forward each Trust Receipt to Depositor

immediately upon receipt of same. Upon request of Depositor, Bank agrees to provide or cause Custodian to provide a then-current list of all Collateral pledged by Bank to secure Depositor's funds to update Exhibit "A" to this Agreement. If the Custodian is FHLB Dallas and the Custodian is forwarding Trust Receipts to Bank, Depositor may, at any time and from time to time, request that FHLB Dallas provide one or more Trust Receipts directly to Depositor, and FHLB Dallas shall immediately so provide the requested Trust Receipts to the Depositor, at no cost to the Depositor.

3. Required Collateral Value. Bank agrees with Depositor that the total market value of the Collateral securing uninsured deposits maintained by Depositor with Bank will at all times during the term of the Agreement be not less than (i) one hundred ten percent (110%) of the amount of such uninsured deposits, if the determination of the market value of Collateral is calculated less frequently than weekly by Bank, or (ii) one hundred five percent (105%) of the amount of such uninsured deposits if the determination of the market value of Collateral is calculated at least weekly by Bank (the "Required Collateral Value"). To insure that the Required Collateral Value is maintained, Bank will redetermine, on a daily basis, the amount of Depositor's uninsured deposits (taking into account that day's deposits, accrued interest, disbursements and withdrawals) held by Bank and (using the most recently determined market value of the Collateral) promptly add any additional Collateral which may be necessary to maintain the Required Collateral Value by either (i) depositing with Custodian for the purposes of this Agreement any additional Collateral or (ii) if the Custodian is the Federal Reserve Bank, transferring additional Collateral to a restricted securities account, joint safekeeping account or other similar account maintained by the Federal Reserve Bank. **Determination of the market value of Collateral by Bank will be calculated periodically as indicated by Bank on the signature page hereof or more frequently on Depositor's request;** provided, however, the foregoing shall not relieve Bank of its obligation to fully collateralize at all times the Depositor's uninsured deposits with Bank. If upon the periodic determination of the Collateral's market value as set forth herein, the Required Collateral Value is not then maintained, Bank will promptly deposit with Custodian for the purposes of this Agreement additional Collateral necessary to maintain the Required Collateral Value.

4. Release of Collateral. Custodian shall not release any part of the Collateral without Depositor's written authorization. Depositor agrees to furnish such authorization promptly upon Bank's request under the circumstances described in Sections 5, 6, or 8 of this Agreement. Depositor's authorization to Custodian to release from the Collateral only designated Eligible Securities shall terminate the security interest granted by Bank in this Agreement only with respect to such designated Eligible Securities. If the Custodian is the Federal Reserve Bank, this section shall apply except to the extent it is in conflict with the provisions of the Applicable Regulations, in which event the provisions of the Applicable Regulations shall govern the release of Collateral.

5. Substitution of Collateral. It is hereby agreed that upon obtaining the prior written consent of the Depositor, which consent shall not be unreasonably withheld, substitutions of the Collateral held hereunder may be made at any time so long as the fair market value of the Eligible Securities being substituted is at least equal to the fair market value of the Eligible Securities being removed. If the Custodian is the Federal Reserve Bank, this section shall apply except to the extent it is in conflict with the provisions of the Applicable Regulations, in which event the provisions of the Applicable Regulations shall govern the substitution of Collateral.

6. Excess Collateral. At such times as the aggregate market value of the Collateral held by Custodian exceeds the Required Collateral Value, Depositor, upon request by Bank, shall authorize Custodian to permit Bank to release the excess portion of the Collateral. Custodian shall have no

further liability to Depositor with respect to those Eligible Securities released upon Depositor's authorization.

7. Additional Collateral. If at any time the aggregate market value of Collateral held by Custodian is less than the Required Collateral Value, Bank shall immediately upon learning of such circumstance, and without further action by Depositor, promptly either (i) deposit with Custodian sufficient additional Eligible Securities of the type specified in Section 1 as may be necessary to cause the aggregate market value of the Collateral to equal the Required Collateral Value, or (ii) transfer additional Eligible Securities of the type specified in Section 1 to the restricted securities account, joint safekeeping account or other similar account maintained by the Federal Reserve Bank as may be necessary to cause the aggregate market value of the Collateral to equal the Required Collateral Value and cause the Federal Reserve Bank to issue a corresponding Advice (and Bank will deposit with the Federal Reserve Bank additional Eligible Securities if and to the extent necessary to fulfill its obligations under this Agreement).

8. Earnings and Payments on Collateral. Bank shall be entitled to the interest income and earnings paid on the Collateral and Custodian may dispose of such interest income and earnings as directed by Bank without approval of Depositor, so long as Depositor has not notified Custodian of Bank's default under this Agreement. Bank shall not be entitled to and Custodian shall not release to Bank any partial or full call of the Collateral without Depositor's prior written authorization as described in Section 4 of this Agreement. If the Custodian is the Federal Reserve Bank, this section shall apply except to the extent it is in conflict with the provisions of the Applicable Regulations, in which event the provisions of the Applicable Regulations shall govern the disposition of interest earnings and principal payments on the Collateral.

9. Default and Remedies. If Bank fails at any time to pay and satisfy, when due, any check, draft, or voucher lawfully drawn against any deposit or becomes insolvent or materially breaches its contract with Depositor, a default shall exist under this Agreement and Depositor shall give written notice of such default to Bank, and Bank shall have ten (10) days to cure same. In the event Bank fails to do so, it shall be the duty of Custodian, upon written demand of Depositor, to surrender or transfer the Collateral to Depositor or Depositor's nominee and Bank hereby irrevocably authorizes Custodian to surrender or transfer the Collateral upon the conditions herein specified. Depositor may sell all or any part of such Collateral in a commercially reasonable manner and out of the proceeds of the Collateral may pay Depositor all damages and losses sustained by it, together with all expenses of any and every kind incurred by it on account of such failure or insolvency sale. Depositor shall account to Bank for the remainder, if any, of said proceeds or Collateral remaining unsold. Such sale may be either at public or private sale; provided, however, Depositor shall give Bank ten (10) days' written notice of the time and place where such sale shall take place, and such sale shall be to the highest bidder for cash. Depositor and Bank shall have the right to bid at such sale. If the Custodian is the Federal Reserve Bank, this section shall apply except to the extent it is in conflict with the provisions of the Applicable Regulations, in which event the provisions of the Applicable Regulations shall govern the Depositor's exercise of remedies against the Collateral.

10. Authorization and Records. The Bank Board has authorized the pledge of Bank assets to collateralize uninsured deposits maintained by Depositor pursuant to resolutions substantially in the form of Annex I attached to the form of Resolution Certificate and Certificate of Incumbency attached hereto as Exhibit "B" (the "Resolution Certificate"), and has authorized the undersigned Bank officer to enter into, execute and deliver to Depositor this Agreement on behalf of Bank and to take all action which may be necessary or appropriate to create and perfect the security interest in the Collateral

contemplated hereunder. Bank shall deliver to Depositor a fully executed Resolution Certificate as a condition precedent to the effectiveness of this Agreement and shall advise Depositor immediately of any revocation, amendment or modification thereof. Bank acknowledges that the Authority has disclosed and hereby discloses that certain funds within the custody of the Authority which may be deposited or invested with Bank are by law or under a bond indenture required to be set aside to discharge a debt owed to the holder(s) of the Authority's outstanding notes and/or bonds. As such, these funds shall be deemed to be a deposit by a trustee of trust funds of which the holder(s) are pro rata beneficiaries in accordance with 12 C.F.R. §330.15(c). Such funds held in trust for the holder(s) of the Authority's notes and bonds are deposited within the account(s) titled "Bond Fund", "Bond Account", "Debt Service Fund", "Debt Service Account", "Interest and Sinking Fund", "Interest and Sinking Account", or other similar name sufficient to satisfy the requirements of 12 C.F.R. §330.5(b) indicating that such funds are pledged towards the payment of principal and interest on the Authority's bonds and notes. Bank further acknowledges that the Authority may be acting in a fiduciary capacity on behalf of certain persons or entities who may, in turn, be acting in a fiduciary capacity for subsequent purchasers and/or holders of the Authority's outstanding bonds and notes. Bank shall continuously maintain an executed copy of this Agreement, its copies of all Trust Receipts, Releases and Advices, and the Resolution Certificate among its official "deposit account records" (as defined in 12 C.F.R. §330.1(e)) until such time as this Agreement is terminated and all uninsured deposits of Depositor have been properly and fully paid out. This Agreement may be executed in one or more counterparts, each of which shall be an original.

11. Authorized Representatives; Depositor Agreements. The Depositor hereby confirms that it has previously authorized its Investment Officer and/or Investment Representatives to execute this Agreement and any documentation required in connection therewith, including specifically pursuant to the Applicable Regulations and documentation related thereto, and to represent it and act on its behalf in any and all matters of every kind arising under this Agreement. During the term of this Agreement, the Depositor may further designate an additional officer or officers to singly or jointly represent and act on behalf of Depositor in any and all matters of every kind arising under this Agreement and, in such event, shall provide written notice thereof to Bank. In the event of any conflict between the provisions of this Agreement and any other agreement between the Depositor and the Bank relating to the deposits, this Agreement will control, unless the conflict is with the Applicable Regulations, in which event the Applicable Regulations will control. Bank and Depositor specifically agree that Depositor's prior approval is required for any par-for-par Collateral substitutions.

12. Custodian as Bailee. Custodian will promptly identify the pledge by Bank to Depositor of the Collateral on the Custodian's books and records and any additional or substitute Collateral and issue to Bank and Depositor Trust Receipts covering the Collateral. Similarly, Custodian will promptly remove from its books and records any securities released from the pledge by Bank in compliance with the terms of this Agreement and issue to Bank and Depositor appropriate Releases identifying the released securities. Custodian acknowledges that it is the bailee of Depositor for purposes of Section 2257.044 of the Public Funds Law, and its custodial capacity is deemed to be set forth on any Trust Receipt delivered to Bank and Depositor, whether such capacity is expressly so noted or not. If the Custodian is the Federal Reserve Bank, this section shall not apply, but Bank acknowledges the provisions of the Applicable Regulations which provide that the Federal Reserve Bank is acting as custodian/bailee; that the Collateral identified on the Advice is subject to the custodial provisions of the Applicable Regulations; and that the disposition thereof is subject to Depositor's approval.

13. Financial Condition. Bank will provide a statement of its financial position to the Depositor on at least a quarterly basis. Bank will provide to the Depositor an annual statement audited by its outside auditors including a statement by its outside auditors as to its "fair presentation."

14. Amendment, Modification, Renewal. Each permitted release of previously pledged Collateral and each addition to or permitted substitution for Collateral shall be deemed and considered, without further action by Bank or Depositor, as an amendment to Exhibit "A" attached hereto and a contemporaneous renewal and extension of this Agreement for the term hereinafter stated upon the same terms and containing the same provisions as set forth herein, except as the Collateral subject to this Agreement may be modified or amended thereby; provided, however, that any such renewal and extension shall not affect any transaction entered into prior to such renewal and extension until Bank shall have properly and fully paid out all uninsured deposits (including any uninsured time deposits) and Depositor shall have authorized Custodian to redeliver to Bank's sole control all Collateral then in Custodian's possession. Otherwise, this Agreement may not be amended or modified except by mutual written agreement of the parties hereto.

15. Term. Unless sooner terminated as hereinafter provided, the term of this Agreement, and any renewal or extension hereof resulting from any release, addition to or substitution of securities pledged as Collateral hereunder, shall commence on the date of this Agreement, or the date of such release, addition or substitution, and continue for a term of ten (10) years.

16. Termination. Either Depositor, Bank or Custodian may terminate this Agreement prior to the expiration of the term hereof upon thirty (30) days' advance written notice to the other parties or by entering into a new Public Funds Depositor Collateral Security Agreement which is intended to supersede and replace this Agreement; provided, however, that the terms of this Agreement shall continue to apply to all transactions entered into prior to such termination and until Bank shall have properly and fully paid out all uninsured deposits (including any uninsured time deposits) and Depositor shall have authorized Custodian to redeliver to Bank's sole control all Collateral then in Custodian's possession.

17. Custodian Fees. Any and all fees associated with the Custodian's holding of Collateral for the benefit of the Depositor will be paid by Bank and the Depositor will have no liability therefor.

In witness whereof, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day first above written.

18. Representations. As required by Chapter 2270, Texas Government Code, Bank and Custodian each hereby verify that it does not boycott Israel and will not boycott Israel through the term of this Agreement. For purposes of this verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

DEPOSITOR:

SAN JACINTO RIVER AUTHORITY

By: _____

Name: _____

Title: _____

Bank hereby agrees that it will periodically determine the market value of Collateral and maintain the corresponding Required Collateral Value throughout the term of this Agreement as indicated below (provided, however, that in the event no indication is made below, the Required Collateral Value for all purposes of this Agreement shall be 110%):

Less frequent than weekly No less than 110%

Weekly No less than 105%

BANK:

By: _____

Name: _____

Title: _____

The Custodian, if other than the Federal Reserve Bank, joins in the execution of this Agreement for purposes of Sections 4, 8, 9, 12, 16, and 18, and if the Custodian is the Federal Reserve Bank, such joinder is to be evidenced as set forth in the Applicable Regulations, the Advice and any documentation related thereto.

CUSTODIAN:

By: _____

Name: _____

Title: _____

EXHIBIT "A"

[Description of Eligible Securities Pledged]

EXHIBIT "B"

RESOLUTION CERTIFICATE

AND CERTIFICATE OF INCUMBENCY

OF _____ (BANK)

The undersigned hereby certifies as follows:

1. I am the officer of the Bank holding the title designated on the signature line of this Certificate.

2. Attached hereto as Annex I is a full, true and correct copy of resolutions (the "Resolutions") duly adopted by the [Board of Directors] [Loan Committee] of the Bank in conformity with the Articles of Association and By-laws of the Bank and in accordance with the laws of the State of Texas.

3. The Resolutions have not been amended, modified or rescinded, and are in full force and effect on the date hereof.

4. The Bank is duly organized and existing under the laws of _____.

5. All franchise and other taxes required to maintain the Bank's existence have been paid and none of such taxes are delinquent.

6. No proceedings are pending for the forfeiture of the Bank's authority to do business or for its dissolution, voluntarily or involuntarily.

7. The Bank is qualified to do business in each state where the nature of its business requires such qualification.

8. There is no provision in the Articles of Association, By-laws or any other agreement, indenture or contract to which the Bank or its property is subject which limits the Resolutions, and the Resolutions are in conformity with the provision of the Bank's Articles of Association and By-laws and with proceedings of the Board of Directors.

9. This resolution is made in order to comply with requirements of the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended, and 12 U.S.C. 1823(e), and shall constitute a business record of the Bank and shall be continuously maintained in the official business records of Bank.

10. The undersigned officers have been duly elected to the positions set opposite their respective names below and are qualified to act in the present capacities in which they sign for the Bank.

11. The signatures appearing opposite each of the undersigned officers is his or her authentic signature and each of the undersigned holds the office designated for the same.

<u>Name</u>	<u>Office</u>	<u>Signature</u>
_____	_____	_____
_____	_____	_____

EXECUTED the _____ day of _____, 20__.

Name: _____
Title: [Secretary] [Recording Officer]

ANNEX I
RESOLUTIONS

RESOLVED, that this Bank shall secure all deposits of the San Jacinto River Authority (the "Authority") in excess of amounts insured by the Federal Deposit Insurance Corporation ("Excess Funds") on deposit with the Bank at any time in whatever amount; and further

RESOLVED, in regard to the above referenced deposits, that the Chairman of the Board of Directors, President, any Executive Vice President, any Vice President, any Assistant Vice President, or any other officer of the Bank is hereby authorized and directed to execute for and on behalf of the Bank the following documents, it being further agreed that the execution of any of the same prior to the adoption of these resolutions is hereby ratified, confirmed and adopted:

1. A Public Funds Depositor Collateral Security Agreement (the "Collateral Security Agreement") in favor of the Authority, covering the Collateral described therein;

2. Such other and further documents as may be deemed necessary or desirable by such officer or as required by the Authority in regard to the securing of the Excess Funds; and further

RESOLVED, that the officers executing any of the above described documents are hereby authorized and empowered to do and perform any and all actions required by the terms and provisions of same to execute the same in the name and on behalf of the Bank, in such number of counterparts as the officer or officers executing the same shall deem necessary or desirable, with such terms, conditions, modifications, changes and provisions as the officer or officers executing the same may approve, the execution of such documents to evidence approval of the terms thereof conclusively; and further

RESOLVED, that any and all instruments executed and delivered on behalf of the Bank in connection with these resolutions by any person purporting to be an officer of the Bank shall be deemed to be the act of the Bank and shall be in all respects binding against the Bank; and further

RESOLVED, that all actions of all officers, agents or other representatives of the Bank taken or performed up to the date hereof in respect to the preparation, execution and delivery of the documents, certificates or other instruments contemplated hereby, and the taking prior to the date hereof of any and all actions otherwise required by the terms and provisions of the above referenced documents, be, and they hereby are, in all respects approved, ratified and confirmed; and further

RESOLVED, that this approval is intended to comply in all respects with the requirements of applicable statutory law relating to insurance of accounts including specifically, but without limitation, the requirements of 12 U.S.C.A. §§ 1821(d)(9)(A) and 1823(e); and further

RESOLVED, that any deposit agreements between Bank and Authority and/or the Collateral Security Agreement are all intended to be, and shall be deemed to be, official records of the Bank; and further

RESOLVED, that any deposit agreements between Bank and Authority, the Collateral Security Agreement and these Resolutions shall be continuously maintained in the business records of the Bank.

Exhibit D

RESOLUTION NO. 2018-R-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JACINTO RIVER AUTHORITY AUTHORIZING PARTICIPATION IN SUBMISSION OF A GRANT APPLICATION TO THE TEXAS WATER DEVELOPMENT BOARD FOR A FLOOD PROTECTION PLANNING PROJECT

WHEREAS, the San Jacinto River Authority (“SJRA” or “Authority”) has coordinated with regional governmental entities, including Montgomery County and the Harris County Flood Control District (HCFCD), to participate in submission of an application to the Texas Water Development Board for a grant to conduct a Flood Protection Planning Project (the "Project"); and

WHEREAS, the Project will not duplicate existing projects and will improve existing flood management information and capabilities of the Authority; and

WHEREAS, HCFCD intends to serve as the contracting agency and apply for a grant from the Texas Water Development Board to fund a portion of the Project costs, and the regional participating entities shall fund the remaining Project costs if the grant is awarded and funded:

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

Section 1: The Board of Directors of the Authority hereby finds and declares that:

(a) the Project will be necessary and beneficial to the citizens of Montgomery County and will be particularly beneficial to the Authority, Montgomery County, and the surrounding region in that it will, in part, provide for improved forecasting of flows in the Lake Conroe watershed and will provide for improved Lake Conroe reservoir operations;

(b) the Authority is eligible to participate in preparation and submittal of an application to the Texas Water Development Board for grant funds for the Project;

(c) the Authority will provide matching local resources in connection with the grant, by providing funds in an amount not to exceed \$125,000.00.

Section 2: The Board of Directors authorizes the General Manager to negotiate and enter into a contract or contracts with Montgomery County and/or HCFCD to participate in a regional TWDB grant application for a Flood Protection Planning Project and authorizes expenditure up to \$125,000.00 toward scope related to Lake Conroe watershed and reservoir operations.

Section 3: The Board of Directors authorizes the General Manager to amend the Lake Conroe Division annual budget to provide funding for study participation, as required, but subject to the expenditure limit set forth in Section 2 hereof.

Section 4: The Board of Directors authorizes the General Manager to utilize funds from the financial reserves of the Lake Conroe Division to provide funding for study participation, as required, but subject to the expenditure limit set forth in Section 2 hereof.

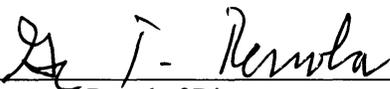
Section 5: The Authority hereby affirms its intention and agreement to provide local matching funds in connection with the grant, as described above, and to enter into written contract(s) with

Montgomery County and/or HCFCO, consistent with the terms and provisions set forth hereabove, as deemed necessary and appropriate in connection with the Project and the grant.

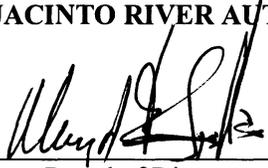
APPROVED AND ADOPTED by the Board of Directors of the San Jacinto River Authority, at a regular meeting on the 25th day of January, 2018.

ATTEST:

SAN JACINTO RIVER AUTHORITY



Secretary, Board of Directors



President, Board of Directors





January 10, 2018

Mr. David Parkhill, PE
San Jacinto River Authority
P.O. Box 329
Conroe, Texas 77305

RE: *Lake Conroe Decision Support Tool*

David:

Thank you for taking time to meet with David Ford and Halff staff on December 20, 2017 to discuss a decision support system for Lake Conroe. Based on our previous discussions, the meeting on December 20, 2017, and work associated with the TWDB San Jacinto River Authority Flood Protection Planning West Fork San Jacinto Floodplain Protection Study Work Order No. 1, we have prepared this conceptual overview of a decision support system for Lake Conroe.

1. WHAT WE PROPOSE

We propose to collaborate with SJRA staff to design, develop, and deploy a decision support system (DSS) using the David Ford Aviso application. The DSS will provide information about meteorological and hydrologic conditions to support operational decision making at Lake Conroe. That information will include, for example, forecasts of future lake inflows based on real-time rainfall and predictions of lake elevation impacts resulting from candidate lake release schedules.

We propose also to train SJRA staff on how to use efficiently the DSS.

2. WHAT WE WILL INCLUDE IN THE DSS

The DSS will include (a) a rainfall-runoff-routing model with which lake inflow can be forecasted based on real-time rainfall across the watershed and (b) a model of lake storage and operation. To the extent feasible, the rainfall-runoff-routing model will be the HEC-HMS model as developed by Halff for other flood studies. The lake model will be the existing SJRA lake model, adapted for the DSS with assistance of knowledgeable users at SJRA.



The models will be coupled, so data and information will move from one to another in a seamless manner. For example, forecasted inflows from the rainfall-runoff-routing model will be provided automatically to the lake model so a user of the DSS can easily assess candidate releases iteratively.

Results of models will be displayed within the DSS in graphical and tabular form for ready inspection by a user. The DSS also will store results in an MS SQL Server database managed by the SJRA information technology (IT) group, from which the results can be disseminated as SJRA desires.

3. WHERE WE WILL GET AND HOW WE WILL MANAGE DATA

We understand SJRA has access to hydrometeorological data from an extensive network of rainfall and streamflow gages and to a gage-adjusted radar (GAR) estimate of rainfall. The data and the GAR estimate are managed and displayed by OneRain's Contrails system. The DSS will fetch data needed from this source. We propose to work with SJRA IT staff to develop an automated process to retrieve limited data from Contrails as required for each analysis. Those data will be stored in a limited-access MS SQL Server database on a server at SJRA's office. The DSS will be configured to retrieve needed data from this SQL Server database.

4. WHAT THIS WOULD COST AND WHEN IT WOULD BE USABLE.

The cost of the DSS will depend on the design agreed upon by SJRA and the Ford/Halff team. Typical costs for designing, developing, deploying similar systems and for training users are \$200-250 thousand dollars. There is no annual licensing or other recurring charge for the DSS. The Ford/Halff team will be available for further support or enhancements on an as-needed hourly basis following deployment of the DSS and training of SJRA staff. A DSS for SJRA can be available for initial use within 6-9 months of initiation of work assuming baseline rainfall-runoff-routing models (see Item #2) are complete.

5. WHAT THE NEXT STEP IS

The next step is to develop a more detailed scope and fee proposal for the DSS for SJRA based on the conceptual overview presented in this document.



If you have any questions, please do not hesitate to contact us. We are prepared to provide a more detailed scope and fee proposal at your request.

Sincerely,

HALFF ASSOCIATES, INC.

A handwritten signature in blue ink, appearing to read "Andrew Ickert".

Andrew Ickert, PE, CFM
Vice-President

Cc: Sam Hinojosa
David Ford