

**BOARD OF DIRECTORS
SAN JACINTO RIVER AUTHORITY
MINUTES OF REGULAR MEETING
AUGUST 22, 2019**

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 8:00 a.m., August 22, 2019, at the San Jacinto River Authority General and Administration Building, a notice of said meeting was posted as required by law. Vice-President Ronnie Anderson, Treasurer Mark Micheletti, Secretary Kaaren Cambio, and Board Members Brenda Cooper and Jim Alexander were present. President Lloyd Tisdale and Assistant Secretary Ed Boulware were absent. General Manager Jace Houston, Deputy General Manager Ron Kelling, Director of Financial and Administrative Services Tom Michel, Director of Water Resources and Flood Management Chuck Gilman, Director of Communications and Public Affairs Heather Ramsey Cook, 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, General Counsel Mitchell Page, and Financial Advisor Jan Bartholomew were in attendance.

1. CALL TO ORDER

The meeting was called to order at 8:01 a.m.

2. PLEDGES OF ALLEGIANCE

The Pledges of Allegiance were led by Mr. Micheletti.

3. PUBLIC COMMENTS

Mr. Harry Hardman spoke in opposition to the Fiscal Year 2020 GRP water rates.

4. DIVISION UPDATES

a. G & A:

Mr. Houston, in conjunction with Ms. Cook, provided information related to recent legislative meetings.

b. G & A:

Ms. Cook reported on Tuesday, August 20, 2019, the San Jacinto River Authority hosted a legislative briefing and tour of the GRP facility in which thirteen staff members from congressional and legislative offices attended. She also reported on other various projects within the Authority, including the "Know Your Watershed" campaign.

c. G & A:

No update was provided related to Finance and Administration.

d. Woodlands:

No update was provided by the Woodlands Division.

e. GRP:

No update was provided by the GRP Division.

f. Lake Conroe:

No update was provided by the Lake Conroe Division.

g. Highlands:

No update was provided by the Highlands Division.

h. Flood Management:

Mr. Gilman provided an update on the dredging project along the West Fork of the San Jacinto River, stating that dredging is expected to continue through the winter to remove additional materials left behind by Hurricane Harvey and that crews are scheduled to demobilize in December. He stated additional funding mechanisms are still being identified to further dredging efforts at the mouth bar of the San Jacinto River. He also provided information regarding Senate Bill 500 as it relates to additional dredging efforts in and around Lake Houston and to the east and west forks of the San Jacinto River. Mr. Gilman continued by stating that discussions with the Harris County Flood Control District, Representative Dan Huberty, and the City of Houston are ongoing to determine the best implementation of these projects.

5. CONSENT AGENDA

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

a. Approval of Minutes

Approve minutes of Regular Meeting of July 25, 2019.

b. Unaudited Financials for the Month of July, 2019

Approve the unaudited financials for the month of July, 2019.

c. Work Order No. 3 for Professional Geographic Information System (GIS) Consulting

Authorize the General Manager to execute Work Order No. 3, with Texas Water Engineering, PLLC, in an amount not to exceed \$79,248, for professional Geographic Information System (GIS) consulting services.

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

Authorize the General Manager to execute a professional services agreement and Work Order No. 1 with KIT Professionals, Inc., in an amount not to exceed \$1,088,849.00, for final design services

for Wastewater Treatment Facility No. 1 Aeration Basin Nos. 1 and 2 Replacement in The Woodlands.

e. Work Order No. 7 Related to General Dam Safety and Operations and Maintenance Support at Lake Conroe Dam

Authorize the General Manager to execute Work Order No. 7, with Freese and Nichols, Inc., in an amount not to exceed \$50,000.00, for professional engineering services related to general dam safety and operations and maintenance support at Lake Conroe Dam.

f. Work Order No. 8 Related to General Dam Safety and Operations and Maintenance Support in Highlands

Authorize the General Manager to execute Work Order No. 8, with Freese and Nichols, Inc., in an amount not to exceed \$20,000.00, for professional engineering services related to general dam safety and operations and maintenance support in Highlands.

g. Work Order No. 9 Related to General Dam Safety and Operations and Maintenance Support at Bear Branch Dam

Authorize the General Manager to execute Work Order No. 9, with Freese and Nichols, Inc., in an amount not to exceed \$2,500.00, for professional engineering services related to general dam safety and operations and maintenance support at Bear Branch Dam.

h. Lake Conroe Surplus Property

Declare to be surplus and authorize the disposal by sale of a 0.315 acre tract of real property located in the William C. Clark Survey, A-6, near Montgomery, Texas, at a price of \$164,936.88, and authorize the General Manager to execute all necessary documents to complete the transaction.

i. Wallisville Road Channel Crossing Easement

Authorize the General Manager to execute an easement for the Wallisville Road Channel Crossing as related to Harris County's Wallisville Road Reconstruction Tract 10.

6. REGULAR AGENDA

a. G&A

1. Resolution Adopting Fiscal Year 2020 Operating Budgets

Mr. Michel presented an overview of the Fiscal Year 2020 Operating Budgets and mentioned one change to the narrative within the budget document. Ms. Cambio made a motion to adopt Resolution No. 2019-R-10, of the San Jacinto River Authority Board of Directors, approving and adopting the budget for the fiscal year beginning on September 1, 2019, and ending August 31, 2020, inclusive. Mr. Alexander seconded the motion, which carried unanimously.

b. WOODLANDS

1. Amended Rate Order for Woodlands Division Customers

Ms. Cambio made a motion to adopt Order No. 2019-O-02, of the San Jacinto River Authority

Board of Directors, amending the wholesale water and wastewater rate order; establishing the revised wholesale water and wastewater rates at \$2.19 per 1,000 gallons and \$4.49 per 1,000 gallons, respectively; and effective September 1, 2019. The motion was seconded by Mr. Alexander and carried unanimously.

1. Amended Rate Order for Raw Water Customers

Mr. Micheletti made a motion to adopt Order No. 2019-O-03, of the San Jacinto River Authority Board of Directors, amending the raw water rate order; establishing the revised prevailing raw water rate of \$0.4800/1,000 gallons (\$156.41/acre foot); and effective January 1, 2020. Mr. Alexander seconded the motion, which carried unanimously.

2. Authorize the Issuance, Sale, and Delivery of San Jacinto River Authority Water Revenue Refunding Bonds, Series 2019A and Series 2019B (the "Bonds")

Mr. Page and Ms. Bartholomew presented information related to the issuance, sale, and delivery of the Bonds. Mr. Page reported that he discussed with the Office of the Attorney General the potential impact of pending litigation on the proposed issuance of the Bonds, and advised that the Authority may proceed without objection. Ms. Bartholomew then reported that the Authority's 'AA-' underlying credit rating for water revenue bonds has been confirmed by Standard & Poor's and the outlook has been revised from 'negative' to 'stable'. She stated that, with Board approval, the Bonds will be sold next week because interest rates are approaching historical lows. She then provided historical interest rate information. She further explained that in order to comply with federal tax laws, the Bonds will be sold as two separate series.

- i. Mr. Page and Ms. Bartholomew reviewed the preliminary plans of financing for the Bonds. Mr. Page explained that the parameters for the sale of each series of the Bonds will be reflected in the respective Orders authorizing the issuance, sale, and delivery of each series of the Bonds. Ms. Bartholomew recommended for Series 2019B that the par amount plus net premium not exceed \$36 million, and that the refunding result in a net present value debt service savings of at least 6%. For Series 2019A, Ms. Bartholomew recommended that the par amount plus net premium not exceed \$11.5 million, and that the refunding result in a net present value debt service savings of at least 3%.
- ii. Ms. Bartholomew then reviewed the Preliminary Official Statement for the sale of the Bonds. Mr. Alexander made a motion to approve the Preliminary Official Statement and authorize distribution of same in connection with the sale of the Bonds. The motion was seconded by Mr. Micheletti and carried unanimously.
- iii. Mr. Page then reviewed the draft Orders authorizing the issuance, sale, and delivery of the Bonds. Following discussion, Mr. Micheletti made a motion to approve Order No. 2019-O-04 (Series 2019A) and Order No. 2019-O-05 (Series 2019B), authorizing the issuance, sale, and delivery of the Bonds, including delegation of authority to the General Manager to execute Pricing Certificates, Bond Purchase Agreements, Paying Agent/Registrar Agreements, Escrow Agreements, and related documents, with Article Thirteen of each Order begin completed to reflect the parameters previously recommended by Ms. Bartholomew. Mr. Alexander seconded the motion, which carried unanimously.
- iv. Mr. Page advised that it would be necessary for the Authority to engage qualified tax counsel to provide an opinion regarding the tax-exempt status of the Bonds, as well as a qualified firm to verify the mathematical calculations related to the refunding. Following

discussion, Ms. Cambio made a motion to engage Bracewell LLP, to act as Special Tax Counsel and Robert Thomas CPA, LLC, to act as Verification Agent in connection with the sale, issuance, and delivery of the Bonds. The motion was seconded by Mr. Micheletti and carried unanimously.

- v. Mr. Page discussed the remaining steps in the process to issue the Bonds and complete the refundings. Following discussion, Mr. Alexander made a motion to authorize the officers of the Board of Directors and the General Manager to take all other necessary actions to effectuate the issuance, sale, and delivery of the Bonds and complete the refundings. The motion was seconded by Ms. Cambio and carried unanimously.

7. BRIEFINGS AND PRESENTATIONS

a. Receive presentation regarding Know Your Watershed Campaign

Communications Manager Michelle Simpson provided a demonstration of the “Know Your Watershed” campaign. She explained “Know Your Watershed” is an educational website developed and maintained by the San Jacinto River Authority in partnership with the Harris County Flood Control District and Montgomery County to help citizens identify various watersheds within the region, recognize flow patterns, and understand specific information about each watershed. Ms. Simpson stated the website will be available to the public on September 9, 2019.

8. EXECUTIVE SESSION

The meeting was convened in executive session at 9:01 a.m., under the following provisions:

- a. Discussion regarding items identified elsewhere on the agenda pursuant to Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Real Property), 551.073 (Prospective Gifts), 551.074 (Personnel Matters), or 551.076 (Security Devices), as applicable.
- b. Consultations with attorney, pursuant to Texas Government Code, Section 551.071 regarding:
 1. Pending and/or threatened litigation related to Hurricane Harvey; and
 2. Pending and/or threatened litigation related to Groundwater Reduction Plan Contracts.

9. RECONVENE IN OPEN SESSION

The meeting was called into open session at 9:52 a.m. No action was taken regarding the items discussed in executive session.

10. ANNOUNCEMENTS / FUTURE AGENDA

Mr. Anderson mentioned the next San Jacinto River Authority Board Meeting will take place on September 26, 2019

11. ADJOURN

Without objection, the meeting was adjourned at 9:53 a.m.




 Kaaren Cambio
 Secretary, Board of Directors