

**BOARD OF DIRECTORS
SAN JACINTO RIVER AUTHORITY
MINUTES OF REGULAR MEETING
APRIL 26, 2018**

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 a.m., April 26, 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 Mark Micheletti, Assistant Secretary Jim Alexander, Treasurer Ronnie Anderson, and Board Members Ed Boulware, and Kaaren Cambio 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, Public Relations Manager Ronda Trow, Woodlands Division Manager Chris Meeks, GRP Division Manager Mark Smith, Lake Conroe Division Manager Bret Raley, Highlands Division Manager Kim Wright, Administrative Services Manager Cynthia Bowman, Financial Advisor Jan Bartholomew, 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. Micheletti.

3. PUBLIC COMMENTS

Ms. Dianne Lansden, Mr. Bill Fowler, Mr. Bob Rehak, and Ms. Jennifer Trimble, all of Kingwood, Texas, spoke in favor of a temporary lowering of Lake Conroe when needed, until a permanent solution could be implemented. Mr. Mike Bleier, Montgomery, Texas, stated that most homeowners around Lake Conroe would be in favor of a modest, temporary seasonal lowering of Lake Conroe, however he asked that an item for discussion be placed on next month's agenda to address questions and concerns related to same.

4. DIVISION UPDATES

a. G & A:

Mr. Houston introduced Mr. Chuck Gilman, Director of Flood Management with the San Jacinto River Authority. He stated that Mr. Gilman will focus on all facets of flood management in and around the San Jacinto River basin outside of Harris County and collaborate with those entities responsible for flood management within Harris County. Mr. Houston provided updates related to discussions regarding dredging initiatives of the lower west fork of the San Jacinto River; a regional flood study facilitated by Harris County Flood Control District, Montgomery County, and the San Jacinto River Authority; and the Texas Water Conservation Association's Flood Response Committee, created for the purpose of providing a central place for discussion of potential education and policy responses, as well as the development of educational materials detailing the roles and responsibilities of entities, the purpose of reservoirs, and the different flood mitigation strategies.

b. G & A:

Ms. Trow reported on recently attended meetings of the Kingwood Tea Party, Grassroots Flood Prevention Initiative, stating that progress continues related to education and networking.

c. G & A:

Mr. Michel briefly mentioned the financials package and stated that the Fiscal Year budget will be presented in July.

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 no update relative to Raw Water.

g. Lake Conroe:

Mr. Raley provided information related to an emergency procurement in the amount of \$15,000, for a temporary repair to the west embankment drainage system, which contains twenty relief wells that are tasked with collecting subsurface water to prevent the uplift of the embankment and carrying it away through a ditch that crosses Dam Site Road. He stated that SJRA owns the easement west of Dam Site Road and also has an easement on the east side. Mr. Raley explained that water was getting dangerously close to leaving said easement, which precipitated the emergency repair. He went on to explain the details of a permanent repair that will take place in the near future as well as a pilot study of the relief wells.

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. Micheletti and carried unanimously.

G&A**a. Unaudited Financials for the Month of March, 2018**

Approve the unaudited financials for the month of March, 2018.

6. REGULAR AGENDA

a. G&A

1. Resolution Creating and Establishing a Flood Management Division

Mr. Page explained the necessity of creating a Flood Management Division due in part to Governor Abbott's direction to immediately identify solutions to prevent flood events along the West Fork of the San Jacinto River; to implement immediate and long-term solutions to protect the lives and property of Texans living in the watershed; and to identify funding to implement a long-term plan that better protects areas downstream. He went on to explain the sections within the proposed resolution which further the mission set out by the Governor as well as ministerial duties related to the creation of the division with regard to budget. Mr. Boulware stated that Section 2 specifies addressing flood events along the West Fork of the San Jacinto River and inquired if that statement restricts any other activities outside of the West Fork. Mr. Houston and Mr. Page agreed that the words "West Fork" should be stricken from Sections 2 and 3 of the proposed resolution, explaining that the wording was from the Governor's original charge, however the intent was to broaden the effort to cover the entire basin outside of Harris County. Mr. Boulware made a motion to adopt Resolution No. 2018-R-07, of the San Jacinto River Authority Board of Directors, attached hereto as Exhibit "A", creating and establishing a separate operating division of the San Jacinto River Authority to be known and designated as the Flood Management Division. The motion was seconded by Mr. Alexander and carried unanimously.

2. Flood Management Division Operating Budget

Mr. Houston explained the necessity to amend the Fiscal Year 2018 budget to provide a funding mechanism for the Flood Management Division for the remainder of the fiscal year. He stated that the majority of funds will be used for personnel and professional fees for the division. Mr. Anderson made a motion to approve the amended Fiscal Year 2018 operating budget for the Flood Management Division. The motion was seconded by Mr. Alexander and carried with all present voting aye.

3. Flood Management Activities

Consider presentation regarding flood management activities, including proposal for seasonal lowering of Lake Conroe on a temporary basis, and consider authorizing the General Manager to coordinate with the City of Houston and the Texas Commission on Environmental Quality and to take all other steps necessary to implement same.

Mr. Houston discussed the need for a near-term flood mitigation strategy. He cited the two most frequently-mentioned strategies, which are dredging of the San Jacinto River, and a joint reservoir operation strategy between Lake Houston and Lake Conroe. He stated that the goal is to provide some near-term flood mitigation benefit, while taking into account upstream and downstream impacts, water supply risks, and flood mitigation benefits. Mr. Houston stated that he and City of Houston staff previously met to provide a framework or a starting point for the Board to discuss options to address this issue. He explained that part of the proposal is a seasonal lowering of Lake Conroe in the spring and fall. He explained that some factors remain to be addressed, such as approval of any proposal by the City of Houston as well as addressing some hurdles related to the Texas Commission on Environmental Quality ("TCEQ") rules relative to accounting for the releases of water from both reservoirs. He further explained that if TCEQ determines the releases must be treated as a use of water supply, the ruling would be

detrimental to the proposal. Mr. Houston provided information related to the proposal, as discussed between SJRA staff and City of Houston staff. He explained that the City of Houston is considering a year-round pre-release strategy for Lake Houston. According to the City's proposal, if the National Weather Service forecast predicted a basin average rainfall greater than three inches, then twenty-four hours prior to the rainfall, a pre-release to lower Lake Houston by one foot would take place to bring the mean sea level ("msl") to 41.5 feet. Mr. Houston stated that Lake Houston has very little development downstream between the dam and the bay, and City staff feel that they can safely pre-release a large quantity of water prior to an event. Mr. Houston then reviewed the Lake Conroe proposal citing that from a reservoir operations standpoint, the recommendation is the opposite of the proposal for Lake Houston. He stated that pre-release is not considered a safe option for Lake Conroe. Further, he stated that entities downstream (City of Houston, Harris County Flood Control District, and Coastal Water Authority) prefer to have the rivers and Lake Houston as low as possible prior to a storm event. Mr. Houston went on to say that pre-releasing from Lake Conroe would be counterproductive to the Lake Houston strategy. Mr. Houston explained that the current proposal is a spring seasonal lowering beginning April 1st to May 15th, maintaining a six-inch reduction in normal pool elevation. Further, in the fall, beginning September 1st to October 31st, maintain a one-foot reduction in normal pool elevation. He stated that Lake Conroe would be lowered at a rate of 400-1,000 cubic feet per second ("cfs") (which is about ½-inch to 1-inch per day), and if rain enters the forecast, releases would stop to allow the river to drain. Mr. Houston reiterated that this proposal is just a framework for discussion and is open to any suggestions by the Board. Ms. Cambio asked for clarification related to the start dates regarding the lowering for Lake Conroe both in the spring and fall. Mr. Tisdale suggested that the following be a temporary policy framework to be reviewed every twenty-four months to make changes as other effective mitigation policies are implemented. Further, he suggested a seasonal lowering of Lake Conroe begin on August 15th, which would be adequate time to bring the level down to 199 feet, contingent upon the approval of the City of Houston to implement comparable and coordinated releases of Lake Houston, as well as their support on the temporary changes and willingness to accept the reduction. Further, Mr. Tisdale suggested that a one-foot reduction be implemented in the spring. He stated that these strategies would need the support of elected officials, along with the City of Houston, and other entities, as the San Jacinto River Authority has no authority to impose directives relative to the City of Houston. Mr. Alexander suggested that the proposed policy be reviewed annually instead of every two years. Mr. Micheletti asked that instead of the fall lowering beginning on August 15, that it begin on August 1, to ensure more of an impact during the months of August and September. Mr. Anderson and Mr. Alexander inquired about technical issues with regard to doubling the initial proposal. Mr. Houston reiterated that the proposal was not a recommendation, however a starting point had to be developed for a near-term strategy. He continued by saying that from a technical standpoint, as long as the lake is lowered at a relatively slow pace allowing enough time for the soils in the embankment to safely drain, then there would be no impacts to the structure; however, from a water supply impact, it is contingent upon TCEQ and how they will determine to treat the releases. Mr. Houston continued by giving statistics related to firm yield in terms of water rights. Mr. Alexander inquired how the proposed policy aligns with normal seasonal changes. Mr. Houston replied that it is difficult to define "normal" over the past several years, however prior to 2010, he stated that it would be the norm for the lake to be one-foot low in August. Mr. Houston stated that the City of Houston ran into issues related to pre-release relative to environmental and wildlife concerns. He stated that fish spawning in shallow areas of lakes occurs in the spring and SJRA would have to contact Texas Parks and Wildlife to determine the impacts of same. Mr. Micheletti reiterated Mr. Tisdale's proposal to lower Lake Conroe to 199 feet msl as opposed to a certain number of feet, which would be a key factor in terms of possible drought. Mr. Alexander reiterated that the policy is a temporary management activity, which is not intended to alter the original design of the lake as a water

supply lake. Mr. Parkhill reiterated that the policy is contingent upon TCEQ's ruling, stating that if they determine to treat the releases as a diversion, the ability to lower the lake may no longer be an option. Mr. Page explained that if TCEQ requires the releases to be debited against SJRA and City of Houston water rights, then it would be a significant impact to the City of Houston's backup water supply. He suggested, in the event TCEQ maintains its position of counting against water rights in Lake Conroe, that the Board authorize staff to prepare and file a permit application with TCEQ, which would modify the joint SJRA/City of Houston water right permit for Lake Conroe. Mr. Boulware stated that he would like to see the policy renewed annually versus reviewed annually. After discussion, Ms. Cambio made a motion as follows: (1) For the spring season, starting April 1st and through the end of May, gradually reduce to and maintain the level of Lake Conroe at 200 feet msl (one foot below normal pool); if a storm enters the forecast while releases are being made to lower the lake level, releases should be stopped and the river allowed to drain out until rainfall is out of the forecast; starting on June 1st, begin to capture flows to restore normal lake elevation. (2) For the fall season, starting August 1st, gradually reduce the level of Lake Conroe with a goal of reaching 200 feet msl (one foot below normal pool) by August 15th; after August 15th, continue gradually lowering the level of Lake Conroe with a goal of reaching (and maintaining) 199 feet msl (two feet below normal pool) by August 31st; if a storm enters the forecast while releases are being made to lower the lake level, releases should be stopped and the river allowed to drain out until rainfall is out of the forecast; starting October 1st, begin to capture flows to restore normal lake elevation. (3) Authorize staff to propose this strategy to the City of Houston for its consideration; (4) Authorize staff to propose this strategy to TCEQ and if needed, authorize the filing of a permit modification to add a special provision to temporarily lower the lake seasonally without it counting as a diversion; (5) This policy shall be reviewed and renewed annually at the February Board meeting with the purpose of creating a near-term, temporary flood mitigation benefit while more permanent mitigation strategies, such as dredging of the lower West Fork, are completed; and (6) Implement a comprehensive communication effort with the City of Houston and others to explain this proposal and educate the public regarding its purpose and benefits. The motion was seconded by Mr. Micheletti and carried unanimously.

b. WOODLANDS

It was announced that Regular agenda items 6b1 through 6b4 would be considered together and that Regular agenda item 6b8 would not be considered.

Mr. Meeks presented information relative to the Wastewater Treatment Facility No. 1 Solids Processing and Sludge Dewatering Improvements project, by first explaining the procurement methodologies related to same. Mr. Meeks stated the existing sludge dewatering building at Wastewater Treatment Facility No. 1 (WWTF No. 1) was built in 1975 whereas the belt press and associated equipment were installed in 1980, both of which have deteriorated structurally due to age and the corrosive environment at the facility. He stated this project includes replacement of the existing building and belt press along with the addition of a second belt press to meet TCEQ requirements for redundancy. Mr. Meeks stated that funding will be provided by bond proceeds, capital proceeds, as well as repair and replacement funds. Mr. Alexander made a motion to approve agenda items 6b1 through 6b4. The motion was seconded by Mr. Micheletti and carried unanimously.

1. Construction Contract for Wastewater Treatment Facility No. 1 Solids Processing and Sludge Dewatering Improvements

Authorize the General Manager to execute a construction contract with Industrial TX Corp., in the amount of \$5,620,800, for Wastewater Treatment Facility No. 1 Solids Processing and Sludge Dewatering Improvements in The Woodlands.

2. Professional Services Agreement and Work Order No. 1 for Construction Inspection Services for Wastewater Treatment Facility No. 1 Solids Processing and Sludge Dewatering Improvements

Authorize the General Manager to execute a professional services agreement and Work Order No. 1 with Project Surveillance, Inc., in an amount not to exceed \$151,635, for construction inspection services for Wastewater Treatment Facility No. 1 Solids Processing and Sludge Dewatering Improvements in The Woodlands.

3. Professional Services Agreement and Work Order No. 1 for Construction Phase Services for Wastewater Treatment Facility No. 1 Solids Processing and Sludge Dewatering Improvements

Authorize the General Manager to execute a professional services agreement and Work Order No. 1 with CDM Smith, Inc., in an amount not to exceed \$204,623.75, for construction phase services for Wastewater Treatment Facility No. 1 Solids Processing and Sludge Dewatering Improvements in The Woodlands.

4. Professional Services Agreement and Work Order No. 1 for Construction Materials Testing for Wastewater Treatment Facility No. 1 Solids Processing and Sludge Dewatering Improvements

Authorize the General Manager to execute a professional services agreement and Work Order No. 1 with Geotest Engineering, Inc., in an amount not to exceed \$139,734, for construction materials testing for Wastewater Treatment Facility No. 1 Solids Processing and Sludge Dewatering Improvements in The Woodlands.

5. Fiscal Year 2018 Operating Budget for the Woodlands Division

Mr. Meeks presented information relative to amending the Woodlands Division Fiscal Year 2018 operating budget by stating that The Woodlands MUDs require a review and evaluation of any excess funds that exist at the end of the previous fiscal year. He went on to explain that excess funds in the amount of \$1,801,319 were identified at the close of Fiscal Year 2017. He stated that the Woodlands Joint Powers Association Trustees as well as The Woodlands MUDs recommended approval of \$100,000 to be used for unforeseen engineering expenses related to water quality concerns and capacity requirements of the system; and \$400,000 be used for water and sewer pipeline systems and other maintenance related to the systems. Mr. Anderson made a motion to approve an amended Fiscal Year 2018 Operating Budget for the Woodlands Division. The motion was seconded by Mr. Boulware and carried unanimously.

- 6. Resolution declaring the existence of a public necessity for the construction of facilities for the transportation, distribution, and delivery of water, and the collection and transportation of wastewater, including reasonable and necessary appurtenances thereto, and authorizing the acquisition, by donation, purchase, or exercise of the power of eminent domain, of property and property interests necessary for such facilities, including water distribution lines, sanitary sewer gravity lines, sanitary sewer force mains, and lift stations for the Woodlands Division**

Mr. Page explained that the Woodlands Division audits water and wastewater facilities owned and operated by the Woodlands Division to ensure ownership of all real property rights for such facilities. In doing so, he stated staff has identified certain water and wastewater lines that are located outside of dedicated easements. Further, he stated that it may be necessary to exercise the power of eminent domain to acquire the necessary real property rights to access, maintain, rehabilitate, or replace the existing utilities. Mr. Page explained the process as related to Chapter 2206 of the Texas Government Code. He stated that the proposed resolution encompasses the Force Main Project as well as other easements identified. Mr. Page further explained that the proposed resolution authorizes the General Manager and the Deputy General Manager to negotiate on behalf of the Authority and proceed with condemnation actions, if necessary. Ms. Cambio moved that the San Jacinto River Authority adopt Resolution No. 2018-R-08, of the San Jacinto River Authority Board of Directors, attached hereto as Exhibit "B", declaring the existence of a public necessity for the construction of facilities for the transportation, distribution, and delivery of water, and the collection and transportation of wastewater, including reasonable and necessary appurtenances thereto, and authorizing the acquisition, by donation, purchase, or exercise of the power of eminent domain, of property and property interests necessary for such facilities, and authorize the use of the power of eminent domain to acquire all units of property along the general route depicted on Exhibit A attached to said resolution for the public purpose of the acquisition, establishment, development, and construction of facilities for the transportation, distribution, and delivery of water and collection and transportation of wastewater within and without the watershed of the San Jacinto River, including all reasonable and necessary appurtenances for the construction, installation, operation, and maintenance of such facilities. The motion was seconded by Mr. Anderson and carried unanimously.

Mr. Page then explained that Regular agenda item 6b7 relates to land acquisition support services to assist in building the record for each property. Mr. Page also explained Regular agenda item 6b9 engages the services of Hunton Andrews Kurth in the event condemnation proceedings occur. Mr. Anderson made a motion to approve Regular agenda item 6b7 and 6b9 as presented. The motion was seconded by Mr. Micheletti and carried unanimously.

- 7. Work Order No. 2 for Land Acquisition Support Services for the Lift Station No. 5 Force Main Replacement Project**

Authorize the General Manager to execute Work Order No. 2 with Property Acquisition Services, LLC, in an amount not to exceed \$121,500, for land acquisition support services for the Lift Station No. 5 Force Main Replacement Project in The Woodlands.

- 8. Work Order No. 3 for Land Acquisition Support Services for Various Utility Line Easements**

This item was not considered.

9. Engagement Letter with Hunton Andrews Kurth, LLP

Authorize the General Manager to execute an engagement letter with Hunton Andrews Kurth, LLP, regarding legal representation for land/easement acquisition for the Woodlands Division.

c. RAW WATER ENTERPRISE

1. Work Order No. 2 for Professional Engineering Final Design and Procurement Phase Services for Wallisville Road Siphon Improvements

Ms. Wright provided information related to final design and procurement phase services for Wallisville Road Siphon Improvements. Mr. Boulware made a motion to authorize the General Manager to execute Work Order No. 2 with Texas Water Engineering, PLLC, in the amount of \$101,767.75, for professional engineering final design and procurement phase services for the Wallisville Road Siphon Improvements in Highlands. The motion was seconded by Ms. Cambio and carried unanimously.

7. BRIEFINGS AND PRESENTATIONS

a. Presentation of the Raw Water Enterprise Rate Study.

Ms. Wright provided information related to the Raw Water Enterprise Rate Study stating that the study and model development are based on assumptions, forecasts, projections, and other relative information ascertained during the course of the study. She stated that key elements considered were customer demand quantities, customer behaviors, weather, feasibility of alternative water supplies and the reliability of existing structures and associated risk. Ms. Wright introduced Ms. Angie Flores with the outside consulting firm Raftelis. Ms. Flores explained that the rate model development is now complete as well as the draft report. She explained that the purpose of the rate study was to develop a rate and financial planning model that could identify the current and future revenue requirements as well as provide benchmarks to compare similar agencies' various financial and rate policies. She stated that the rate model will be used as a tool by staff that can be updated annually during the budget process. Ms. Flores discussed assumptions and methodologies used to forecast existing and future rates which include raw water demand, operations and maintenance expense, project funding, debt service, and reserve fund contributions. Ms. Flores concluded that based upon all assumptions, the Fiscal Year 2019 proposed rate will be \$0.4650, representing an approximate 8% increase from the current rate which includes the additional \$0.015/1,000 gallons for the Flood Management Division.

b. Presentation of Draft GRP Fiscal Year 2019 Budget and Rates.

Mr. Kelling stated that the draft Fiscal Year 2019 budget and rates were presented to the GRP Review Committee on April 23, 2018, and staff was given a directive by the committee that no rate increase be implemented this fiscal year. Mr. Smith recapped the GRP Division objectives for Fiscal Year 2019, and provided information relative to assumptions, total water demand projections, operating budget revenues, budgeted expenditures, risks, project requests, and operating fund balance. Mr. Smith stated that the proposed Fiscal Year 2019 rate for groundwater pumpage fee is \$2.64/1,000 gallons and the treated surface water fee is \$2.83/1,000 gallons, both rates remaining unchanged from the current Fiscal Year 2018 rates. Mr. Smith concluded that the GRP Division will continue to keep all GRP participants in compliance with LSGCD rules, continue to deliver treated surface water to customers that meet or exceed all of the State and Federal guidelines and requirements, and will not increase rates in Fiscal Year 2019.

8. EXECUTIVE SESSION

The meeting was called into Executive Session at 11:12 a.m., under the provisions of Section 551.071, Texas Local Government Code, consultation with attorney.

9. RECONVENE IN OPEN SESSION FOR ACTION FOLLOWING EXECUTIVE SESSION, IF NECESSARY

The meeting was reconvened in open session at 11:48 a.m. No action was taken regarding the items discussed in executive session.

10. ANNOUNCEMENTS / FUTURE AGENDA

Mr. Tisdale announced that the next San Jacinto River Authority Board of Directors meeting will take place on May 24, 2018.

11. ADJOURN

Without objection, the meeting was adjourned at 11:49 a.m.



Mark Micheletti
Secretary, Board of Directors



Exhibit A

RESOLUTION NO. 2018-R-07

A RESOLUTION CREATING AND ESTABLISHING A SEPARATE OPERATING DIVISION OF THE SAN JACINTO RIVER AUTHORITY TO BE KNOWN AND DESIGNATED AS THE FLOOD MANAGEMENT DIVISION.

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 by and operating under the provisions of Chapter 426, Acts of the 45th Texas Legislature, Regular Session, 1937, as amended (compiled as Vernon's Annotated Texas Civil Statutes, Article 8280-121), enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution (such series of acts being hereinafter collectively referred to as the "Act"); and

WHEREAS, the Act authorizes the Authority, among other matters, 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, and 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; and

WHEREAS, the Authority has not exercised such authority with respect to the said watershed as a whole because, among other reasons, the Authority receives no appropriations from the State of Texas to fund such efforts, the Authority is not authorized to levy and collect an ad valorem tax to fund such efforts, the creation of a county-wide flood control district and the application of sales and use tax revenues to fund such efforts were rejected by the voters of Montgomery County in 1985, and no public or private entity has sought to partner with or contract with the Authority to fund such efforts; and

WHEREAS, Hurricane Harvey made landfall on the Texas coast on August 25, 2017, and stalled over southeast Texas for days, producing historic rainfall and devastating flooding within the San Jacinto River basin and other river basins; and

WHEREAS, Board of Directors of the Authority believes that Hurricane Harvey may have served as a catalyst to focus the public and all levels of government on the need to develop and implement regional flood management strategies and infrastructure; and

WHEREAS, the Governor of the State of Texas has directed the Authority to immediately identify what can be done to prevent flood events along the West Fork of the San Jacinto River, implement immediate and long-term solutions to protect lives and property of Texans living in the watershed, and identify funding to implement a long-term plan that better protects areas downstream; and

WHEREAS, the Board of Directors of the Authority has determined that a separate division of the Authority should be created to focus on flood management strategies and infrastructure; Now, therefore,

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

Section 1: There is hereby created and established and there shall be maintained a separate division of the San Jacinto River Authority to be known and designated as the Flood Management Division.

Section 2: The Flood Management Division is hereby authorized and directed to identify projects and other actions that may be undertaken by the Authority to address flood events along the San Jacinto

River and protect the lives and property of Texans living within the watershed. Further, the Flood Management Division is hereby authorized and directed to identify sources of funding to undertake such projects and actions.

Section 3: Subject to the oversight and direction of the Board of Directors of the Authority, and the identification of sufficient funding sources therefor, the Flood Management Division shall implement immediate and long-term solutions to address flood events along the San Jacinto River and protect the lives and property of Texans living within the watershed.

Section 4: The Flood Management Division, among other matters, shall prepare, keep, and maintain a separate, annual budget for such division that encompasses the annual revenues and expenses of such division. There shall be allocated to the Flood Management Division a proportional share of the direct and indirect costs of the Authority's general and administrative, managerial, accounting, purchasing, legal, fiscal, human resources, information technology, technical, and other support services related to the performance by the Authority and such Division. Further, the Flood Management Division shall keep separate books of account that shall be audited annually.

PASSED and APPROVED this 26th day of April, 2018, at a regular meeting of the Board of Directors of the San Jacinto River Authority.

ATTEST:



Secretary, Board of Directors

SAN JACINTO RIVER AUTHORITY:



President, Board of Directors

(SEAL)



Exhibit B

RESOLUTION NO. 2018-R-08

A RESOLUTION DECLARING THE EXISTENCE OF A PUBLIC NECESSITY FOR THE CONSTRUCTION OF FACILITIES FOR THE TRANSPORTATION, DISTRIBUTION, AND DELIVERY OF WATER, AND THE COLLECTION AND TRANSPORTATION OF WASTEWATER, INCLUDING REASONABLE AND NECESSARY APPURTENANCES THERETO, AND AUTHORIZING THE ACQUISITION, BY DONATION, PURCHASE, OR EXERCISE OF THE POWER OF EMINENT DOMAIN, OF PROPERTY AND PROPERTY INTERESTS NECESSARY FOR SUCH FACILITIES, INCLUDING WATER DISTRIBUTION LINES, SANITARY SEWER GRAVITY LINES, SANITARY SEWER FORCE MAINS, AND LIFT STATIONS FOR THE WOODLANDS DIVISION

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

WHEREAS, the San Jacinto River Authority (the "Authority") is a governmental agency and body politic and corporate of the State of Texas created pursuant to Chapter 426 (H.B. 832), Acts of the 45th Texas Legislature, R.S., 1937, amended by Chapter 10 (H.B. 941), Acts of the 46th Texas Legislature, R.S., 1939, amended by Chapter 480 (H.B. 828) and Chapter 613 (H.B. 1094), Acts of the 47th Texas Legislature, R.S., 1941, amended by Chapter 371 (H.B. 696), Acts of the 48th Texas Legislature, R.S., 1943, amended by Chapter 366 (S.B. 224), Acts of the 52nd Texas Legislature, R.S., 1951, amended by Chapter 547 (H.B. 1282), Acts of the 60th Texas Legislature, R.S., 1967, amended by Chapter 698 (H.B. 1683), Acts of the 72nd Texas Legislature, R.S., 1991, and amended by Chapter 847 (S.B. 526), Acts of the 78th Texas Legislature, R.S., 2003 (collectively referred to as the "Act"), to accomplish the purposes provided by Section 59, Article XVI, Texas Constitution; and

WHEREAS, the Authority is authorized by the Act, the Interlocal Cooperation Act, Chapter 791, Texas Government Code, as amended, Chapters 30 and 49, Texas Water Code, as amended, and the general laws of the State of Texas, among other matters, to purchase, construct, acquire, own, operate, maintain, repair, improve, or extend, inside and outside its boundaries, any and all works, improvements, facilities, plants, equipment, appliances, contract rights, water rights and interests in property necessary to provide a water supply system and a waste disposal system for serving its needs and/or the needs of its customers; and

WHEREAS, the Authority has entered into contracts with the various municipal utility districts located within The Woodlands, Texas, for the financing, construction and operation of the Woodlands Water Supply System and the Woodlands Waste Disposal System to serve such customers of the Woodlands Division of the Authority; and

WHEREAS, the Board of Directors (the "Board") of the Authority deems it necessary and proper and in the public interest to acquire, establish, develop, and construct certain facilities for the Woodlands Water Supply System and the Woodlands Waste Disposal System, including appurtenances determined to be reasonable and necessary for the construction, installation,

operation, and maintenance of such facilities (such facilities and appurtenances being referred to collectively as the "Facilities"); and

WHEREAS, the Authority will be installing water distribution lines, sanitary sewer gravity lines, sanitary sewer force mains, and lift stations as part of the Facilities; and

WHEREAS, in order to establish, develop, and construct the Facilities, it will be necessary to acquire certain properties and property interests at the general locations and along the general routes depicted in Exhibit "A" attached hereto and incorporated herein for all purposes; and

WHEREAS, it is necessary, proper, and in the public interest, and a public necessity exists, for the Authority to acquire, by donation, purchase, or exercise of the power of eminent domain, the properties, rights-of-way, easements, and other property interests necessary for the construction, installation, operation, and maintenance of the Facilities.

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

Section 1. Findings and Determinations. The declarations, determinations, and findings declared, made, and found in the preamble to this Resolution are hereby adopted, restated and made a part of the operative provisions hereof.

Section 2. Acquisition of Property and Property Interests.

- A. There exists a public necessity and it is in the public interest for the Authority to acquire, by donation, purchase, or exercise of the power of eminent domain, properties, rights-of-way, easements, and other property interests for the construction, installation, operation, and maintenance of the Facilities and communication facilities at the locations and along the general routes depicted in Exhibit "A" for the transportation, distribution, and delivery of water, and the collection and transportation of wastewater for the Woodlands Division of the Authority; and
- B. In the event the necessary properties, rights-of-way, easements, and other property interests cannot be acquired voluntarily, the Authority's legal counsel, under the direction of the Authority's General Manager or the Deputy General Manager is authorized to initiate proceedings to acquire such properties through the power of eminent domain.

Section 3. Delegation of Authority. The Board of the Authority hereby delegates to the Authority's General Manager or the Deputy General Manager the following duties and responsibilities with respect to the design and development of the Facilities and communication facilities and the acquisition of properties and property interests necessary for the construction, installation, operation, and maintenance of such facilities and appurtenances:

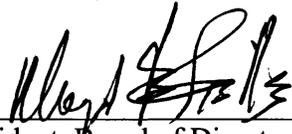
- A. To determine, in consultation with the Authority's engineers, the final location, alignment, and route for the Facilities to be constructed and installed;

- B. To determine the properties and property rights to be acquired and the terms for such acquisitions, including, as the General Manager or the Deputy General Manager may determine to be necessary and appropriate, whether to acquire fee simple interests, permanent or temporary easements, or other property interests;
- C. To negotiate, or to delegate the authority to negotiate to such other entities or individuals as the General Manager or the Deputy General Manager may deem to be appropriate, with the respective owners of the public and private properties on and across which the Facilities are to be constructed and installed regarding the acquisition of the properties and property interests determined to be necessary for the construction, installation, operation, and maintenance of such facilities and appurtenances;
- D. To arrange for, or to delegate to such other entities or individuals as the General Manager or the Deputy General Manager may deem appropriate the authority to arrange for, the preparation of surveys across and appraisals of the properties and property interests on and across or upon which the Facilities are to be constructed and installed and to commence eminent domain proceedings necessary to acquire such properties and property interests; and
- E. To do and perform all such other acts and things and to enter into, execute, and deliver all such certificates, agreements, applications, affidavits, acknowledgements, instruments, contracts, statements, and other documents that, in the judgment of the General Manager or the Deputy General Manager, Operations are necessary or appropriate to effectuate and carry out the purposes and intent of the foregoing resolutions.

Section 4. Effective Date. This Resolution shall be effective upon its adoption and shall remain in effect until amended or rescinded by the Board of the Authority.

[SIGNATURE PAGE FOLLOWS]

APPROVED and ADOPTED this 26th day of April, 2018.



President, Board of Directors

ATTEST:

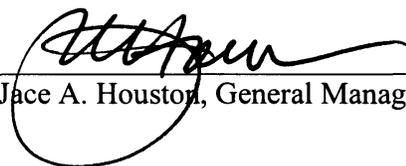


Secretary, Board of Directors
(SEAL)



(2) A true, full, and correct copy of the aforesaid Resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; such Resolution has been duly recorded in said Board's minutes of such meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board's minutes of such meeting pertaining to the adoption of such Resolution; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance of the time, place, and purpose of such meeting and that such Resolution would be introduced and considered for adoption at such meeting and each of such officers and members consented, in advance, to the holding of such meeting for such purpose; such meeting was open to the public, as required by law, and public notice of the time, place and purpose of such meeting was given as required by Texas Government Code § 551.043, as amended, and § 49.063 of the Texas Water Code, as amended.

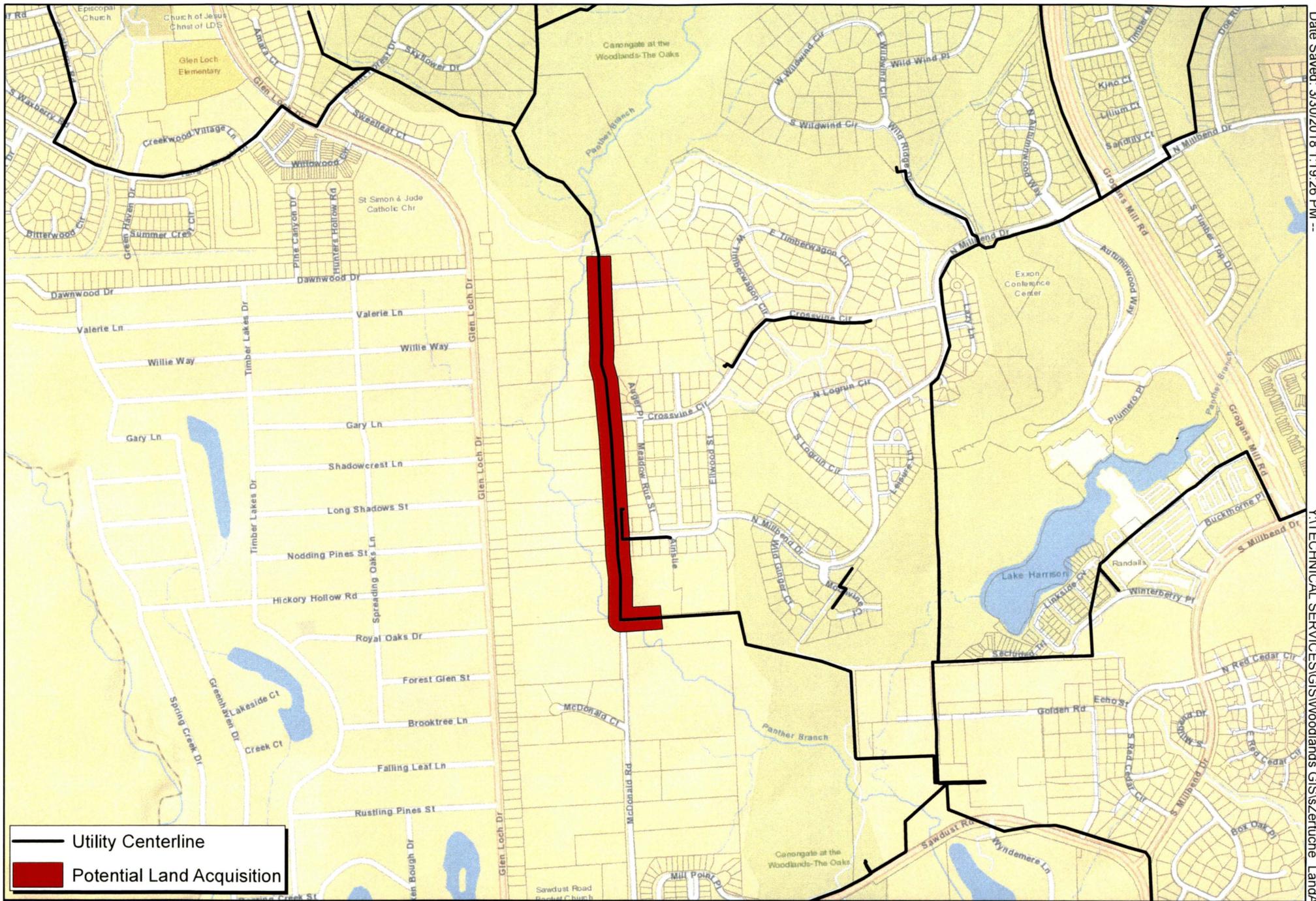
SIGNED AND SEALED the 26th day of April, 2018.



Jace A. Houston, General Manager

(SEAL)

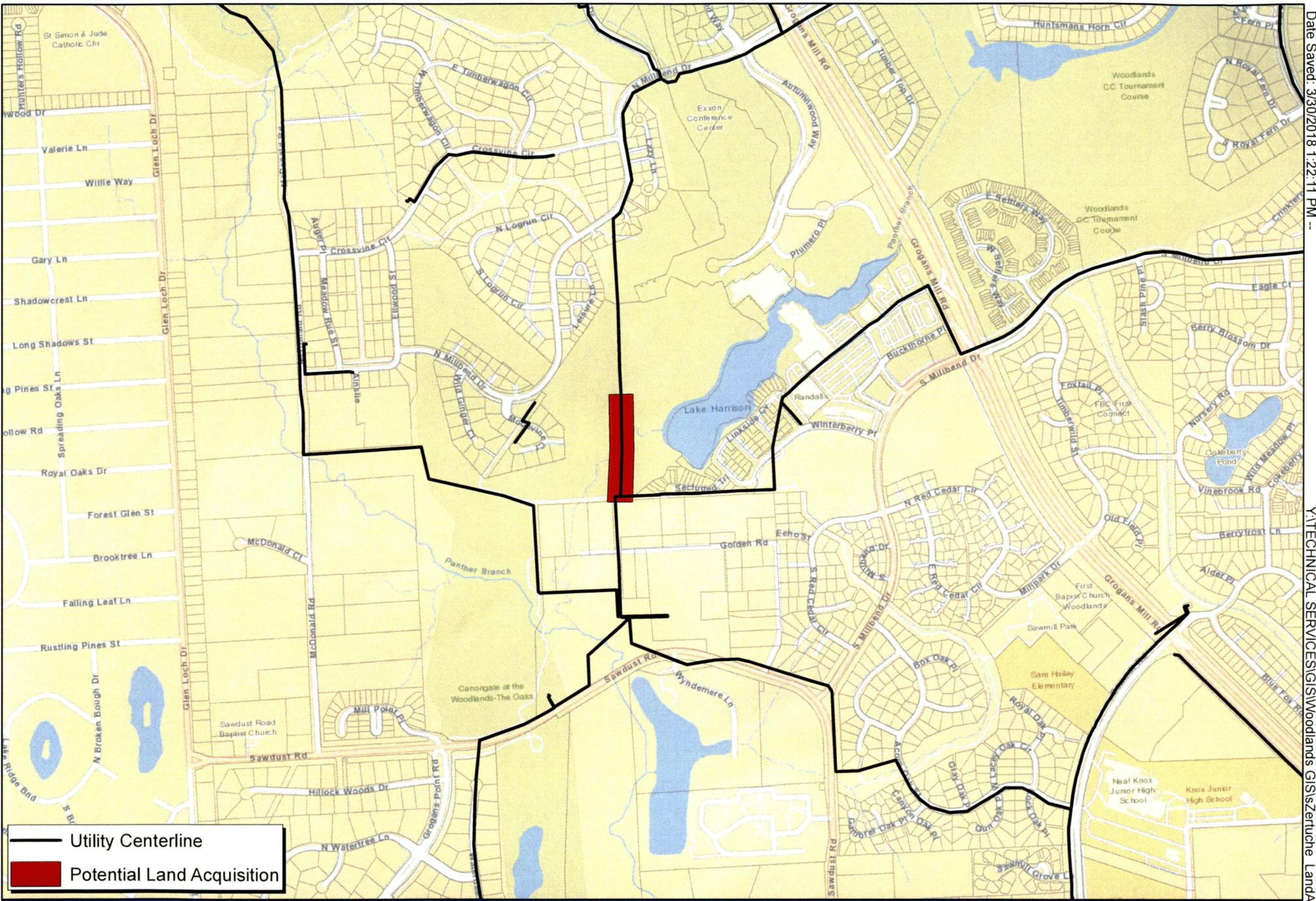




-  Utility Centerline
-  Potential Land Acquisition

The Woodlands Potential Land Acquisition Exhibit A (1 of 7)

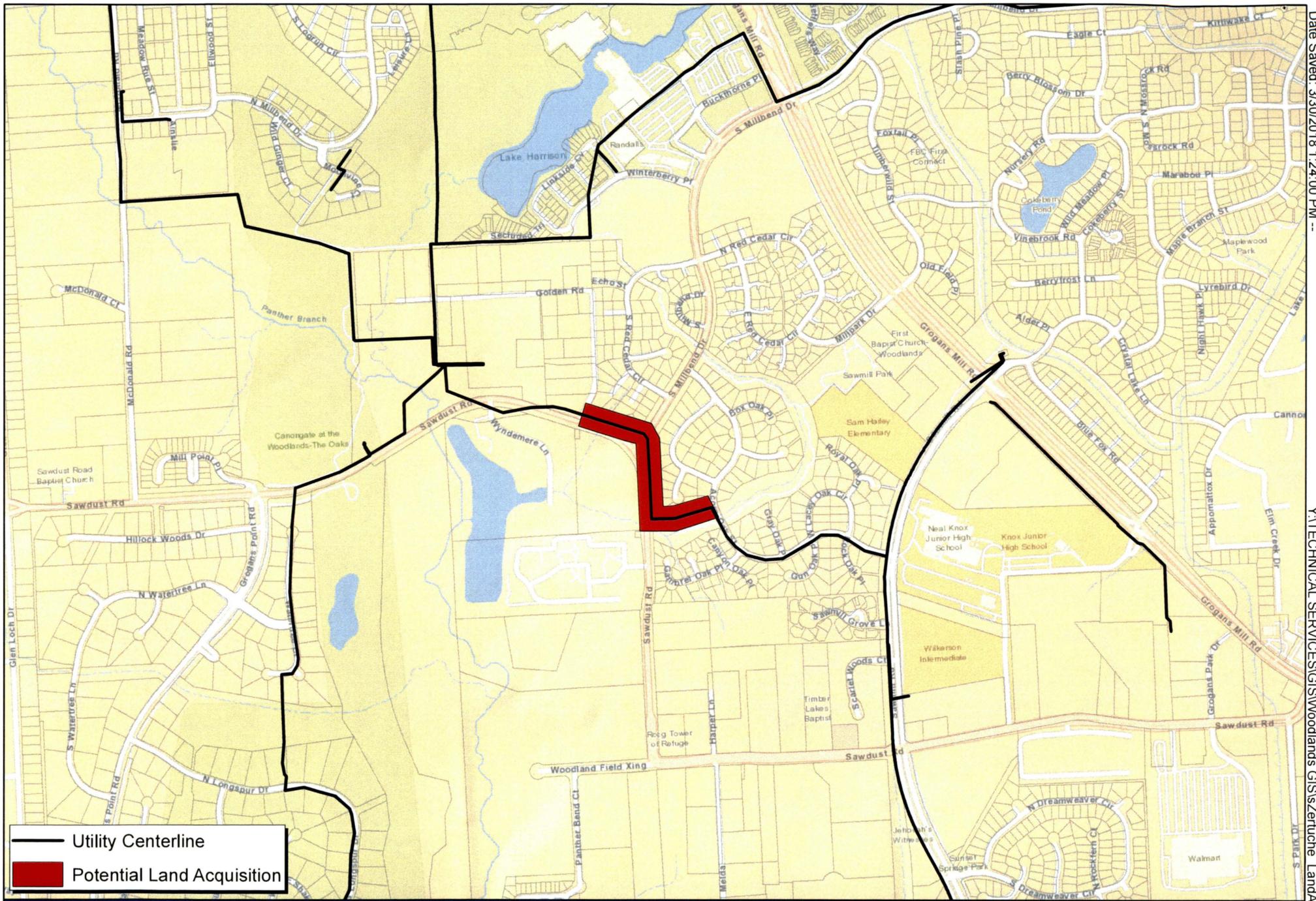




-  Utility Centerline
-  Potential Land Acquisition

The Woodlands Potential Land Acquisition Exhibit A (2 of 7)

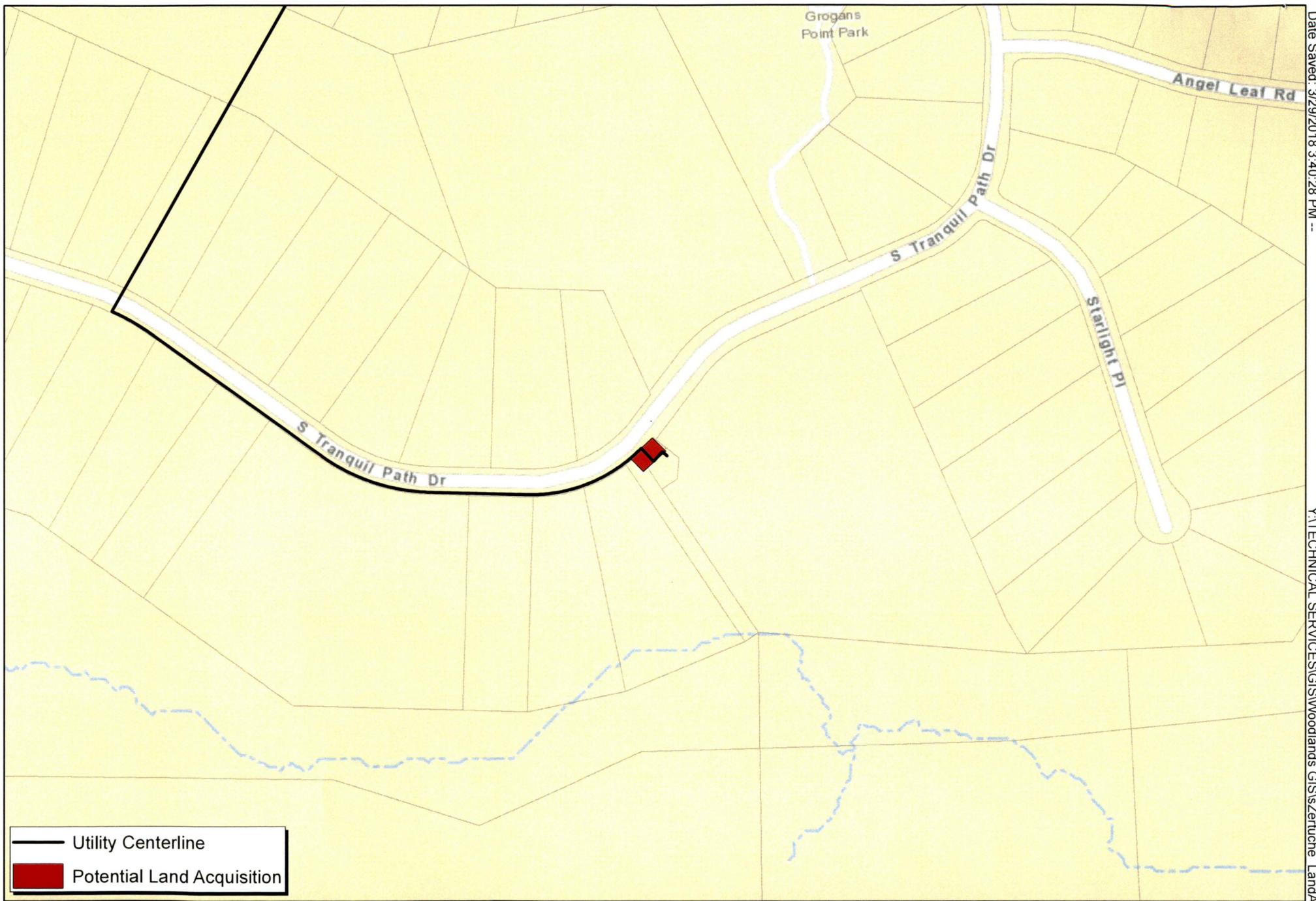




— Utility Centerline
 ■ Potential Land Acquisition

The Woodlands Potential Land Acquisition Exhibit A (3 of 7)



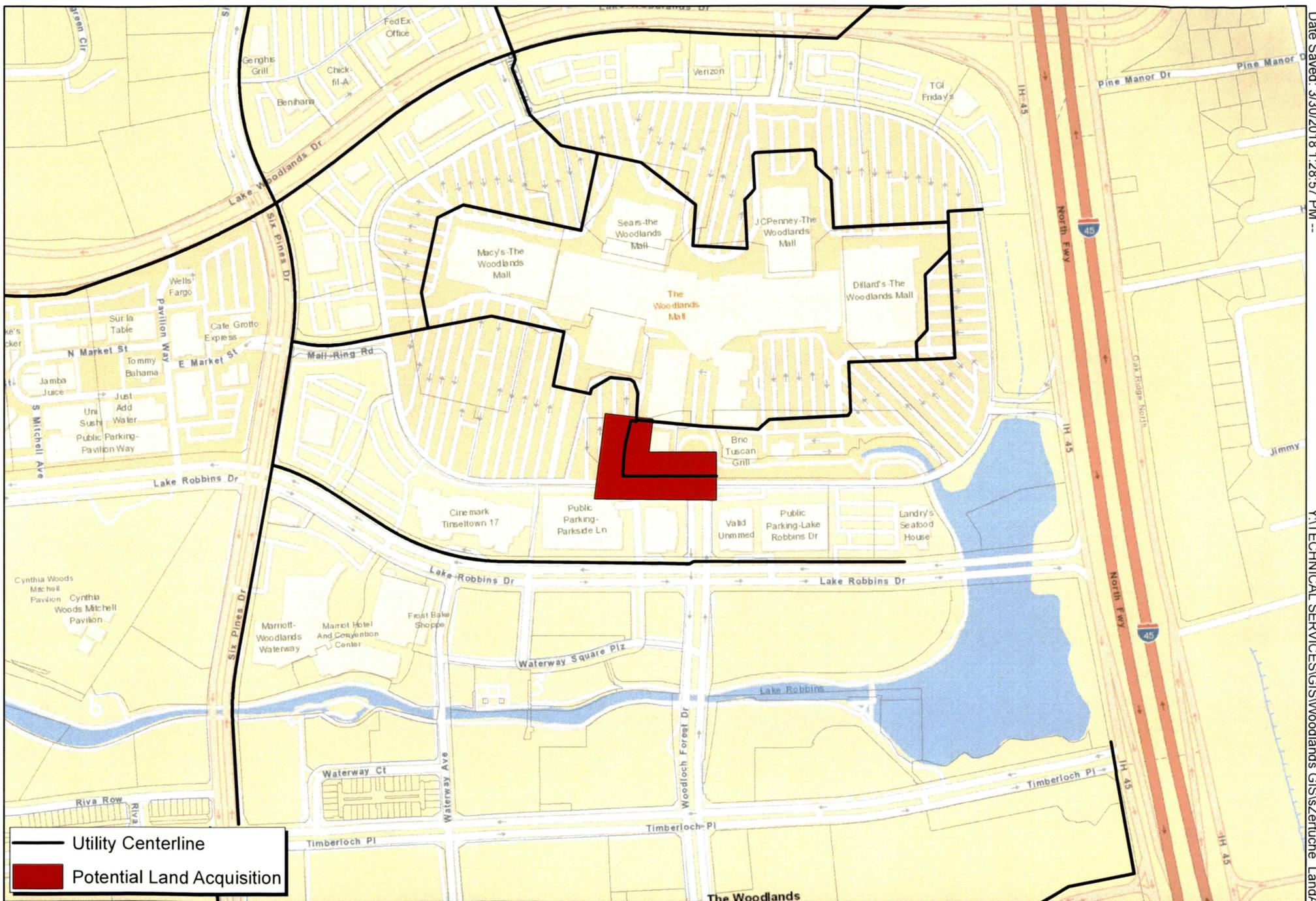


| | |
|--|----------------------------|
|  | Utility Centerline |
|  | Potential Land Acquisition |

The Woodlands Potential Land Acquisition

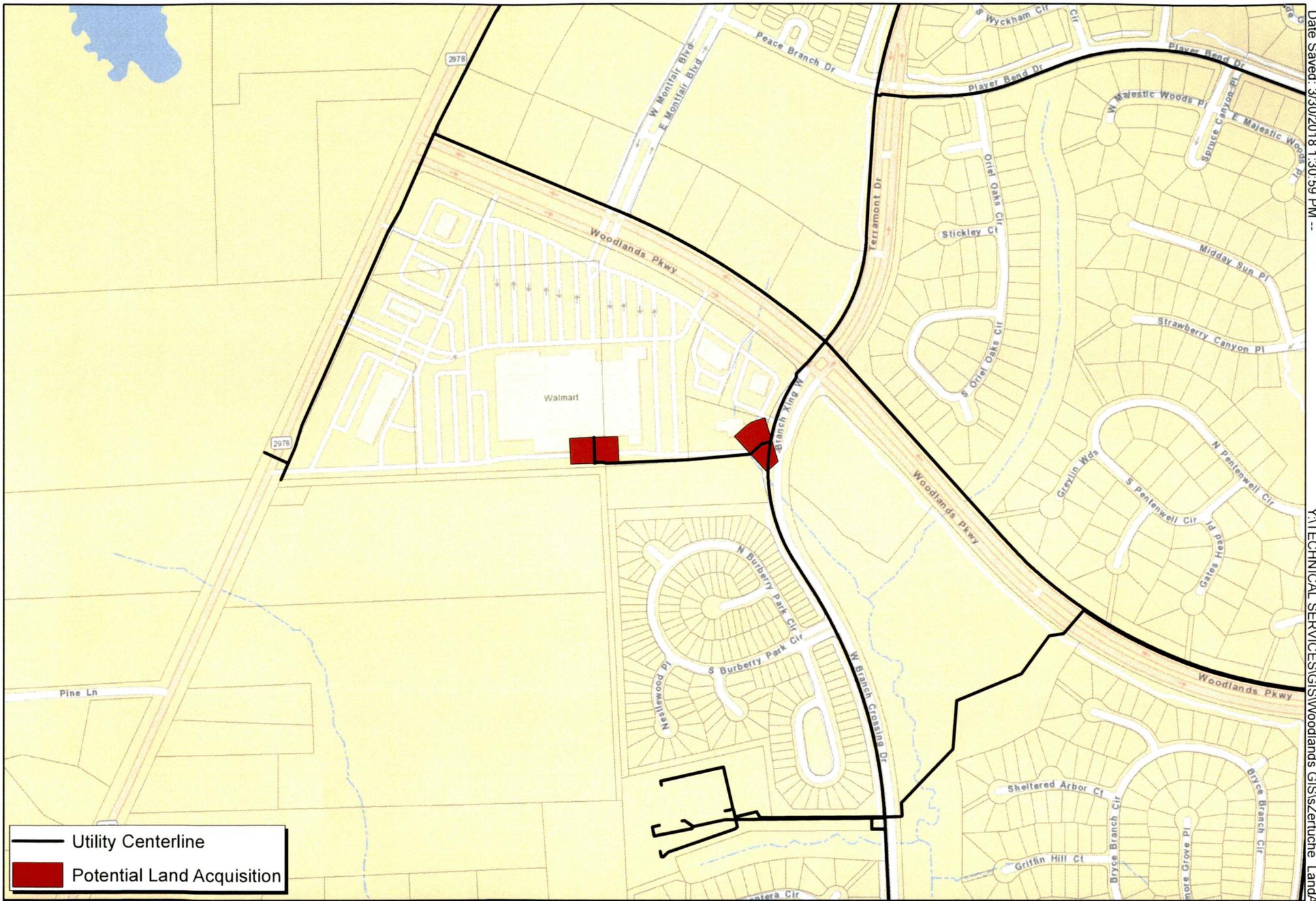
Exhibit A (4 of 7)





The Woodlands Potential Land Acquisition Exhibit A (5 of 7)

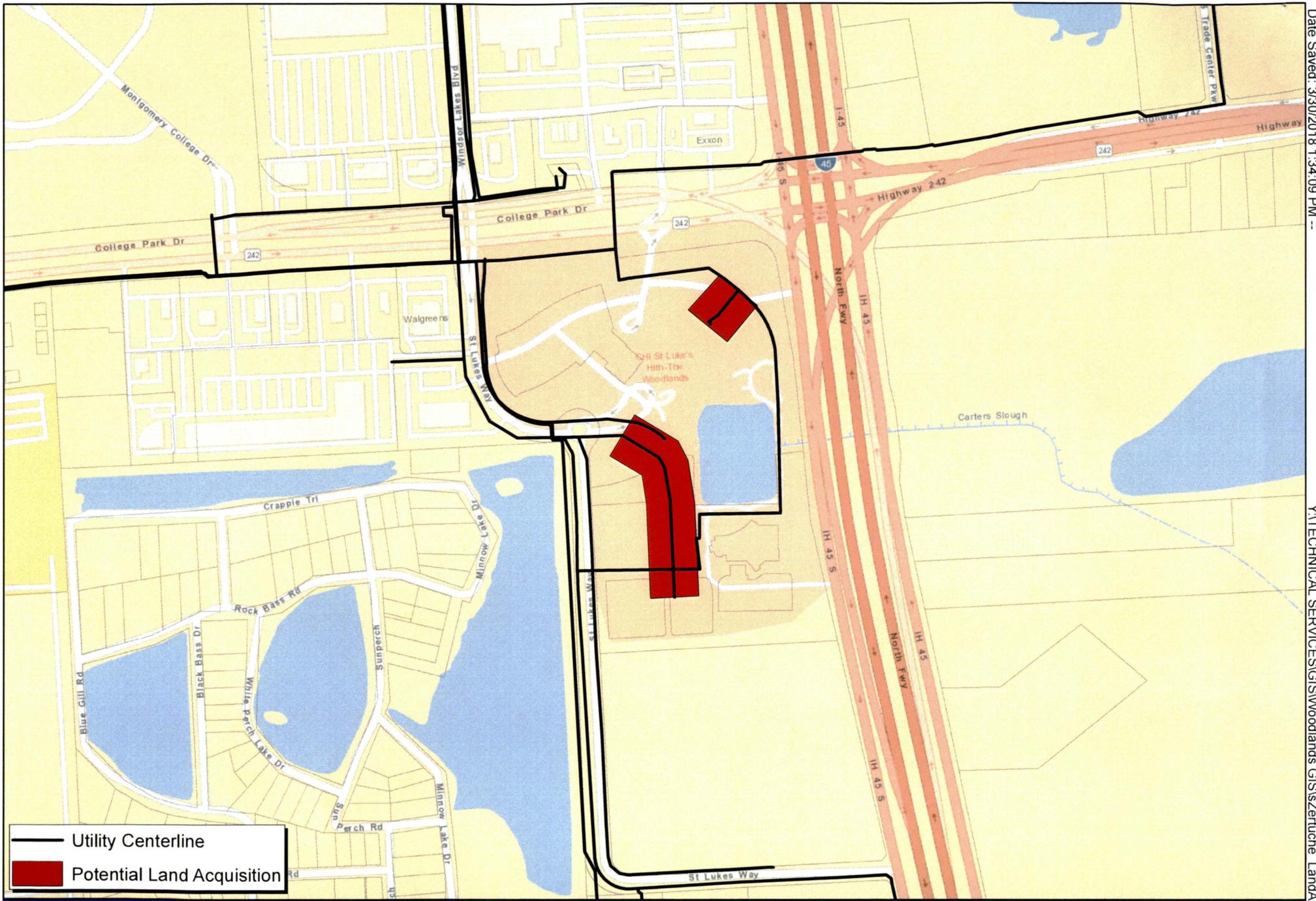




| | |
|--|----------------------------|
|  | Utility Centerline |
|  | Potential Land Acquisition |

The Woodlands Potential Land Acquisition Exhibit A (6 of 7)





 Utility Centerline
 Potential Land Acquisition

The Woodlands Potential Land Acquisition

Exhibit A (7 of 7)

