



**Board of Directors Meeting
May 28, 2026**



Agenda
Regular Meeting
San Jacinto River Authority Board of Directors
Thursday, May 28, 2026 - 9:00 A.M.
General and Administration Building - Boardroom
1577 Dam Site Road, Conroe, Texas 77304

A quorum of the San Jacinto River Authority Board of Directors will be physically present in the Boardroom of the General and Administration Building located at 1577 Dam Site Road, Conroe, Texas, as it is the intent of the Board of Directors to have a quorum physically present at this location. One or more members of the Board of Directors, however, may participate in the meeting by video-conference call as permitted under Section 551.127 of the Texas Government Code.

****Note Regarding Budget Amendment(s)***

Per House Bill 1522 of the 89th Legislative Session, and effective September 1, 2025 ("HB 1522"), any proposed budget(s) must be attached to this notice of meeting or posted on the home page of the San Jacinto River Authority's website along with a notice of taxpayer impact statement that shows the tax impact on the median-valued homestead of the (i) the proposed budget, and (ii) a tax impact statement.

In compliance with HB 1522, the proposed budget is located at:

<https://www.sjra.net/about/who-we-are/board/>

With regard to the tax impact statement required by HB 1522, the San Jacinto River Authority does not levy or collect property taxes.

1. Invocation and Pledges of Allegiance to the U.S. and Texas Flags

- 1.1 Invocation led by Father Nicolas Ramirez, Sacred Heart Catholic Church
- 1.2 Pledges of Allegiance led by Ronnie Anderson

2. Ceremonial Items

- 2.1 Water Environment Association of Texas (WEAT) Operational Challenge at the April 2026 Texas Water Conference

3. Call to Order

4. Public Comments (3 minutes per speaker)

5. Work Session

This item consists of updates, briefings, presentations, and discussion items that may require in-depth consideration and discussion by the Board.

- 5.1 Update by the General Manager regarding meetings, projects, events, issues, and activities pertinent to the Authority.

- 5.2 Update by the Director of Communications and Public Affairs regarding various division and department projects, initiatives, tours, meetings, and social media platforms.
- 5.3 Update regarding Lake Conroe Beach Park Operations.
- 5.4 Presentation of GRP Division 10-Year Project Plan.
- 5.5 Presentation of Woodlands Division 10-Year Project Plan.

6. Consent Agenda

This agenda consists of ministerial or "housekeeping" items required by law, such as routine bids, contracts, purchases, resolutions, and orders; items previously approved by Board action, such as adoption of items that are part of an approved budget or capital improvement projects, interlocal agreements, or action which is required by law or delegated to the General Manager; and items of a non-controversial nature. These items will be considered by a single motion unless removed and placed on the Regular Agenda for individual consideration at the request of any Director.

6.1 G&A Division - Minutes

Approval of Minutes - Regular Meeting of April 23, 2026.

6.2 G&A Division - Unaudited Financials

Consider approval of the unaudited financials for the month of March, 2026.

6.3 G&A Division - Annual Financial Audit Services

Consider authorizing the General Manager to execute a Renewal Term 1 Letter with Knox Cox & Company to provide annual financial audit services.

6.4 G&A Division - Medical and Pharmacy Benefits Plan

Consider authorizing the General Manager to execute a contract with Blue Cross Blue Shield of Texas for employee medical and pharmacy benefits for the plan year beginning July 1, 2026, and ending June 30, 2027.

6.5 Bear Branch Division - Amendment No. 1 to Work Order No. 2 for Bear Branch Dam Modification

Consider authorizing the General Manager to execute Amendment No. 1 to Work Order No. 2 with Schnabel Engineering, LLC, for preliminary engineering for the Bear Branch Dam Modification Project for the Bear Branch Division.

6.6 Lake Conroe Division - Amendment No. 1 to Work Order No. 2 for Lake Conroe Maintenance Facility Improvements

Consider authorizing the General Manager to execute Amendment No. 1 to Work Order No. 2 with Half Associates, Inc., for construction phase services for Lake Conroe Maintenance Facility Improvements Project for the Lake Conroe Division.

6.7 Woodlands and GRP Divisions - Water and Wastewater Maintenance Services

Consider authorizing the General Manager to execute a contract renewal with Mallard Underground Services, LLC, related to water and wastewater maintenance services for the Woodlands and GRP Divisions.

6.8 Woodlands Division - Professional Services Agreement for Wastewater Owner's Advisor

Consider authorizing the General Manager to execute a Professional Services Agreement with Carollo Engineers, Inc., for Wastewater Owner's Advisor Services for the Woodlands Division.

7. Regular Agenda

This agenda consists of items requiring individual consideration by the Board of Directors.

7.1 G&A Division - Order - Board Governance Policies and Bylaws

Consider adoption of an order of the San Jacinto River Authority Board of Directors adopting the Board Governance Policies and Bylaws.

7.2 G&A Division - Resolution - San Jacinto River Authority Investment Policy

Consider adoption of a resolution of the San Jacinto River Authority Board of Directors adopting an amended Investment Policy, effective May 28, 2026.

7.3 Highlands Division - Resolution - Texas Water Development Board Water Supply and Infrastructure Grants (WSIG) Application

Consider adoption of a resolution of the San Jacinto River Authority Board of Directors authorizing the General Manager to develop and submit an application for Texas Water Development Board Water Supply and Infrastructure Grants (WSIG) grant funding, for the Lake Houston Pump Station to Siphon 6 Main Canal Improvements Project.

7.4 Woodlands Division - Resolution - Amended Fiscal Year 2026 Operating Budget for Woodlands Division*

Consider adoption of a resolution of the San Jacinto River Authority Board of Directors repealing Resolution No. 2026-R-04 and adopting an amended Fiscal Year 2026 Operating Budget for the Woodlands Division.

8. Executive Session

If necessary, the Board of Directors will adjourn to Closed Session at this point in the meeting to consider the following items; however, the Board of Directors reserves the right to adjourn to Closed Session at any time during the course of this meeting as allowed by law.

8.1 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; 551.076, Security Devices, or 551.0761, Critical Infrastructure, as applicable.

8.2 Pursuant to Texas Government Code, Section 551.071, Consultation with Attorney:

8.2.1 Litigation related to Hurricane Harvey, including additional legal services to be provided by Hunton Andrews Kurth, LLP; and

8.2.2 Litigation involving City of Magnolia, Quadvest, L.P., Woodland Oaks Utility, L.P., related to GRP, and other potential litigation related to GRP.

8.3 Pursuant to Texas Government Code, Section 551.072, Real Property:

8.3.1 Discuss a 0.158 acre tract of real property located in the John Corner Survey, A-8, Montgomery, Texas.

8.4 Pursuant to Texas Government Code, Section 551.076, Security Devices:

8.4.1 Discussion regarding security devices.

9. Reconvene In Open Session

The Board of Directors will reconvene in Open Session at this point in the meeting and, if necessary, take action on any agenda item discussed in Closed Session and/or identified below.

10. Lake Conroe Division - Sale of Real Property (Hoy)

Consider surplus declaration and disposal by sale of a 0.158 acre tract of real property located in the John Corner Survey, A-08, near Montgomery, Texas, to J Hoy Construction, LLC, and authorize the General Manager to execute all necessary documents to complete the transaction.

11. Lake Conroe Division - Irrevocable Encroachment Agreement and a Revocable Encroachment Agreement (Hoy)

Consider authorizing the General Manager to execute an Irrevocable Encroachment Agreement and a Revocable Encroachment Agreement between SJRA and J Hoy Construction, LLC, on a San Jacinto River Authority permanent easement in the Del Lago Subdivision, John Corner Survey, A-08, Montgomery, Texas.

12. Announcements / Future Agenda

Next San Jacinto River Authority Regular Board Meeting - June 25, 2026.

13. Adjourn

Persons with disabilities who plan to participate in the meeting and would like to request auxiliary aids or services are requested to contact Cynthia Bowman at (936) 588-3111 at least three business days prior to the meeting so that appropriate arrangements can be made.

Item No.	Agenda Item	Date
6.1	Consider approval of minutes from the Board of Directors meeting of April 23, 2026.	05/28/2026

BACKGROUND INFORMATION

FUNDING SOURCE: N/A

ATTACHMENTS: Minutes

RECOMMENDED ACTION

Approve the minutes of the April 23, 2026, Board of Directors meeting.

**BOARD OF DIRECTORS
SAN JACINTO RIVER AUTHORITY
MINUTES OF REGULAR MEETING
APRIL 23, 2026**

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 9:00 a.m., April 23, 2026, at the San Jacinto River Authority General and Administration Building. Notice of said meeting was posted as required by law. President Ronnie Anderson, Vice President Ed Boulware, Treasurer Mark Micheletti, Secretary Wil Faubel, Secretary Pro Tem Ricardo Mora, and Director Stacey Buick were present. Director Stephanie Johnson was absent. Also in attendance were Aubrey A. Spear, General Manager; Heather Ramsey, Director of Communications and Public Affairs; Ed Shackelford, Director of Operations, Connie Curtis, Director of Technical and Operational Services, Pam Steiger, Chief Financial Officer; Cynthia Bowman, Chief of Staff; and Amy Sims, General Counsel.

1. Invocation and Pledges of Allegiance to the U.S. and Texas Flags

The invocation was given by Pastor Tim Szumanski of The Pentecostals of The Woodlands and the Pledges of Allegiance to the U.S. and Texas Flags were led by Director Ronnie Anderson.

2. Ceremonial Items

2.1 Receipt of Commendations, Awards, and Honoraria

Ms. Heather Ramsey, Director of Communications and Public Affairs, was recognized for being honored as the 2026 Woman of Distinction by the Montgomery County Food Bank.

3. Call to Order

The meeting was called to order at 9:02 a.m.

4. Public Comments

Mr. Bill Beran provided comments regarding the potential fluctuation of Lake Conroe levels.

5. Work Session

5.1 Update by the General Manager regarding meetings, projects, events, issues, and activities pertinent to the Authority

Mr. Spear provided comments related to the various meetings, projects, events, issues, and activities pertinent to SJRA.

5.2 Update by the Director of Communications and Public Affairs regarding updates related to various division and departmental projects, initiatives, tours, meetings, and social media platforms

Ms. Ramsey provided information related to various community engagement events, social media highlights, and employee highlights.

5.3 Update regarding the Sunset Advisory Commission's Recommendations

Ms. Cynthia Bowman, Chief of Staff, provided an overview of the Sunset Advisory Commission's recommendations related to standard elements, also known as Across-the-Board recommendations.

5.4 Update regarding aquatic plant management on Lake Conroe

Mr. David Sidney, Lake Conroe Manager, provided an update related to aquatic plant management on Lake Conroe.

5.5 Presentation of the General and Administration 10-Year Project Plan

Ms. Connie Curtis, Director of Technical and Operational Services, introduced the 10-Year Project Plan process. Mr. Jared Marek, Graduate Engineer 2, provided an overview of the General and Administration 10-Year Project Plan, specifically highlighting projects that will be implemented in Fiscal Year 2027.

5.6 Presentation of the Flood Management Division 10-Year Project Plan

Mr. Matt Barrett, Water Resources and Flood Management Division Manager, provided an overview of the Flood Management Division 10-Year Project Plan. He highlighted certain projects that will be implemented in Fiscal Year 2027.

6. Consent Agenda

Director Faubel made a motion to approve the Consent Agenda as presented. The motion was seconded by Director Mora and carried unanimously.

6.1 G&A Division - Minutes

Approve Minutes - Regular Meeting of March 26, 2026.

6.2 G&A Division - Unaudited Financials

Approve the unaudited financials for the month of February, 2026.

6.3 G&A Division - Health Benefit Services - Dental Plan

Authorize the General Manager to execute a service provider agreement with Humana Insurance Company for employee health benefits for the San Jacinto River Authority's Dental Plan.

6.4 G&A Division - Health Benefit Services - Basic Life and AD&D Insurance, Voluntary Life AD&D Insurance, and Long-Term Disability Insurance

Authorize the General Manager to execute a service provider agreement with Life Insurance Company of North America (LINA) for employee health benefits related to Basic Life and AD&D insurance, Voluntary Life AD&D insurance, and Long-Term Disability insurance for the San Jacinto River Authority.

6.5 G&A Division - Health Benefit Services - Vision Plan

Consider authorizing the General Manager to execute a service provider agreement with Block Vision of Texas, Inc., dba Superior Vision of Texas, for employee health benefits for the San Jacinto River Authority's Vision Plan.

6.6 Woodlands Division - Contract Renewal for Municipal Services

Consider authorizing the General Manager to execute a contract renewal with National Works, Inc., in an amount not to exceed \$90,000, related to municipal services (coatings and lining services for sanitary sewer manholes, lift stations, wet wells, and treatment basins) for the Woodlands Division.

7. Regular Agenda

7.1 G&A Division - Financial Advisory Agreement

Ms. Pam Steiger, Chief Financial Officer, explained that in March 2023, the San Jacinto River Authority (“SJRA”) issued a Request For Qualifications (“RFQ”) for Financial Advisory Services. She stated as part of its submission, Robert W. Baird & Co., Incorporated, (“RW Baird”) identified three individuals as the team dedicated to serving SJRA. She explained that following the evaluation, RW Baird was awarded the financial advisory agreement based on the qualifications and expertise of the proposed team and the same three individuals were explicitly named in the executed agreement. Ms. Steiger stated that in March 2026, SJRA received formal notice that the three team members assigned to its account would be departing RW Baird to establish a new municipal advisory firm, Cedar Creek Municipal Advisors, LLC (“CCMA”). Further, RW Baird and CCMA jointly provided a signed letter confirming that the transition is amicable and has been coordinated to ensure a smooth and uninterrupted continuation of services. Ms. Steiger explained that this approach will allow SJRA to maintain continuity of service with the team whose qualifications, institutional knowledge, and familiarity with SJRA’s needs were key factors in the original selection. Director Buick made a motion to authorize the General Manager to terminate the existing Financial Advisory Agreement with Robert W. Baird & Co., Incorporated, and execute a new Financial Advisory Agreement with Cedar Creek Municipal Advisors for financial advisory and bond sale services. The motion was seconded by Director Boulware and carried unanimously.

7.2 GRP Division - Professional Services Agreement and Work Order No. 1 for GRP Membrane Replacement and Optimization

Mr. Nabeel Khan, Project Manager, presented information related to the GRP Membrane Replacement and Optimization Project, including previous studies, the project timeline, scope of work, and the proposed path forward. Director Micheletti made a motion to authorize the General Manager to execute a Professional Services Agreement and Work Order No. 1, in an amount not to exceed \$199,971, with Plummer Associates, Inc., for professional engineering services for GRP Membrane Replacement and Optimization for the GRP Division. The motion was seconded by Director Faubel and carried unanimously.

8. Executive Session

The meeting was convened into executive session at 10:15 a.m., under the following provisions:

- 8.1 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.**
- 8.2 Pursuant to Texas Government Code, Section 551.071, Consultation with Attorney:**
- 8.2.1** Litigation related to Hurricane Harvey, including additional legal services to be provided by Hunton Andrews Kurth, LLP; and
- 8.2.2** Litigation involving City of Magnolia, Quadvest, L.P., and Woodland Oaks Utility, L.P., related to GRP, and other potential litigation related to GRP.
- 8.2.3** Interpretation and application of the San Jacinto River Authority's enabling legislation, as amended, and the Board of Director's governing documents.
- 8.3 Pursuant to Texas Government Code, Section 551.072, Real Property:**
- 8.3.1** Discuss a 0.0248 acre tract of real property located in the William C. Clark Survey, A-6, Montgomery, Texas.

9. Reconvene In Open Session

With a quorum of the Board present, the meeting was called into open session at 11:25 a.m.

10. Lake Conroe Division - Sale of Real Property (Renslow)

Mr. Shackelford provided information related to a request to purchase a small tract of property owned by the San Jacinto River Authority which is directly adjacent to the applicant's property. Mr. Shackelford explained the methodology related to the acquisition. Director Buick made a motion to declare to be surplus and authorize the disposal by sale of a 0.0248 acre tract of real property located in the William C. Clark Survey, A-6, near Montgomery, Texas, in the amount of \$7,851.60, plus an administrative reimbursement in the amount of \$2,370, for a total amount of \$10,221.60, to Roy and Charmayne Renslow, and authorize the General Manager to execute all necessary documents to complete the transaction. The motion was seconded by Director Mora and carried unanimously.

11. Announcements / Future Agenda

It was announced that the next San Jacinto River Authority Regular Board Meeting will take place on May 28, 2026.

12. Adjourn

Without objection, the meeting was adjourned at 11:30 a.m.

Wil Faubel
Secretary, Board of Directors

Item No.	Agenda Item	Date
6.2	Consider approval of the unaudited financials for the month of March, 2026.	05/28/2026

BACKGROUND INFORMATION

The monthly unaudited financial statements are intended to keep the Board of Directors apprised of the ongoing financial condition of the Authority.

The monthly statements include Financial Highlights, Schedules of Revenues and Expenses (Actual and Budget), Unaudited Balance Sheet, Unaudited Statement of Revenues and Expenses (Summary), and Schedule of Investments.

FUNDING SOURCE: N/A

ATTACHMENTS: Unaudited Financials

RECOMMENDED ACTION

Approve the unaudited financial statements for the month of March, 2026.

San Jacinto River Authority



Unaudited Financial Statements

For the Seven Months Ending March 31, 2026

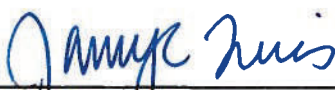
APPROVED BY:



Pam J. Steiger, CPA
Chief Financial Officer

4/28/26

Date



Jamye Lewis, CPA
Controller

4/27/2026

Date

San Jacinto River Authority

*Unaudited Financial Statements
For the Seven Months Ending March 31, 2026*

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San Jacinto River Authority
Unaudited Statement of Net Assets
As of March 31, 2026

	General Operating Division					Woodlands Division				
	Raw Water Enterprise & Other*	Lake Conroe	Highlands	Flood Management Division	Groundwater Reduction Plan Division	Woodlands Operating	Future Facilities	Water & Wastewater	Repair & Replacement	
	Total									
Current Assets										
Cash and Cash Equivalents	\$ 33,439,853	\$ -	\$ -	\$ -	\$ 12,559,351	\$ 9,219,124	\$ -	\$ -	\$ -	
Unrestricted										
Restricted:										
Cash	2,951,831	1,753,872	-	1,197,959	-	-	-	-	-	
Reserves	31,952,404	2,812,831	6,439,239	-	9,653,396	8,585,298	-	-	-	
Debt Service	52,542,745	6,402,824	-	-	41,943,164	3,262,843	-	933,915	-	
Construction	77,316,788	5,381,027	16,216,715	195,137	10,702,736	5,398,390	5,353,566	-	29,978,573	
Construction Escrow	21,560,252	-	-	-	-	21,560,252	-	-	-	
Accounts Receivable	15,155,429	2,895,487	359,748	166,143	6,314,965	3,846,018	-	15,776	-	
Due from Other Funds	7,398,914	5,012,490	160,781	295,812	-	-	-	-	12,914	
Inventory and Other Prepaid Expenses	7,721,294	417,324	78,527	120,145	6,141,975	957,811	-	-	-	
Total Current Assets	\$ 250,039,509	\$ 36,337,232	\$ 10,348,881	\$ 23,642,996	\$ 87,315,587	\$ 52,829,737	\$ 6,763,334	\$ 949,691	\$ 29,991,487	
Noncurrent Assets										
Long-Term Receivables	\$ 2,259,728	\$ -	\$ -	\$ -	\$ 2,259,728	\$ -	\$ -	\$ -	\$ -	
Total Noncurrent Assets	\$ 2,259,728	\$ -	\$ -	\$ -	\$ 2,259,728	\$ -	\$ -	\$ -	\$ -	
Capital Assets										
Total Capital Assets	\$ 910,937,759	\$ 48,543,932	\$ 17,085,917	\$ 714,519	\$ 462,026,727	\$ 92,005,808	\$ 63,270,537	\$ 76,662,681	\$ 31,350,118	
Less: Accumulated Depreciation	(375,192,841)	(6,030,754)	(4,973,204)	(11,827)	(157,836,588)	(68,305,192)	(41,526,524)	(56,224,201)	(6,965,374)	
Less: Accumulated Amortization	(401,581)	-	-	(342,506)	-	(59,075)	-	-	-	
Net Capital Assets	\$ 535,343,337	\$ 42,513,178	\$ 12,112,713	\$ 85,615,839	\$ 304,190,138	\$ 23,641,541	\$ 21,744,013	\$ 20,438,479	\$ 24,384,745	
Deferred Outflows										
Pension	\$ 5,726,668	\$ 5,726,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Deferred Outflows	\$ 5,726,668	\$ 5,726,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Assets	\$ 793,369,242	\$ 84,577,078	\$ 22,461,594	\$ 109,258,835	\$ 393,765,454	\$ 76,471,278	\$ 28,507,347	\$ 21,388,171	\$ 54,376,232	

*Other = Bear Branch, General & Administrative Services, and Region H

San Jacinto River Authority
Unaudited Statement of Net Assets
As of March 31, 2026

	General Operating Division					Woodlands Division			
	Raw Water Enterprise & Other*	Lake Conroe	Highlands	Flood Management Division	Groundwater Reduction Plan Division	Woodlands Operating	Future Facilities	Water & Wastewater	Repair & Replacement
	Total								
Liabilities									
Current Liabilities									
Accounts Payable and Other Accrued Liabilities	\$ 12,986,445	\$ 201,427	\$ 356,838	\$ 304,098	\$ 3,000,596	\$ 8,367,549	\$ -	\$ 444	\$ 240,096
Construction Liabilities	378,686	172,125	137,215	-	-	-	-	-	69,346
Deferred Revenue	1,403,359	47,363	-	1,355,995	-	-	-	-	-
Short-Term Debt	24,280,000	-	2,240,000	-	17,870,000	1,670,000	-	2,500,000	-
Short-Term Lease Liability	42,525	-	32,721	-	-	9,804	-	-	-
Accrued Interest on Bonds and Grants	145,913	-	-	216,671	(70,758)	-	-	-	-
OPEB Liability	41,035	4,924	13,542	-	-	9,028	-	-	-
Total Current Liabilities	\$ 39,277,963	\$ 387,093	\$ 2,780,316	\$ 1,876,765	\$ 20,799,838	\$ 10,056,381	\$ -	\$ 2,500,444	\$ 309,442
Long Term Liabilities									
Long-Term Debt	\$ 378,780,000	\$ -	\$ 32,910,000	\$ -	\$ 302,490,000	\$ 29,720,000	\$ -	\$ 13,660,000	\$ -
Long-Term Lease Liability	25,627	-	10,640	-	-	14,986	-	-	-
Long-Term Arbitrage Liability	2,265,073	-	-	-	-	2,265,073	-	-	-
Bond Issuance Costs	2,805,187	-	1,366,031	-	91,265	-	-	1,347,891	-
Other Post Employment Benefits	496,429	190,040	32,564	-	-	258,867	-	-	-
Long Term Compensated Absence Liability	1,564,735	113,522	48,237	37,373	160,634	339,089	-	-	-
Deferred Inflows and Liability-Pension	3,663,291	-	-	-	-	-	-	-	-
Deferred Inflows-Other Employment Benefits	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	\$ 389,600,342	\$ 303,562	\$ 34,367,472	\$ 37,372,78	\$ 302,741,900	\$ 32,598,016	\$ -	\$ 15,007,891	\$ -
Total Liabilities	\$ 428,878,306	\$ 5,111,813	\$ 37,147,788	\$ 1,914,137	\$ 323,541,738	\$ 42,654,397	\$ -	\$ 17,508,335	\$ 309,442
Fund Balance									
Prior Year Fund Balance	\$ 347,754,938	\$ 77,311,526	\$ 20,839,564	\$ 68,000,853	\$ 61,896,920	\$ 34,285,091	\$ 29,493,983	\$ 4,588,171	\$ 51,138,074
Current Net Revenue	16,735,998	2,153,739	931,376	4,110,194	8,326,795	(468,211)	(986,636)	(708,336)	2,928,716
Total Fund Balance	\$ 364,490,937	\$ 79,465,265	\$ 21,770,939	\$ 72,111,047	\$ 70,223,716	\$ 33,816,880	\$ 28,507,347	\$ 3,879,836	\$ 54,066,790
Total Liabilities & Fund Balance	\$ 793,369,242	\$ 84,577,078	\$ 22,461,594	\$ 109,258,835	\$ 393,765,454	\$ 76,471,278	\$ 28,507,347	\$ 21,388,171	\$ 54,376,232

*Other = Bear Branch, General & Administrative Services, and Region H

San Jacinto River Authority - Raw Water Supply
Actual to Budget Comparison
For the Seven Months Ending March 31, 2026

Water Rate: \$0.66/1,000 gallons, effective 01/01/2026

	March		YTD Budget	Variance	Annual Budget
	Actual	Budget			
OPERATING REVENUES	\$ 2,025,951	\$ 2,040,416	\$ 13,357,743	\$ 118,101	\$ 23,554,031
OTHER REVENUES	\$ 1,535	\$ -	\$ 2,633	\$ 2,633	\$ -
OPERATING EXPENSES					
Salaries, Wages, & Employee Benefits	\$ 41,993	\$ 44,084	\$ 330,295	\$ 21,737	\$ 572,423
Professional Fees	4,122	24,823	173,823	144,330	298,000
Purchased & Contracted Services	9	25	174	(6,649)	298
Supplies, Materials & Utilities	2,321	2,825	19,781	10,564	33,911
Rentals	-	-	-	-	-
Maintenance, Repairs & Parts	-	-	-	-	-
General & Administrative Expenses	6,749	7,719	53,987	20,632	92,554
TOTAL OPERATING EXPENSES	\$ 55,194	\$ 79,476	\$ 578,060	\$ 190,614	\$ 997,187
NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ 55,194	\$ 79,476	\$ 578,060	\$ 190,614	\$ 997,187
NET REVENUES OVER EXPENSES	\$ 1,972,292	\$ 1,960,940	\$ 13,091,031	\$ 311,348	\$ 22,556,844
CAPITAL IMPROVEMENTS	\$ 32,041	\$ 37,652	\$ 73,151	\$ 193,317	\$ 454,817
OTHER SOURCES (USES)					
Transfer to Repair & Replacement Fund	\$ -	\$ -	\$ (583,667)	\$ -	\$ (583,667)
Incoming to Repair & Replacement Fund	\$ -	\$ -	\$ 550,000	\$ -	\$ 550,000
TOTAL OTHER SOURCES (USES)	\$ -	\$ -	\$ (33,667)	\$ -	\$ (33,667)
NET CASH BASIS SOURCES (USES)	\$ 1,940,251	\$ 1,923,288	\$ 12,479,548	\$ 504,665	\$ 22,068,360

San Jacinto River Authority - Lake Conroe Operating and Repair/Replacement
Actual to Budget Comparison
For the Seven Months Ending March 31, 2026

	March		YTD		Annual Budget	
	Actual	Budget	Actual	Budget		Variance
OPERATING REVENUES	\$ 365,159	\$ 544,659	\$ 2,553,200	\$ 3,732,460	\$ (1,179,260)	\$ 6,452,982
OTHER REVENUES	\$ 22,626	\$ 2,999	\$ 156,224	\$ 20,999	\$ 135,225	\$ 36,000
OPERATING EXPENSES						
Salaries, Wages, & Employee Benefits	\$ 282,831	\$ 274,942	\$ 2,031,683	\$ 2,059,909	\$ 28,226	\$ 3,569,935
Professional Fees	43,644	170,557	421,805	1,194,307	772,502	2,047,500
Purchased & Contracted Services	16,473	80,144	100,508	417,664	317,156	675,039
Supplies, Materials & Utilities	40,690	60,452	275,997	423,300	147,303	725,698
Rentals	4,327	6,303	30,652	44,136	13,484	75,666
Maintenance, Repairs & Parts	30,752	63,683	128,867	445,933	317,066	764,500
General & Administrative Expenses	86,923	104,130	539,639	727,829	188,190	1,247,399
TOTAL OPERATING EXPENSES	\$ 505,640	\$ 760,211	\$ 3,529,151	\$ 5,313,078	\$ 1,783,927	\$ 9,105,737
NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ 505,640	\$ 760,211	\$ 3,529,151	\$ 5,313,078	\$ 1,783,927	\$ 9,105,737
NET REVENUES OVER EXPENSES	\$ (117,855)	\$ (212,553)	\$ (819,727)	\$ (1,559,619)	\$ 739,892	\$ (2,616,755)
CAPITAL IMPROVEMENTS	\$ 53,591	\$ 26,457	\$ 222,007	\$ 248,931	\$ 26,924	\$ 381,249
OTHER SOURCES (USES)						
Cash Balance Forward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 957,586
Operating Reserve Fund	-	-	(56,521)	(56,521)	-	(56,521)
Emergency Reserve Fund	-	-	(135,000)	(135,000)	-	(135,000)
Transfer to Repair and Replacement Fund	-	-	(1,368,109)	(1,368,109)	-	(1,368,109)
Incoming to Repair and Replacement Fund	-	-	1,399,576	1,399,576	-	1,399,576
TOTAL OTHER SOURCES (USES)	\$ -	\$ -	\$ (160,054)	\$ (160,054)	\$ -	\$ 797,532
NET CASH BASIS SOURCES (USES)	\$ (171,446)	\$ (239,010)	\$ (1,201,788)	\$ (1,968,604)	\$ 766,816	\$ (2,200,472)

San Jacinto River Authority - Highlands Operating and Repair/Replacement
Actual to Budget Comparison
For the Seven Months Ending March 31, 2026

	March		YTD		Annual Budget	
	Actual	Budget	Actual	Budget		Variance
OPERATING REVENUES	\$ -	\$ 252,422	\$ 324,618	\$ 1,767,559	\$ (1,442,941)	\$ 3,030,275
OTHER REVENUES	\$ 59,996	\$ 15,411	\$ 511,256	\$ 107,911	\$ 403,345	\$ 185,000
OPERATING EXPENSES						
Salaries, Wages, & Employee Benefits	\$ 308,086	\$ 323,864	\$ 2,080,206	\$ 2,426,410	\$ 346,204	\$ 4,205,094
Professional Fees	44,866	14,053	66,484	104,628	38,144	174,925
Purchased & Contracted Services	22,275	22,689	70,672	142,278	71,606	238,967
Supplies, Materials & Utilities	83,929	97,104	519,983	679,962	159,979	1,165,717
Rentals	106,575	8,330	401,564	58,330	(343,234)	100,000
Maintenance, Repairs & Parts	91,046	91,480	372,215	640,580	268,365	1,098,200
General & Administrative Expenses	42,515	47,324	194,816	330,983	136,167	567,431
TOTAL OPERATING EXPENSES	\$ 699,292	\$ 604,844	\$ 3,705,940	\$ 4,383,171	\$ 677,231	\$ 7,550,334
NON-OPERATING EXPENSES	\$ 118,619	\$ 118,619	\$ 837,765	\$ 837,765	\$ -	\$ 1,430,699
TOTAL EXPENSES	\$ 817,911	\$ 723,463	\$ 4,543,705	\$ 5,220,936	\$ 677,231	\$ 8,981,032
NET REVENUES OVER EXPENSES	\$ (757,915)	\$ (455,630)	\$ (3,707,831)	\$ (3,345,466)	\$ (362,365)	\$ (5,765,757)
CAPITAL IMPROVEMENTS	\$ 504,244	\$ 2,173,271	\$ 3,242,724	\$ 14,340,216	\$ 11,097,492	\$ 25,210,359
OTHER SOURCES (USES)						
Cash Balance Forward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,536,895
Bond Principal	(186,667)	(186,667)	(1,299,583)	(1,299,583)	-	(2,232,917)
Lease Principal	(4,302)	(4,302)	(29,891)	(29,891)	-	(50,590)
Operating Reserve Fund	-	-	(159,490)	(154,989)	4,501	(154,989)
Emergency Reserve Fund	-	-	(65,000)	(65,000)	-	(65,000)
Transfer to Repair and Replacement Fund	(312,750)	(312,750)	(2,230,167)	(2,230,167)	-	(3,793,914)
Incoming to Repair and Replacement Fund	312,750	312,750	2,189,247	2,189,247	-	3,752,994
TOTAL OTHER SOURCES (USES)	\$ (190,969)	\$ (190,969)	\$ (1,594,884)	\$ (1,590,383)	\$ 4,501	\$ 17,992,479
NET CASH BASIS SOURCES (USES)	\$ (1,453,128)	\$ (2,819,870)	\$ (8,545,439)	\$ (19,276,065)	\$ 10,730,626	\$ (12,983,638)

San Jacinto River Authority - GRP Operating and Repair/Replacement
Actual to Budget Comparison
For the Seven Months Ending March 31, 2026

GW Pumpage Rate \$2.51/1,000 gallons
 Surface Water Rate \$3.10/1,000 gallons

	March		YTD		Annual Budget
	Actual	Budget	Actual	Budget	
OPERATING REVENUES*	\$ 5,214,092	\$ 4,695,034	\$ 38,390,096	\$ 36,388,445	\$ 69,072,211
OTHER REVENUES**	\$ 277,073	\$ 25,335	\$ 2,223,203	\$ 177,405	\$ 304,140
OPERATING EXPENSES					
Salaries, Wages, & Employee Benefits	\$ 396,827	\$ 408,617	\$ 3,053,296	\$ 3,061,359	\$ 5,305,488
Professional Fees	53,221	214,423	368,665	1,507,748	2,580,375
Purchased & Contracted Services	23,668	30,723	156,398	212,992	380,481
Supplies, Materials & Utilities	1,185,367	1,119,667	10,153,124	11,157,694	18,598,495
Rentals	689	333	1,211	2,333	4,000
Maintenance, Repairs & Parts	120,768	155,295	847,831	1,087,435	1,864,280
General & Administrative Expenses	42,562	47,523	210,662	332,374	569,817
TOTAL OPERATING EXPENSES	\$ 1,823,102	\$ 1,976,581	\$ 14,791,187	\$ 17,361,935	\$ 29,302,935
NON-OPERATING EXPENSES	\$ 1,167,677	\$ 1,203,056	\$ 8,778,776	\$ 8,761,173	\$ 14,775,072
TOTAL EXPENSES	\$ 2,990,779	\$ 3,179,637	\$ 23,569,963	\$ 26,123,108	\$ 44,078,008
NET REVENUES OVER EXPENSES	\$ 2,500,386	\$ 1,540,732	\$ 17,043,336	\$ 10,442,742	\$ 25,298,343
CAPITAL IMPROVEMENTS	\$ 221,508	\$ 320,079	\$ 583,385	\$ 2,021,017	\$ 3,121,939
OTHER SOURCES (USES)*					
Cash Balance Forward	\$ -	\$ -	\$ -	\$ -	\$ 6,762,000
Bond Principal	(1,489,167)	(1,489,167)	(28,777,083)	(28,777,083)	(36,222,917)
General Fund	-	-	18,746,970	18,746,970	18,666,499
Debt Service Reserve	-	-	(1,302,167)	(1,302,167)	(1,302,167)
Transfer to Repair and Replacement Fund	(2,900,000)	(2,900,000)	(3,830,820)	(3,830,820)	(4,330,820)
Incoming to Repair and Replacement Fund	2,900,000	2,900,000	3,760,000	3,760,000	4,260,000
Accounts Receivable-Uncollected***	786,321	-	761,658	-	-
TOTAL OTHER SOURCES (USES)	\$ (702,846)	\$ (1,489,167)	\$ (10,641,442)	\$ (11,403,101)	\$ (12,167,405)
NET CASH BASIS SOURCES (USES)	\$ 1,576,032	\$ (268,514)	\$ 5,818,509	\$ (2,981,376)	\$ 10,009,000

*Revenues include actual billings including short-pays and failure to pays.

**Includes interest & penalty on Past Due Accounts Receivable.

*** Total Past Due Receivables 60+ days at 3/31/2026

\$ 6,844,434

San Jacinto River Authority - Woodlands Summary
Actual to Budget Comparison
For the Seven Months Ending March 31, 2026

Water Rate: \$2.73/1,000 gallons
Wastewater Rate: \$5.65/1,000 gallons
GRP Blended Rate: \$2.92/1,000 gallons

	March		YTD		Annual Budget
	Actual	Budget	Actual	Budget	
OPERATING REVENUES	\$ 4,300,283	\$ 3,680,026	\$ 26,814,718	\$ 26,531,206	\$ 50,121,547
OTHER REVENUES	\$ 239,618	\$ 47,623	\$ (406,439)	\$ 333,473	\$ 571,700
OPERATING EXPENSES					
Salaries, Wages, & Employee Benefits	\$ 649,989	\$ 731,857	\$ 4,957,610	\$ 5,483,127	\$ 9,502,546
Professional Fees	180,592	53,949	735,342	380,749	650,625
Purchased & Contracted Services	1,437,678	1,236,709	9,875,132	9,059,895	17,781,275
Supplies, Materials & Utilities	473,528	517,645	3,202,825	3,667,913	6,570,895
Rentals	-	1,000	10,958	7,000	12,000
Maintenance, Repairs & Parts	84,338	707,230	948,509	4,952,304	8,490,150
General & Administrative Expenses	65,012	75,055	495,557	562,427	974,744
TOTAL OPERATING EXPENSES	\$ 2,891,137	\$ 3,323,445	\$ 20,225,933	\$ 24,113,415	\$ 43,982,234
NON-OPERATING EXPENSES	\$ 101,483	\$ 101,483	\$ 721,210	\$ 721,210	\$ 1,228,598
TOTAL EXPENSES	\$ 2,992,620	\$ 3,424,928	\$ 20,947,143	\$ 24,834,625	\$ 45,210,832
NET REVENUES OVER EXPENSES	\$ 1,547,281	\$ 302,721	\$ 5,461,136	\$ 2,030,054	\$ 5,482,415
CAPITAL IMPROVEMENTS	\$ 1,686,921	\$ 3,295,748	\$ 3,108,039	\$ 8,812,138	\$ 40,066,058
OTHER SOURCES (USES)					
Cash Balance Forward	\$ -	\$ -	\$ -	\$ -	\$ 37,681,961
Bond Principal	(347,500)	(347,500)	(1,031,250)	(1,031,250)	(4,158,750)
Lease Principal	(792)	(792)	(5,499)	(5,499)	(9,487)
Transfer to Repair and Replacement Fund	(450,000)	(450,000)	(3,311,060)	(3,311,060)	(6,061,060)
Incoming to Repair and Replacement Fund	450,000	450,000	3,250,000	3,250,000	6,000,000
TOTAL OTHER SOURCES (USES)	\$ (348,292)	\$ (348,292)	\$ (1,097,809)	\$ (1,097,809)	\$ 33,452,664
NET CASH BASIS SOURCES (USES)	\$ (487,932)	\$ (3,341,319)	\$ 1,255,288	\$ (7,879,893)	\$ (1,130,979)

San Jacinto River Authority - Flood Management
Actual to Budget Comparison
For the Seven Months Ending March 31, 2026

	March		YTD		Annual Budget	
	Actual	Budget	Actual	Budget		Variance
OPERATING REVENUES	\$ -	\$ 66,911	\$ 320,000	\$ 468,536	\$ (148,536)	\$ 803,250
OTHER REVENUES	\$ 3,252	\$ 64,953	\$ 29,604	\$ 454,828	\$ (425,224)	\$ 779,750
OPERATING EXPENSES						
Salaries, Wages, & Employee Benefits	\$ 48,189	\$ 52,026	\$ 355,665	\$ 389,799	\$ 34,134	\$ 675,548
Professional Fees	11,533	115,704	121,694	810,204	688,510	1,389,000
Purchased & Contracted Services	2,011	4,671	2,258	32,708	30,450	56,075
Supplies, Materials & Utilities	2,559	5,268	16,200	39,890	23,690	66,244
Rentals	-	-	-	-	-	-
Maintenance, Repairs & Parts	-	1,250	2,141	8,750	6,609	15,000
General & Administrative Expenses	7,859	9,925	39,858	69,413	29,555	119,001
TOTAL OPERATING EXPENSES	\$ 72,151	\$ 188,844	\$ 537,816	\$ 1,350,764	\$ 812,948	\$ 2,320,867
NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ 72,151	\$ 188,844	\$ 537,816	\$ 1,350,764	\$ 812,948	\$ 2,320,867
NET REVENUES OVER EXPENSES	\$ (68,899)	\$ (56,980)	\$ (188,212)	\$ (427,400)	\$ 239,188	\$ (737,867)
CAPITAL IMPROVEMENTS	\$ 64,837	\$ 41,234	\$ 202,038	\$ 292,173	\$ 90,135	\$ 498,440
OTHER SOURCES (USES)						
Cash Carry Forward-Partner Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Repair & Replacement Fund	(195,000)	(195,000)	(195,000)	(195,000)	-	(195,000)
Incoming to Repair & Replacement Fund	195,000	195,000	195,000	195,000	-	195,000
TOTAL OTHER SOURCES (USES)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET CASH BASIS SOURCES (USES)	\$ (133,736)	\$ (98,214)	\$ (390,250)	\$ (719,573)	\$ 329,323	\$ (1,236,307)

**San Jacinto River Authority - General and Administration Operating and Repair/Replacement
Actual to Budget Comparison
For the Seven Months Ending March 31, 2026**

	March		YTD		Annual Budget
	Actual	Budget	Actual	Budget	
OPERATING REVENUES	\$ -	\$ -	\$ 70	\$ -	\$ 70
OTHER REVENUES	\$ 79,724	\$ 13,345	\$ 496,598	\$ 93,448	\$ 403,150
OPERATING EXPENSES	\$ 99,021	\$ 108,813	\$ 758,640	\$ 813,996	\$ 55,356
Salaries, Wages, & Employee Benefits	52,549	39,373	168,727	275,708	106,981
Professional Fees	8,200	12,909	68,616	90,397	21,781
Purchased & Contracted Services	62,856	126,464	388,180	885,547	497,367
Supplies, Materials & Utilities	2,815	3,305	20,762	23,145	2,383
Rentals	50,583	48,847	175,246	342,047	166,801
Maintenance, Repairs & Parts	(253,666)	(293,486)	(1,534,514)	(2,086,658)	(552,144)
General & Administrative Expenses					
TOTAL OPERATING EXPENSES	\$ 22,358	\$ 46,225	\$ 45,657	\$ 344,182	\$ 298,525
NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ 22,358	\$ 46,225	\$ 45,657	\$ 344,182	\$ 298,525
NET REVENUES OVER EXPENSES	\$ 57,366	\$ (32,880)	\$ 451,011	\$ (250,734)	\$ 701,745
CAPITAL IMPROVEMENTS	\$ 65,080	\$ 53,215	\$ 440,176	\$ 937,647	\$ 497,471
OTHER SOURCES (USES)	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Balance Forward	-	-	(24,242)	(24,242)	(24,242)
Operating Reserve Fund	-	-	(180,000)	(180,000)	(180,000)
Emergency Reserve Fund	-	-	(803,000)	(803,000)	(803,000)
Transfer to Repair and Replacement Fund	-	-	978,000	978,000	978,000
Incoming to Repair and Replacement Fund	-	-	(29,242)	(29,242)	(29,242)
TOTAL OTHER SOURCES (USES)	\$ -	\$ -	\$ (29,242)	\$ (29,242)	\$ -
NET CASH BASIS SOURCES (USES)	\$ (7,714)	\$ (86,095)	\$ (18,407)	\$ (1,217,623)	\$ 1,199,216
NET CASH BASIS SOURCES (USES)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 583,653	\$ 583,653	\$ 583,653	\$ 583,653	\$ 583,653

San Jacinto River Authority - Bear Branch
Actual to Budget Comparison
For the Seven Months Ending March 31, 2026

	March		YTD		Annual Budget	
	Actual	Budget	Actual	Budget		Variance
OPERATING REVENUES	\$ -	\$ -	\$ 760,728	\$ 760,728	\$ -	\$ 760,728
OTHER REVENUES	\$ 7,026	\$ 66,390	\$ 49,409	\$ 464,840	\$ (415,431)	\$ 796,900
OPERATING EXPENSES						
Salaries, Wages, & Employee Benefits	\$ 15,613	\$ 15,020	\$ 119,337	\$ 112,556	\$ (6,781)	\$ 195,070
Professional Fees	-	4,498	16,841	31,498	14,657	54,000
Purchased & Contracted Services	-	6,408	-	21,154	21,154	29,493
Supplies, Materials & Utilities	266	471	1,621	3,296	1,675	5,650
Rentals	-	417	-	2,917	2,917	5,000
Maintenance, Repairs & Parts	4,581	19,784	70,120	138,534	68,414	237,500
General & Administrative Expenses	2,046	4,660	20,628	30,995	10,367	52,671
TOTAL OPERATING EXPENSES	\$ 22,506	\$ 51,258	\$ 228,547	\$ 340,950	\$ 112,403	\$ 579,385
NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ 22,506	\$ 51,258	\$ 228,547	\$ 340,950	\$ 112,403	\$ 579,385
NET REVENUES OVER EXPENSES	\$ (15,480)	\$ 15,132	\$ 581,590	\$ 884,618	\$ (303,028)	\$ 978,243
CAPITAL IMPROVEMENTS	\$ 12,262	\$ 101,143	\$ 73,574	\$ 708,143	\$ 634,569	\$ 1,214,000
OTHER SOURCES (USES)						
Cash Balance Forward	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,077,279
Operating Reserve Fund	-	-	-	-	-	-
TOTAL OTHER SOURCES (USES)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,077,279
NET CASH BASIS SOURCES (USES)	\$ (27,742)	\$ (86,011)	\$ 508,016	\$ 176,475	\$ 331,541	\$ 841,522

San Jacinto River Authority - Region H
Actual to Budget Comparison
For the Seven Months Ending March 31, 2026

	March		YTD		Annual Budget
	Actual	Budget	Actual	Budget	
OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER REVENUES	\$ 469	\$ 44,317	\$ (43,919)	\$ 310,328	\$ (354,247)
OPERATING EXPENSES					
Salaries, Wages, & Employee Benefits	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Fees	-	43,843	(127,162)	307,004	434,166
Purchased & Contracted Services	-	508	1,447	3,558	6,100
Supplies, Materials & Utilities	-	8	22	58	100
Rentals	-	-	-	-	-
Maintenance, Repairs & Parts	-	-	-	-	-
General & Administrative Expenses	-	-	-	-	-
TOTAL OPERATING EXPENSES	\$ -	\$ 44,359	\$ (125,693)	\$ 310,620	\$ 436,313
NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ -	\$ 44,359	\$ (125,693)	\$ 310,620	\$ 436,313
NET REVENUES OVER EXPENSES	\$ 469	\$ (42)	\$ 81,774	\$ (292)	\$ 82,066
CAPITAL IMPROVEMENTS	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER SOURCES (USES)	\$ -	\$ -	\$ -	\$ -	\$ 500
Cash Balance Forward	\$ -	\$ -	\$ -	\$ -	\$ 500
TOTAL OTHER SOURCES (USES)	\$ -	\$ -	\$ -	\$ -	\$ -
NET CASH BASIS SOURCES (USES)	\$ 469	\$ (42)	\$ 81,774	\$ (292)	\$ 82,066

Item No.	Agenda Item	Date
6.3	Consider authorizing the General Manager to execute a Renewal Term 1 Letter with Knox Cox & Company to provide annual financial audit services.	05/28/2026

BACKGROUND INFORMATION

Firm Name: Knox Cox & Company
 Type of Agreement: Professional Services Agreement
 Service: Financial Audit Services
 Contract Number: 25-0030

In 2025, the Procurement Department issued a Request for Qualifications and evaluated qualified firms to ensure reliable financial audit services. Knox Cox & Company was awarded a professional services agreement, effective June 26, 2025. Executing this Renewal Term 1 Letter will allow SJRA to continue receiving financial audit services.

This Renewal Term 1 Letter is for a not-to-exceed amount of \$96,850. Amounts for each term of this agreement are listed below:

- Initial Year (June 26, 2025 - June 25, 2026): \$91,500
- Renewal Term 1 (June 26, 2026 - June 25, 2027): \$96,850

FUNDING SOURCE: General Operating Funds

ATTACHMENTS: Renewal Term 1 Letter

RECOMMENDED ACTION

Consider authorizing the General Manager to execute a Renewal Term 1 Letter with Knox Cox & Company for a not-to-exceed amount of \$96,850 for Renewal Term 1 (June 26, 2026, through June 25, 2027). Sufficient funds were budgeted and are available in Fiscal Year 2026 for this purpose.



Certified Public Accountants

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April 16, 2026

To the San Jacinto River Authority

We are pleased to confirm our understanding of the services we are to provide the San Jacinto River Authority for the year ended August 31, 2026.

Audit Scope and Objective

We will audit the financial statements of the business-type activities including the related notes to the financial statements, which collectively comprise the basic financial statements of the San Jacinto River Authority as of and for the year ended August 31, 2026. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the San Jacinto River Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the San Jacinto River Authority's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) GASB-required supplementary pension, OPEB

We have also been engaged to report on supplementary information other than RSI that accompanies the San Jacinto River Authority's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Budgetary comparison schedules
- 2) Schedule of expenditures of federal awards, if required
- 3) Combining statements
- 4) Individual fund statements
- 5) Supporting schedules

The objective of our audits are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP and report on the fairness of the supplementary information referred to

in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objective also includes reporting on –

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditor’s Responsibilities for the Audit of the Financial Statements and Single Audit

We will be conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of the accounting records, a determination of major programs(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government’s ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement, resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the San Jacinto River Authority's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance

requirements that could have a direct and material effect on each of San Jacinto River Authority's major programs. The purpose of these procedures will be to express an opinion on San Jacinto River Authority's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of San Jacinto River Authority in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain

written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to [include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the

objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to San Jacinto River Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection

The audit documentation for this engagement is the property of Knox Cox & Company, L.L.P. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to your cognizant agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Knox Cox & Company L.L.P. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the you Cognizant Agency, Oversight Agency for Audit, or Pass-through Entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately June 1, 2026 and to issue our reports no later than January 15, 2027. John B. Knox, Jr., CPA and Jennifer K Wienecke, CPA are the engagement partners and are responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will not exceed \$82,750 for the year including assistance in the preparation of the Annual Comprehensive Financial Report and \$14,100 for the single audit work. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that

unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

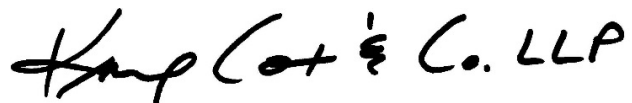
Reporting

We will issue a written report upon completion of our audit of the San Jacinto River Authority's financial statements. Our report will be addressed to the Board of the San Jacinto River Authority. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to the San Jacinto River Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Handwritten signature in black ink that reads "Kamp Co. & Co. LLP". The signature is written in a cursive, slightly slanted style.

RESPONSE:

This letter correctly sets forth the understanding of the San Jacinto River Authority.

Signature: _____

Title: _____

Item No.	Agenda Item	Date
6.4	Consider authorizing the General Manager to execute a contract with Blue Cross Blue Shield of Texas for employee medical and pharmacy benefits for the plan year beginning July 1, 2026, and ending June 30, 2027.	05/28/2026

BACKGROUND INFORMATION

In early March, SJRA partnered with its contracted broker, HUB International, to develop and issue a comprehensive Request for Proposals (RFP) for employee health benefits. This effort was undertaken to ensure a competitive, transparent process that would identify providers best aligned with SJRA’s needs, employee expectations, and long-term cost management goals.

The RFP solicited proposals for a full suite of benefits, including medical, dental, and vision coverage, as well as basic life and accidental death and dismemberment (AD&D) insurance, voluntary life insurance, and long-term disability. Proposals were evaluated based on a combination of factors, including cost competitiveness, plan design flexibility, administrative capabilities, claims processing, communications, and overall value to both SJRA and its employees.

Through this process, SJRA aims to secure quality, sustainable benefits offerings that support employee well-being while maintaining fiscal responsibility. The resulting agreement is expected to have a term of one year, providing stability in coverage and pricing, while allowing for periodic review and adjustments as needed to respond to market conditions and organizational priorities.

The current contract with Blue Cross Blue Shield of Texas (BCBSTX) for employee medical and pharmacy benefits is set to expire on June 30, 2026. Staff is recommending the renewal of the BCBSTX contract for the plan year beginning July 1, 2026, and ending June 30, 2027, in the amount of \$3,385,135, which is a 10.9% increase in premium. The proposed contract maintains continuity of coverage and provider access for employees and their dependents. Board approval is requested to authorize execution by the General Manager of the contract for the upcoming plan year.

FUNDING SOURCE: General Fund

ATTACHMENTS: Coversheet

RECOMMENDED ACTION

Authorize the General Manager to execute a contract with Blue Cross Blue Shield of Texas for employee medical and pharmacy benefits for the plan year beginning July 1, 2026, and ending June 30, 2027.

Item No.	Agenda Item	Date
6.5	Consider authorizing the General Manager to execute Amendment No. 1 to Work Order No. 2 with Schnabel Engineering, LLC, for preliminary engineering for the Bear Branch Dam Modification Project for the Bear Branch Division.	05/28/2026

BACKGROUND INFORMATION

Firm Name: Schnabel Engineering, LLC
 Project: Bear Branch Dam Modification
 Type of Agreement: Professional Services Agreement
 (Contract No. 23-0029-A)

Project Description/Justification:

Supplemental preliminary engineering is currently underway with Schnabel Engineering, LLC (Schnabel) to address the aging infrastructure associated with the service spillway and soil cement armoring system at Bear Branch Dam. Schnabel is evaluating alternatives for replacement of the entire spillway structure consisting of the existing service spillway and auxiliary spillway. SJRA has identified the need to evaluate downstream hydraulic impacts at the Kuykendahl Road bridge associated with various replacement spillway alternatives being evaluated. Additional hydraulic modeling is needed to compare hydraulic conditions downstream of the dam under existing conditions and alternative replacement spillway alignments, to support evaluation and selection of a preferred spillway alternative that does not introduce adverse downstream hydraulic impacts.

Work Order Scope:

Work Order No. 2 was previously approved on October 23, 2025, and added additional preliminary engineering scope to the Bear Branch Dam Modification project. Amendment No. 1 to Work Order No. 2 amends the Scope of Work, adds funds, and extends the schedule for the consultant to study hydraulic impacts downstream of the dam at the Kuykendahl Road bridge. Proposed services include hydraulic modeling and analysis, with findings to be incorporated into the Supplemental Preliminary Engineering Report (PER).

Key Deliverable(s):	Due Date(s):
Draft Supplemental PER	July 8, 2026
Final Supplemental PER	August 21, 2026
Type of Comp. (WO2/Amendment No. 1):	Lump Sum
Original Fee for Work Order No. 2:	\$108,740.18 (Board Approved October 23, 2025)
Amendment No. 1 to Work Order No. 2:	<u>\$ 57,847.12 (Recommended Action)</u>
Total Amount of Work Order No. 2:	\$166,587.30

*See attached Exhibit 1 for additional information on prior work orders and amendments.

FUNDING SOURCE: Local Funds

ATTACHMENTS: Exhibit 1, Map, Amendment No. 1 to Work Order No. 2, Level of Effort, Schedule

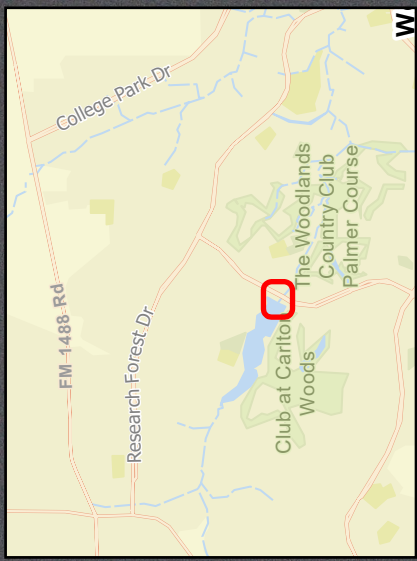
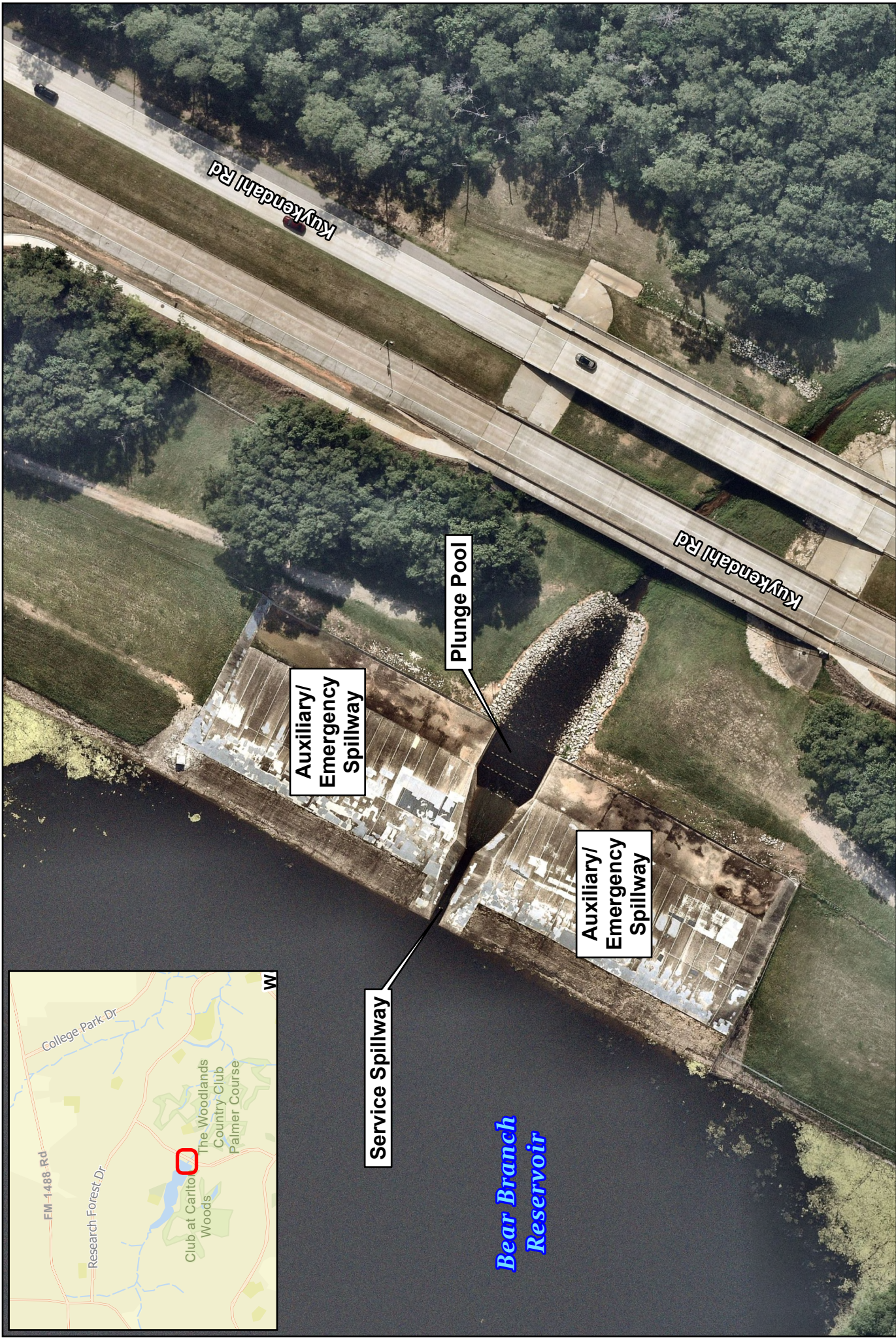
RECOMMENDED ACTION

Authorize the General Manager to execute Amendment No. 1 to Work Order No. 2 for an additional amount of \$57,847.12 with Schnabel Engineering, LLC, for hydraulic analysis for the Bear Branch Dam Modification Project for the Bear Branch Division.

EXHIBIT 1

Total Expenditures for Professional Engineering Services for the Bear Branch Dam Soil Cement and Service Spillway Replacement project under Contract 23-0029

Professional Services Agreement/Work Order	General Manager Approval Date	Amount
<u>Professional Services Agreement 23-0029</u> Provided a PSA for professional engineering services for the San Jacinto River and Tributaries Sediment Removal and Sand Trap Development project	January 12, 2024	N/A
<u>Work Order No. 1</u> Provided for preliminary engineering services for Bear Branch Dam Soil Cement and Service Spillway Replacement.	January 12, 2024	\$140,766.07
<u>Amendment No. 1 to Work Order No. 1</u> This amendment modified the schedule and extended the Completion of Services Date to October 30, 2024.	August 30, 2024	\$0.00
<u>Amendment No. 2 to Work Order No. 1</u> This amendment modified the schedule and extended the Completion of Services Date to February 28, 2025.	October 24, 2024	\$0.00
<u>Amendment No. 3 to Work Order No. 1</u> This amendment provided for additional preliminary engineering services and extended the Completion of Services Date to June 30, 2025.	March 28, 2025	\$6,100.00
<u>Amendment No. 4 to Work Order No. 1</u> This amendment provided for additional preliminary engineering services and extended the Completion of Services Date to December 31, 2025.	June 20, 2025	\$14,930.00
<u>Work Order No. 2</u> Provided for supplemental preliminary engineering services for Bear Branch Dam Soil Cement and Service Spillway Replacement.	October 23, 2025	\$108,740.18
TOTAL AMOUNT FOR PREVIOUS WORK ORDERS		\$270,536.25



Bear Branch Reservoir



**San Jacinto River Authority
Bear Branch Dam Soil Cement and Service Spillway Replacement
Work Order No. 2 Amendment No. 1**

This Amendment revises Work Order 2 to amend Scope of Work, add funds, and extend schedule to provide additional hydraulic modeling services to the Supplemental Preliminary Engineering of Bear Branch Dam Soil Cement and Service Spillway Replacement.

This Work Order Amendment is issued subject to and is governed by that certain Professional Services Agreement, Contract No. 23-0029-A, between SJRA and CONSULTANT effective January 12, 2024.

Agreement Date: January 12, 2024
Work Order Date: October 23, 2025
Amendment No. 1 Date: May 28, 2026

CONSULTANT: Schnabel Engineering, LLC

Type of Compensation: Lump Sum

Amendment Compensation (Task 1205): \$57,847.12 Completion Date: October 9, 2026
Total Work Order Compensation: \$166,587.30

Description: Additional hydraulic modeling services associated with Supplemental Preliminary Engineering for Bear Branch Dam Spillway Replacement

Agreed to by:

SJRA

By: _____

Name: Aubrey Spear, P.E.

Title: General Manager

and

Schnabel Engineering, LLC

By: _____

Name: Jeremy R. Young, P.E.

Title: Senior Vice President

**San Jacinto River Authority
Bear Branch Dam Soil Cement and Service Spillway Replacement
Work Order No. 2 Amendment No. 1**

SCOPE OF WORK

General

The scope of services detailed herein is intended as an additional service to the supplemental preliminary engineering being performed under Professional Services Agreement Contract No. 23-0029-A, Work Order No. 2. As part of Work Order No. 2, CONSULTANT is evaluating three alternatives to replace both the service spillway and auxiliary spillway as a single construction project. Two of the alternatives include replacing the existing spillway with a staged labyrinth spillway, preliminarily located to the right of the existing service spillway. During design review meetings, SJRA expressed interest in understanding hydraulic impacts at the Kuykendahl Road bridge, located immediately downstream of the dam, as a result of the replacement spillway. SJRA has expressed interest in comparing hydraulic impacts downstream of the replacement spillway if the spillway were located either right or left of the existing service spillway, as well as comparing proposed site hydraulic impacts to existing conditions.

The objective of this work order is to perform additional hydraulic modeling to study hydraulic impacts downstream of the replacement spillway alternatives in the vicinity of the Kuykendahl Road bridge.

Task 1205 – Kuykendahl Road Bridge Impact Study

1. CONSULTANT, using hydraulic models (HEC-HMS and HEC-RAS 2D) previously developed for this project and/or provided by SJRA, shall evaluate hydraulic conditions at the Kuykendahl Road bridge for the following scenarios:
 - a. Existing Conditions;
 - b. Alternative A – positioned to the right of the existing service spillway;
 - c. Alternative A – positioned to the left of the existing service spillway.
2. CONSULTANT shall update and modify the hydraulic models as needed to perform the evaluation to estimate depth of flow (upstream and up to 100-ft downstream of the bridge), velocity (at bridge approach, bridge openings, piers, and downstream of the bridge) and flow patterns at the bridge. The following storm events shall be modelled:
 - a. Spillway Design Flood of 0.78 Probable Maximum Flood (PMF);
 - b. 2- through 500-year events.
3. CONSULTANT shall summarize evaluation, results and conclusions in the Supplemental Preliminary Engineering Report that is being prepared as part of Work Order No. 2.
4. CONSULTANT shall discuss the results of the evaluation in a virtual meeting with SJRA.

Deliverables:

Revised Draft Supplemental Preliminary Engineering Report

Provide two (2) electronic versions (.pdf and .docx) of the Revised Draft Supplemental Preliminary Engineering Report to SJRA via Procore. Submit by July 8, 2026.

Final Supplemental Preliminary Engineering Report

Provide two (2) electronic versions (.pdf and .docx) of the Final Supplemental Preliminary Engineering Report via Procore. Submit within twenty (20) calendar days of receiving SJRA comments on the Revised Draft Supplemental Preliminary Engineering Report.

DAM ENGINEERING FEE BREAKDOWN - SUMMARY

PROJECT: Bear Branch Dam Kuykendahl Road Bridge Impact Study
 DATE: 5/8/2026
 REFERENCE NO.: 23220010.010

	TASK				TOTAL FEE
	Task 1101 - Project Management				
Labor	\$ 57,847.12	\$ -	\$ -	\$ -	\$ 57,847.12
Other Direct Costs	\$ -	\$ -	\$ -	\$ -	\$ -
Subconsultant w/ 10% Mark-up	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL PROJECT FEE	\$57,847.12	\$0.00	\$0.00	\$0.00	\$57,847.12

DAM ENGINEERING FEE BREAKDOWN - LABOR

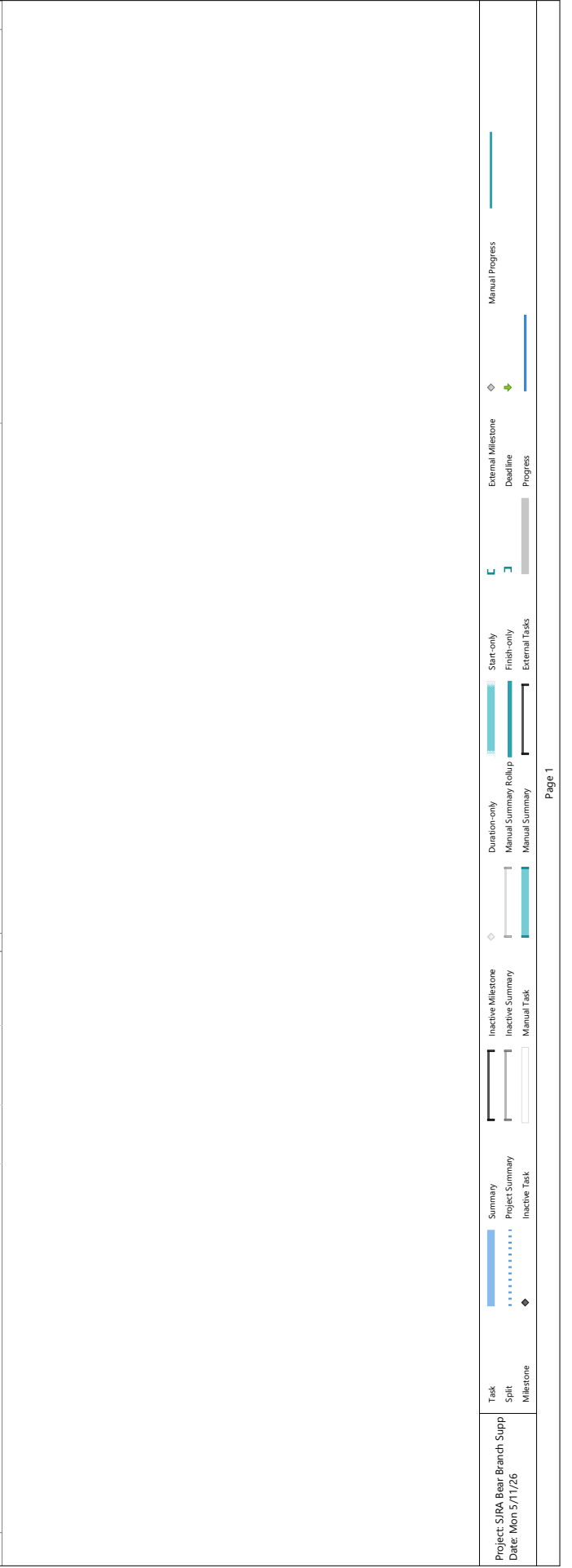
PROJECT: Bear Branch Dam Kuyk

DATE: 5/8/2026

REFERENCE NO.: 23220010.010

DESCRIPTION OF TASK	CLASSIFICATION										TOTAL HOURS	TOTAL LABOR FEE	
	Principal (Hrs)	Associate (Hrs)	Project Engineer (Hrs)	Senior Staff Engineer (Hrs)	Staff Engineer (Hrs)	CADD Tech III (Hrs)	Admin (Hrs)						
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
Task 1101 - Project Management													
a) Update HEC-HMS Model	1	4	15									20	\$ 4,299.49
b) Set-up/Run HEC-HMS Model for Various Flood Events (existing/proposed)	4	16	60									80	\$ 17,197.96
c) Update HEC-RAS Model	1	4	15									20	\$ 4,299.49
d) Set-up/Run HEC-RAS Model for Various Flood Events (existing/proposed)	1	24	80									105	\$ 22,113.49
e) Update Draft Supplemental PER	4	8	16								2	30	\$ 6,624.46
f) Address SJRA Comments/Finalize Supplemental PER	2	4	8								1	15	\$ 3,312.23
g)												0	\$ -
h)												0	\$ -
Subtotal Hours:	13	60	194	0	0	0	0	0	0	0	3	270	****
Subtotal Labor Fee:	\$ 4,267.77	\$ 13,623.00	\$ 39,614.80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 341.55	****	\$ 57,847.12
Total Hours	13	60	194	0	0	0	0	0	0	0	3	270	****
Total Labor Fee	\$ 4,267.77	\$ 13,623.00	\$ 39,614.80	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 341.55	****	\$ 57,847.12

ID	Task Name	Duration	Start	Finish	November	December	January	February	March	April	May	June	July	August	September	October	
1	SJRA Bear Branch Dam Supplemental Preliminary Engineering	245 days	Mon 11/3/25	Fri 10/9/26	10/30/25	11/2/25	11/9/25	11/16/25	11/23/25	11/30/25	12/7/25	12/14/25	12/21/25	12/28/25	1/4/26	1/11/26	1/18/26
2	NTP	1 day	Mon 11/3/25	Mon 11/3/25													
3	Task 1201 - Project Management	245 days	Mon 11/3/25	Fri 10/9/26													
4	Kick-off Meeting	1 day	Fri 11/7/25	Fri 11/7/25													
5	PM/Progress Meetings	240 days	Mon 11/3/25	Fri 10/2/26													
6	Task 1202 - Preliminary Engineering of Additional Spillway Alternatives	205 days	Mon 11/10/25	Fri 8/21/26													
7	Evaluation of Alternatives & Initial Draft Supplemental PER Development	135 days	Mon 11/10/25	Fri 5/15/26													
8	Task 1.205 - Kuykendahl Road Bridge Impact Study	25 days	Thu 5/28/26	Wed 7/1/26													
9	SJRA Board Approval	0 days	Thu 5/28/26	Thu 5/28/26													
10	NTP	0 days	Mon 6/8/26	Mon 6/8/26													
11	Conduct Impact Study	18 days	Mon 6/8/26	Wed 7/1/26													
12	Revised Draft Supp. PER Completion	5 days	Thu 7/2/26	Wed 7/8/26													
13	SJRA Review of Impact Study and Revised Draft Supp. PER	16 days	Thu 7/9/26	Thu 7/30/26													
14	Prepare Final PER	16 days	Fri 7/31/26	Fri 8/21/26													
15	Task 1203 - MUD/Stakeholder Engagement	35 days	Mon 8/24/26	Fri 10/9/26													
16	Coordination	35 days	Mon 8/24/26	Fri 10/9/26													
17	Task 1204 - TCEQ Coordination	35 days	Mon 8/24/26	Fri 10/9/26													
18	Coordination	35 days	Mon 8/24/26	Fri 10/9/26													



Item No.	Agenda Item	Date
6.6	Consider authorizing the General Manager to execute Amendment No. 1 to Work Order No. 2 with Halff Associates, Inc., for construction phase services for Lake Conroe Maintenance Facility Improvements Project for the Lake Conroe Division.	05/28/2026

BACKGROUND INFORMATION

Firm Name: Halff Associates, Inc.
 Project: Lake Conroe Maintenance Facility Improvements
 Type of Agreement: Professional Services Agreement
 (Contract No. 21-0061 WO2)
 Project Description/Justification:

Construction is ongoing for the Lake Conroe Maintenance Facility Improvements Project. The Lake Conroe Division maintenance and operations staff utilize multiple facilities that provide office space, workspace, and equipment storage. These Lake Conroe campus facilities are used for daily operations as well as during emergencies and are in the process of being replaced due to their structural condition and limited workspace. The new facilities will increase the efficiency, safety, and maintenance capabilities of the Lake Conroe Division staff. Amendment No. 1 to Work Order No. 2 will not add to the project schedule, as the consultant responsible for conducting Construction Phase Services will complete services in parallel to the continued construction of the Project.

Work Order Scope:
 Amendment No. 1 to Work Order No. 2 adds funds to existing Task 1201 for Construction Phase Services needed for the consultant and its subconsultants to complete the work necessary for the project. An additional \$46,013.50 is needed to complete the additional effort required, which is anticipated to include additional progress meetings, site visits, inspections, submittal reviews, and preparation of project record drawings.

Key Deliverable(s):	Due Date(s):
Responses to Submittals	7 Calendar Days of Receipt of Submittal
Responses to RFIs	3 Calendar Days of Receipt of RFI
Record Drawings	30 Calendar Days After Final Completion
Type of Comp. (WO2/Amendment No. 1):	Cost Plus Multiplier with Not-to-Exceed
Original Fee for Work Order No. 2:	\$203,340.13 (Board Approved July 25, 2024)
Amendment No. 1 to Work Order No. 2:	<u>\$ 46,013.50 (Recommended Action)</u>
Total Amount of Work Order No. 2:	\$249,353.63

Construction Cost: \$4,531,977.45 (Est.)

Anticipated Completion Date: April 10, 2027

*See attached Exhibit 1 for additional information on prior work orders and amendments.

FUNDING SOURCE: Lake Conroe Repair and Replacement Fund

ATTACHMENTS: Exhibit 1, Map, Amendment No. 1 to Work Order No. 2, Scope, Level of Effort, Schedule

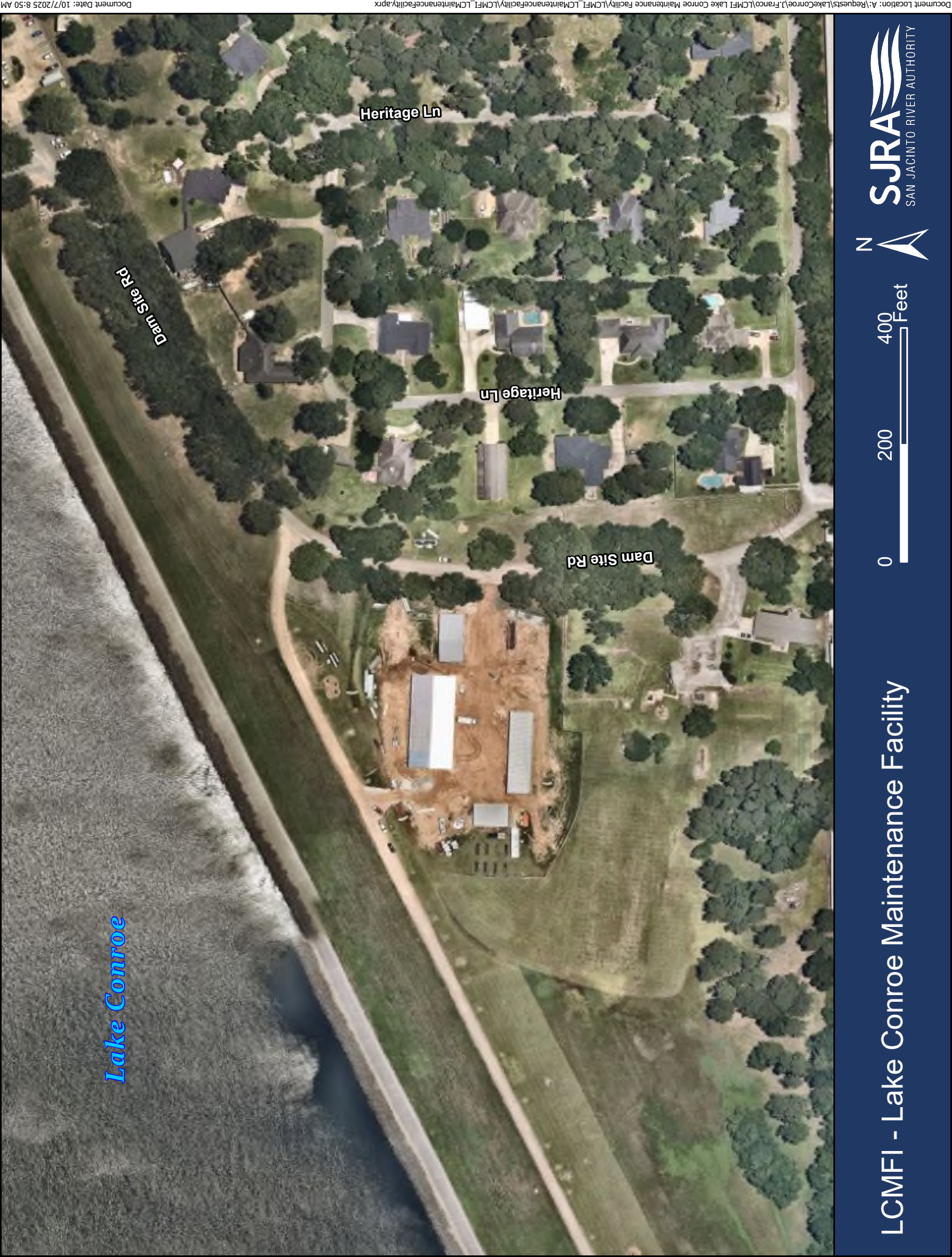
RECOMMENDED ACTION

Authorize the General Manager to execute Amendment No. 1 to Work Order No. 2 in an additional amount not to exceed \$46,013.50 with Halff Associates, Inc., for construction phase services for Lake Conroe Maintenance Facility Improvements Project for the Lake Conroe Division.

EXHIBIT 1

**Total Expenditures for Professional Engineering Services
for the Lake Conroe Maintenance Facility Improvements Project**

Professional Services Agreement/Work Order	General Manager Approval Date	Amount
<u>PSA 21-0061 and Work Order No. 1</u> Provided for professional services agreement and professional design services for Lake Conroe Maintenance Facility Improvements.	October 28, 2021	\$636,464.70
<u>Work Order No. 2</u> Provided for professional construction phase services for Lake Conroe Maintenance Facility Improvements.	July 25, 2024	\$203,340.13
TOTAL AMOUNT FOR PREVIOUS WORK ORDERS		\$839,804.83



Lake Conroe

Heritage Ln

Heritage Ln

Dam Site Rd

Dam Site Rd



**San Jacinto River Authority
Lake Conroe Maintenance Facility Improvements
Work Order No. 2 Amendment 1**

This amendment revises Work Order No. 2 to add funds to Task 1201 to provide additional construction phase services for the Lake Conroe Maintenance Facility Improvements project.

This Work Order Amendment is issued subject to is governed by that certain Professional Services Agreement, Contract No. 21-0061, between SJRA and CONSULTANT effective June 23, 2022.

Agreement Date: June 23, 2022
Work Order Date: July 25, 2024
Amendment No. 1 Date: May 28, 2026

CONSULTANT: Halff Associates, Inc.

Type of Compensation: Cost Plus Multiplier with Not-to-Exceed

Amendment Compensation (Task 1201): \$46,013.50 Completion Date: April 10, 2027
Total Work Order Compensation: \$249,353.63

Description: Professional Engineering Services associated with construction phase services for Lake Conroe Maintenance Facility Improvements.

Agreed to by:

SJRA

By: _____

Name: Aubrey Spear, P.E.

Title: General Manager

and

Halff Associates, Inc.

By: _____

Name: Jim Miller, P.E.

Title: Team Leader

**San Jacinto River Authority
Lake Conroe Maintenance Facility Improvements
Work Order No. 2 Amendment 1**

SCOPE OF WORK

General

The following scope generally describes the efforts associated with construction phase services for the proposed San Jacinto River Authority's (SJRA) Lake Conroe Division Maintenance Facility. The proposed facility will increase operational efficiencies and improve response time during emergency scenarios.

The CONSULTANT shall provide:

Task 1201 – Construction Phase Services

1. Consultant shall provide continuing professional Construction Phase Services (CPS) scope as described in Work Order No. 2, as the Engineer of Record, to ensure Construction Contractor compliance with contract requirements and assist in obtaining a completed Project in accordance with the purpose and intent of the Construction Contract Documents.

Deliverables:

Site Observation Reports

Submit one (1) electronic (.pdf) copy within five (5) calendar days of site visit documenting construction activities observed on site visit.

Responses to Submittals

Provide responses within three (3) calendar days of receipt of RFIs.

Record Drawings/ Project Record Documents

Within thirty (30) calendar days of construction Final Completion, submit record drawings in electronic format (.pdf, two scale versions, one printable as 22"x34" and the other as 11"x17") and in CAD (.dwg) format (AutoCAD 2018 or more recent) in accordance with the requirements of the SJRA Design Standards and Criteria Manual.

Monthly Status Reports

Monthly Status Reports shall be submitted electronically (.pdf) to SJRA's designated representative no later than the 10th day of every month to coincide with SJRA's invoicing requirements throughout the duration of the Work Order.



5/3/2026

Greg Lushbaugh, P.E.
Project Manager
San Jacinto River Authority
15777 Dam Site Rd
Conroe, Tx 77304

Re: Lake Conroe Maintenance Facility Construction Support Request for Additional Funding

Mr. Lushbaugh:

Halff original construction phase services contract was for an amount of **\$203,340.13** with commencement of services on July 2024 with anticipated Completion services on September 2025. The general scope of work included the following:

- 13 progress meetings
- 14 additional site visits
- Substantial completion walkthrough
- Final walkthrough
- 100 RFI responses
- 125 Submittal reviews
- Project assistance
- Record drawings

With the delays in the project by the contractor the new anticipated completion date of the project is September 2026. This resulted in a number of additional progress meetings, phone consultation, and coordination with SJRA. The design team has also reviewed 184 submittals for the project.

Effort spent through March 2026 is \$190,904.69. With the additional time required for this project we anticipated exceeding the original contract amount and request the following additional funds to carry through September 2026.

Additional Funding Request: \$46,013.50

Total new Contract Value: \$249,353.63

Sincerely,
HALFF

A handwritten signature in black ink, appearing to read "Jim Miller".

Jim Miller

Vice President

ID	Task Name	Duration	Start	Finish	2025	2026	2027		
					Q3	Q4	Q1	Q2	Q3
0	Lake Conroe Maintenance Facility Improvements CPS	789 days	Mon 8/26/24	Mon 10/12/26					
1	NTP	0 days	Mon 8/26/24	Mon 8/26/24					
2	Construction Duration	727 days	Mon 8/26/24	Tue 8/11/26					
3	Substantial Completion	0 days	Tue 8/11/26	Tue 8/11/26					
4	Final Completion	0 days	Thu 9/10/26	Thu 9/10/26					
5	Submittal of Record Drawings	0 days	Mon 10/12/26	Mon 10/12/26					

Project: Lake Conroe Maintenance
Date: Mon 5/4/26

Task		Inactive Summary		External Tasks	
Split		Manual Task		External Milestone	
Milestone		Duration-only		Deadline	
Summary		Manual Summary Rollup		Progress	
Project Summary		Manual Summary		Manual Progress	
Inactive Task		Start-only			
Inactive Milestone		Finish-only			

Item No.	Agenda Item	Date
6.7	Consider authorizing the General Manager to execute a contract renewal with Mallard Underground Services, LLC, related to water and wastewater maintenance services for the GRP and Woodlands Divisions.	05/28/2026

BACKGROUND INFORMATION

Firm Name:	Mallard Underground Services, LLC.	
Type of Agreement:	General Services Agreement	
Service:	Water and Wastewater Maintenance Services	
Contract Number:	25-0032-AM1	
Initial Contract Term Amount:	GRP Division	\$1,166,744.82
	Woodlands Division	\$367,783.28
Second Term Not To Exceed Amount:	GRP Division	\$850,000.00
	Woodlands Division	\$600,000.00
<p>The GRP and the Woodlands Divisions engage external construction repair services to address the repair and maintenance of water and wastewater assets. This includes the emergency and planned repair and replacement of water and sewer lines, manholes, air relief valves, drainage systems, and erosion control systems. Such projects typically require heavy machinery and specialized training in excavation and repair techniques, resources that SJRA does not possess. The contract for these services was awarded in June 2025 following a competitive bidding process.</p> <p>The contract with Mallard Underground Services, LLC, is for a not-to-exceed amount of \$600,000 for the Woodlands Division and \$850,000 for the GRP Division, and is due for renewal on June 13, 2026, which is the second year of the up to 3-year contract. The renewal of the contract includes a price adjustment as stipulated in the contract, which will be aligned with the Consumer Price Index (CPI) and is set at 3% for the renewal term.</p>		

FUNDING SOURCE: GRP and Woodlands Operating Budgets

ATTACHMENTS: Contract

RECOMMENDED ACTION

Authorize the General Manager to execute a contract renewal with Mallard Underground Services, LLC, in an amount not to exceed an additional \$850,000 for the GRP Division, and \$600,000 for the Woodlands Division, related to water and wastewater maintenance services for the GRP and Woodlands Divisions. Sufficient funds were budgeted and are available in Fiscal Year 2026 for this purpose.



May 1, 2026

Mallard Underground Utilities LLC
48 Tall Oaks Dr
Huffman, Texas 77336
John Berryman, Owner
via email: johnb@mallardundergroundutilities.com

Re: Contract 25-0032 Water and Wastewater Maintenance Services

Dear John,

The above referenced contract was originally executed with an effective date of June 13, 2025, for an initial one-year term, with the option for two (2) additional one-year terms. The San Jacinto River Authority (SJRA) intends to exercise its option to renew the agreement for Renewal Term 1, leaving one (1) remaining renewal term. Pursuant to Article 2.1 of Contract No. 25-0032, all renewals must be in writing and executed by both parties.

Initial Term: June 13, 2025 – June 12, 2026

Renewal Term 1: June 13, 2026 – June 12, 2027

Renewal Term 2: June 13, 2027 – June 12, 2028

The maximum not-to-exceed compensation payable to Mallard Underground Utilities LLC, under this agreement within Renewal Term 1, is \$600,000 for the Woodlands and \$850,000 for GRP.

If your company agrees with renewing this contract for the second year, under which the current contract terms and conditions prevail and the second addendum with revised unit pricing (attached), please sign below and return to both pages me via e-mail, Kim Robbins, krobbins@sjra.net

Sincerely,
Kim Robbins

Kim Robbins
Senior Buyer
Procurement

LAKE CONROE DIVISION
P.O. Box 329
Conroe, Texas 77305
(T) 936.588.1111
(F) 936.588.1114

GRP DIVISION
P.O. Box 329
Conroe, Texas 77305
(T) 936.588.1662
(F) 936.588.7182

WOODLANDS DIVISION
2436 Sawdust Rd
The Woodlands, Texas 77380
(T) 281.367.9511
(F) 281.362.4385

HIGHLANDS DIVISION
P.O. Box 861
Highlands, Texas 77562
(T) 281.843.3300
(F) 281.426.2877


SJRA



SAN JACINTO RIVER AUTHORITY

Aubrey Spear, P.E., General Manager

Mallard Underground Utilities LLC

Authorized Signature: 

Printed Name: John Berryman Title: Owner

LAKE CONROE DIVISION
P.O. Box 329
Conroe, Texas 77305
(T) 936.588.1111
(F) 936.588.1114

GRP DIVISION
P.O. Box 329
Conroe, Texas 77305
(T) 936.588.1662
(F) 936.588.7182

WOODLANDS DIVISION
2436 Sawdust Rd
The Woodlands, Texas 77380
(T) 281.367.9511
(F) 281.362.4385

HIGHLANDS DIVISION
P.O. Box 861
Highlands, Texas 77562
(T) 281.843.3300
(F) 281.426.2877

THE STATE OF TEXAS §
 §
COUNTY OF MONTGOMERY §

SECOND AMENDMENT TO CONTRACT
BY AND BETWEEN THE SAN JACINTO RIVER AUTHORITY
AND MALLARD UNDERGROUND UTILITIES LLC
[CONTRACT NO. 25-0032]

THIS SECOND AMENDMENT TO CONTRACT (hereafter the “Second Amendment”) to that certain Contract by and between San Jacinto River Authority (SJRA) and Mallard Underground Utilities, LLC (hereafter the “Agreement”), which was heretofore executed on June 13, 2025, and was approved within the delegated authority of the San Jacinto River Authority General Manager; and said Agreement was heretofore entered into by and between San Jacinto River Authority, a conservation and reclamation district of the State of Texas with its general and administration offices located at 1577 Dam Site Road, Conroe, Texas 77304 (hereafter the “SJRA”); and Mallard Underground Utilities, LLC, 48 Tall Oaks Dr., Huffman, Texas 77336 (hereafter “Mallard”). The original Agreement provided for Mallard to Water and Wastewater Maintenance Services.

NOW THEREFORE, SJRA and Mallard (hereafter collectively referred to as the “Parties”), in consideration of their mutual promises and covenants, as well as for other good and valuable considerations, do hereby AGREE to the following Second Amendment, which amends the following terms and conditions of the said Agreement, to wit:

SECOND AMENDMENT – Renewal Term 1 – 3% price increase for Hourly and Daily Rates to begin on June 13, 2026) as attached.

The maximum not-to-exceed compensation payable to Mallard Underground Utilities LLC, under this agreement within Renewal Term 1, is \$600,000 for the Woodlands and \$850,000 for GRP.

This contract may be terminated, by either party for cause, or without cause, with a thirty (30) day written notification delivered via certified mail.


The Parties hereto agree, that except as specifically provided for by this Second Amendment, that all of the terms, covenants, conditions, agreements, rights, responsibilities, and obligations of the Parties, set forth in both the Agreement and now the Second Amendment shall be, and will remain in full force and effect.

IN WITNESS WHEREOF, the Parties have each executed this Second Amendment, by and through their respective duly authorized representatives and officers on May 28, 2026.

SAN JACINTO RIVER AUTHORITY

By: _____
Aubrey A. Spear, PE, General Manager

Mallard Underground Utilities LLC

By:  _____
AUTHORIZED SIGNATURE
John Berryman
PRINTED NAME
owner
TITLE

Renewal Term 1 - 3% increase for Hourly and Daily Rates
RFP 25-0032 Proposal Pricing Sheet for Water and Wastewater Maintenance Services -Mallard

The respondent shall complete the following unit pricing in Brazos Valle E-Marketplace System (lonwave) which directly corresponds to the specifications.

A. Services and Contractor Owned Equipment Pricing:			Scheduled		Unscheduled	
ITEM	Rate	Type of Service Requested	4 days or less	5 days or more	4 days or less	5 days or more
1	HR	Laborer	\$49.44	\$49.44	\$78.28	\$78.28
2	HR	Equipment Operator	\$65.92	\$65.92	\$108.15	\$108.15
3	HR	Foreman	\$77.25	\$77.25	\$127.72	\$127.72
4	HR	Superintendent	\$96.82	\$96.82	\$156.56	\$156.56
5	Daily	Service Truck	\$1,689.20	\$1,380.20	\$1,689.20	\$1,689.20
6	Daily	Flatbed Truck	\$824.00	\$741.60	\$824.00	\$741.60
7	Daily	Equipment Trailer	\$309.00	\$278.10	\$309.00	\$278.10
8	Daily	Backhoe w/Trailer	\$978.50	\$880.65	\$978.50	\$880.65
9	Daily	Dump Truck (6-10 yd)	\$1,606.80	\$1,606.80	\$1,606.80	\$1,606.80
10	Daily	Air Compressor w/ accessories-Large (pull behind)	\$648.90	\$584.01	\$648.90	\$584.01
11	Daily	Light Tower (may be trailered)	\$473.80	\$426.42	\$473.80	\$426.42
12	Daily	Generator up to 100kw trailer mounted				
13	Daily	Generator up to 150kw trailer mounted				
14	Daily	Centrifugal Pump trailer mounted				
15	Daily	Mini Excavator (<10 tons)	\$844.60	\$760.14	\$844.60	\$760.14
16	Daily	Midsized Excavator (10-45 tons)	\$1,236.00	\$1,112.40	\$1,236.00	\$1,112.40
17	Daily	Large Excavator (45+ tons)	\$1,957.00	\$1,761.30	\$1,957.00	\$1,761.30
18	Daily	Skidsteer or Frontloader	\$762.20	\$684.95	\$762.20	\$684.95
19	Daily	Bulldozer	\$1,236.00	\$1,112.40	\$1,236.00	\$1,112.40
20	Daily	Dump Trailer (items in red added by supplier after bid)	\$525.30	\$472.77	\$525.30	\$472.77
21	Daily	Compactor	\$1,112.40	\$1,001.16	\$1,112.40	\$1,001.16
22	Daily	Jet Trailer	\$659.20	\$593.28	\$659.20	\$593.28
23	Daily	Wheel Loader	\$824.00	\$741.60	\$824.00	\$741.60
24	Daily	Boring Machine	\$1,236.00	\$1,112.40	\$1,236.00	\$1,112.40
25	Daily	ATV	\$463.50	\$417.50	\$463.50	\$417.50

B. Equipment Rentals & Materials/Supplies Purchased, Subcontractor/s Percentage Markup:						
			Scheduled		Unscheduled	
ITEM	DESCRIPTION		4 days or less	5 days or more	4 days or less	5 days or more
35	Mobilization (calculated on the total of contractor's portion only - above items only, <i>the below items are not included</i>)		15.00%	15.00%	15.00%	15.00%
36	Equipment Rental (trench boxes, road plates, excavator, etc)		15.00%	15.00%	15.00%	15.00%
37	Material (sod/fill/backfill/concrete/pipes, fittings, etc)		15.00%	15.00%	15.00%	15.00%
38	Subcontractors		15.00%	15.00%	15.00%	15.00%

All receipts for actual expenses for Equipment Rentals & Materials/Supplies Purchased by the Contractor must be submitted to SJRA with Contractor invoice for Scheduled and Unscheduled work.

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
 Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY CERTIFICATION OF FILING

Certificate Number:
 2026-1457501

Date Filed:
 05/05/2026

Date Acknowledged:

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

MALLARD UNDERGROUND UTILITIES
 Huffman, TX United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

San Jacinto River Authority

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

25-0032
 Water and Wastewater Maintenance Services

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	BERRYMAN, JOHN	Huffman, TX United States	X	

5 Check only if there is NO Interested Party.

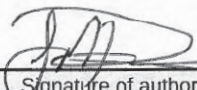
6 UNSWORN DECLARATION

My name is John Berryman, and my date of birth is 12/3/1967.

My address is 48 Tall Oaks Dr, Huffman, TX, 77336, USA.
(city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Harris County, State of Texas, on the 5 day of May, 20 26.
(month) (year)



 Signature of authorized agent of contracting business entity
 (Declarant)

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

OFFICE USE ONLY CERTIFICATION OF FILING

Certificate Number:
2026-1457501

Date Filed:
05/05/2026

Date Acknowledged:
05/06/2026

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.
MALLARD UNDERGROUND UTILITIES
Huffman, TX United States

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.
San Jacinto River Authority

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.
25-0032
Water and Wastewater Maintenance Services

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	BERRYMAN, JOHN	Huffman, TX United States	X	

5 Check only if there is NO Interested Party.

6 UNSWORN DECLARATION

My name is _____, and my date of birth is _____.

My address is _____, _____, _____, _____, _____.
(city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in _____ County, State of _____, on the _____ day of _____, 20____.
(month) (year)

Signature of authorized agent of contracting business entity
(Declarant)

CONFLICT OF INTEREST QUESTIONNAIRE

FORM CIQ

For vendor doing business with local governmental entity

This questionnaire reflects changes made to the law by H.B. 23, 84th Leg., Regular Session.

This questionnaire is being filed in accordance with Chapter 176, Local Government Code, by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local governmental entity and the vendor meets requirements under Section 176.006(a).

By law this questionnaire must be filed with the records administrator of the local governmental entity not later than the 7th business day after the date the vendor becomes aware of facts that require the statement to be filed. See Section 176.006(a-1), Local Government Code.

A vendor commits an offense if the vendor knowingly violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.

OFFICE USE ONLY

Date Received

1 Name of vendor who has a business relationship with local governmental entity.

Mallard Underground Utilities, LLC

2 Check this box if you are filing an update to a previously filed questionnaire. (The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than the 7th business day after the date on which you became aware that the originally filed questionnaire was incomplete or inaccurate.)

3 Name of local government officer about whom the information is being disclosed.

Name of Officer

4 Describe each employment or other business relationship with the local government officer, or a family member of the officer, as described by Section 176.003(a)(2)(A). Also describe any family relationship with the local government officer. Complete subparts A and B for each employment or business relationship described. Attach additional pages to this Form CIQ as necessary.

A. Is the local government officer or a family member of the officer receiving or likely to receive taxable income, other than investment income, from the vendor?

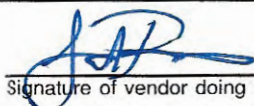
Yes No

B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local governmental entity?

Yes No

5 Describe each employment or business relationship that the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

6 Check this box if the vendor has given the local government officer or a family member of the officer one or more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1).

7 
Signature of vendor doing business with the governmental entity

5-28-25
Date

Item No.	Agenda Item	Date
6.8	Consider authorizing the General Manager to execute a Professional Services Agreement with Carollo Engineers, Inc., for Wastewater Owner’s Advisor Services for the Woodlands Division.	05/28/2026

BACKGROUND INFORMATION

Firm Name: Carollo Engineers, Inc.
 Project: Wastewater Owner’s Advisor
 Type of Agreement: Professional Services Agreement
 (Contract No. 26-0032)

Project Description/Justification:

Since 2021, SJRA has coordinated with The Woodlands MUDs and spent approximately \$3M in studies and analysis regarding Wastewater Treatment Facility No. 1 (WWTF No. 1) to determine the most economical means for the renewal or replacement. These studies have focused on advanced technological options, capacity needs, and the remaining service life of existing assets. The most recent study was focused on completing an in-depth condition assessment and comparing the estimated cost of four options for renewal/replacement. The current evaluation has been on hold since May of 2025 for The Woodlands Water Agency (WWA) to analyze and validate the existing and future capacity needs in the WWTF No.1 service area in the form of Single-Family Dwelling Unit Equivalents (SFDUEs). The SFDUE evaluation was completed in March 2026. During the last five years, there have been many discussions between SJRA and the MUDs regarding cost effectiveness of renewal/replacement options, remaining service life of assets, and long-term renewal/replacement strategies. During this same period, construction costs have greatly increased, and more information has been identified regarding future development and re-development within the WWTF No. 1 service area. Considering the multiple years of study and analysis, escalating construction costs, remaining service life of existing assets, and discussions with The Woodlands MUDs, the recommendation is to redirect the current WWTF No. 1 study to focus on a repair and replacement strategy.

Scope:

Consultant will evaluate historic flows for WWTF No. 1 and make recommendations to right-size the facility’s capacity (average day flow and 2-hour peak flow) based on TCEQ requirements and WWA’s SFDUE evaluation. Consultant will identify renewal projects based on the infrastructure’s condition assessment and will develop a tiered renewal strategy/capital improvement plan for the next 20 years. Efforts throughout this study will be completed in coordination with WWA and the MUD Directors.

Key Deliverable(s):	Due Date(s):
Flow Summary Document	July 17, 2026
Draft Implementation Plan	October 14, 2026
Final Implementation Plan	November 17, 2026

Type of Compensation/Amount: Lump Sum/\$251,907.00
 Cost Plus Multiplier with Not-to-Exceed/\$16,210.00

Total Amount: \$268,117.00

Anticipated Completion Date: December 1, 2026

FUNDING SOURCE: Woodlands Repair and Replacement Fund

ATTACHMENTS: Map, Professional Services Agreement, Scope, Schedule, Level of Effort

RECOMMENDED ACTION

Authorize the General Manager to execute a Professional Services Agreement in an amount not to exceed \$268,117.00 with Carollo Engineers, Inc., for Wastewater Owner’s Advisor Services for the Woodlands Division.



SJRA
SAN JACINTO RIVER AUTHORITY

Wastewater Owner's Advisor - WWTF No. 1



**General & Administrative Division
Procurement Department
1577 Dam Site Rd.
Conroe, Texas 77304**

**PROFESSIONAL SERVICES AGREEMENT
Contract # 26-0032**

**Wastewater Owner's
Advisor Services**

FLOOD MANAGEMENT DIVISION
P.O. Box 329
Conroe, Texas 77305
(T) 936.588.3111
(F) 936.588.1114

GRP DIVISION
P.O. Box 329
Conroe, Texas 77305
(T) 936.588.1662
(F) 936.588.7182

HIGHLANDS DIVISION
P.O. Box 861
Highlands, Texas 77562
(T) 281.843.3300
(F) 281.426.2877

LAKE CONROE DIVISION
P.O. Box 329
Conroe, Texas 77305
(T) 936.588.1111
(F) 936.588.1114

WOODLANDS DIVISION
2436 Sawdust Road
The Woodlands, Texas 77380
(T) 281.367.9511
(F) 281.362.4385

PROFESSIONAL SERVICES AGREEMENT
CONTRACT NO. 26-0032

This Professional Services Agreement (the “Agreement”) is made and entered into effective as of the 28th day of May, 2026, by and between the San Jacinto River Authority, a conservation and reclamation district of the State of Texas, (“SJRA”) with general and administration offices located at 1577 Dam Site Road, Conroe, Texas 77304,

and

Carollo Engineers, Inc, a corporation organized under the laws of the State of Delaware, (“CONSULTANT”) with principal offices located at 10375 Richmond Avenue, Suite 1625, Houston, Texas 77042.

SJRA and CONSULTANT are sometimes referred to herein collectively as the “Parties” or individually as a “Party.”

The Parties hereby agree as follows:

ARTICLE 1 – SCOPE OF SERVICES

1.1 CONSULTANT agrees to perform professional services (the “Services”) related to Wastewater Owner’s Advisor as are requested from time to time by SJRA. **Exhibit A**, which is attached hereto and incorporated herein by reference, shall be used to define scope of work.

1.2 The Parties agree that nothing in this Agreement shall prohibit the Parties, or either of them, from entering into agreements other than this Agreement for professional services or other work.

ARTICLE 2 – TERM OF AGREEMENT

2.1 The term of this Agreement commences on the Effective Date and continues without interruption through March 30, 2027. If it’s determined that additional time is required to complete the services, SJRA Procurement Manager may, but is not obligated to, in their discretion, execute an amendment to grant up to an additional six (6) months of time so long the amount of the consideration does not increase. SJRA may terminate this Agreement for convenience, and either Party may terminate this Agreement for cause, in each case as provided in Article 12.

2.2 Without limiting the generality of the foregoing Paragraph 2.1, Consultant’s obligations under Articles 5, 6, 8, 9, 10, 11, 18, 19 and 20 shall survive the expiration or termination of this Agreement.

ARTICLE 3 – COMPENSATION AND PAYMENT

3.1 SJRA agrees to pay CONSULTANT, and CONSULTANT agrees to accept, as full and complete compensation for Services properly performed by CONSULTANT in accordance with this Agreement, the rates and charges agreed upon. **Exhibit B**, which is attached hereto and incorporated herein by reference, shall be used to define compensation.

3.2 On or before the tenth day of each calendar month, CONSULTANT shall submit an invoice to SJRA Accounts Payable at AP@sjra.net, together with backup documentation required by SJRA and releases and waivers in forms acceptable to SJRA, covering all Services performed by CONSULTANT and its subconsultants, subcontractors and suppliers during the preceding calendar month. CONSULTANT shall separately itemize on each invoice: (i) payment sought, (ii) the amount budgeted for each service, (iii) the amount of payment requested pursuant to services, (iv) the amount previously paid pursuant to services, (v) descriptions of services performed during the prior month, and (vi) the total payment requested by such invoice. SJRA shall pay the amount it agrees to be due within forty-five (45) days after receipt of such complete invoice and backup documentation. SJRA shall notify CONSULTANT in writing of a disputed amount in an invoice within twenty-one (21) days of receipt. Such notice shall include a detailed statement of the amount of the invoice which is disputed.

3.3 SJRA shall have the right but not the obligation to withhold, offset, or reduce all or part of any payment requested in any invoice to such extent as may be necessary, but in no event greater than 110% of the disputed amount, on account of:

- (a) Services that are not in compliance with this Agreement or any failure of CONSULTANT to perform Services in accordance with the provisions of this Agreement;
- (b) third party suits, stop notices, claims or liens arising out of Services performed for which CONSULTANT is responsible pursuant to this Agreement and asserted or filed against SJRA or any of its property or portion thereof or improvements thereon provided that CONSULTANT fails to provide SJRA with sufficient evidence that CONSULTANT's insurance is adequate or shall cover the claim(s);
- (c) uninsured damage to any INDEMNITEE (hereinafter defined) which results from CONSULTANT's failure to obtain or maintain the insurance required by this Agreement or from any action or inaction by CONSULTANT or any of its subcontractors, subconsultants, or suppliers which excuses any insurer from liability for any loss or claim which would, but for such action or inaction, be covered by insurance; or

(d) any failure of CONSULTANT to pay any subcontractor, subconsultant, or supplier of CONSULTANT the correct, undisputed, and contractually obligated amount for acceptable services received and for acceptable supplies received. CONSULTANT will not include in its billings to SJRA any amount in a subcontractor or supplier invoice which it has not paid or does not intend to pay within the terms and conditions of the applicable subcontract agreement or supplier purchase order.

Any failure by SJRA to exercise its right to withhold all or any part of payment requested in any invoice as provided in this Paragraph 3.3 shall not be and shall not be construed as (i) a waiver of SJRA's right to do so in the future, or (ii) evidence that any of the circumstances identified in Subparagraphs 3.3(a) through (d) above have not occurred. When the above reasons for withholding payment are remedied or no longer exist, CONSULTANT shall resubmit an invoice for the withheld amounts. Payment will be made within thirty (30) calendar days of receipt by SJRA of an approved invoice, subject to Paragraph 3.4 below.

3.4 CONSULTANT agrees to pay in full (less any applicable retainage) as soon as reasonably practicable, but in no event later than thirty (30) days following payment from SJRA, all subcontractors, subconsultants, and any other persons or entities supplying labor, supplies, materials, or equipment in connection with Services that are owed payment by CONSULTANT out of such payment made to CONSULTANT by SJRA. Further, provided that SJRA has paid CONSULTANT in accordance with the terms of this Agreement, **CONSULTANT SHALL DEFEND AND INDEMNIFY SJRA FROM AND AGAINST ANY CLAIMS FOR PAYMENT ASSERTED OR FILED BY ANY SUCH PERSON OR ENTITY AGAINST SJRA, ITS PROJECT OR PROPERTY OR CONSULTANT.**

3.5 Non-Appropriation: All funds for payment by SJRA under this Agreement are subject to the availability of an annual appropriation for this purpose by SJRA. In the event of non-appropriation of funds by the Board of Directors of SJRA for the services provided under the Agreement, SJRA will terminate the Agreement, without termination charge or other liability, on the last day of the then-current fiscal year or when the appropriation made for the then-current year for the services covered by this Agreement is spent, whichever event occurs first (the "Non-Appropriation Date"). If at any time funds are not appropriated for the continuance of this Agreement, cancellation shall be accepted by the CONSULTANT on thirty (30) days prior written notice, but failure to give such notice shall be of no effect and SJRA shall not be obligated under this Agreement beyond the Non-Appropriation Date.

ARTICLE 4 – STANDARD OF CARE; COORDINATION OF SERVICES; SAFETY; COST ESTIMATES; LEGAL COMPLIANCE; THIRD PARTY REVIEW

4.1 CONSULTANT shall perform, supervise and direct the Services, and otherwise discharge its obligations under this Agreement: (a) with the professional skill and care ordinarily provided by competent engineers practicing under the same or similar circumstances and professional license; and (b) as expeditiously as is prudent considering

the ordinary professional skill and care of a competent engineer (collectively, the CONSULTANT's "Standard of Care").

4.2 Consistent with its Standard of Care, CONSULTANT shall (a) perform its Services in accordance with all applicable laws, codes, ordinances and regulations; (b) perform its Services in an efficient manner; and (c) keep SJRA apprised of the status of Services, coordinate its activities with SJRA, and accommodate other activities of SJRA at sites that the Services impact. CONSULTANT shall designate an authorized representative to be available for consultation, assistance, and coordination of activities.

4.3 As between SJRA and CONSULTANT, the CONSULTANT shall be solely responsible for its own activities at sites including the safety of its employees, and that of its subconsultants, subcontractors and suppliers. Construction contractors of SJRA shall have sole responsibility for providing materials, means, and methods of construction, for controlling their individual work areas and safety of said areas for all persons, and for taking all appropriate steps to ensure the quality of their work and the safety of their employees and of the public in connection with their performance of work or services provided under contracts with SJRA. Without assuming any control over, responsibility for or liability whatsoever with respect to the construction contractor obligations of the foregoing sentence, CONSULTANT shall notify SJRA if it observes violations of safety regulations or ordinances or quality of work deficiencies by SJRA's construction contractors. CONSULTANT shall comply with the site safety program and rules established by the construction contractors.

4.4 To the extent that CONSULTANT provides to SJRA any estimate of costs associated with construction, any such estimate shall be developed in accordance with CONSULTANT's Standard of Care, but it is recognized by the Parties that neither CONSULTANT nor SJRA has control over the cost of the labor, materials, or equipment, over a construction contractor's methods of determining bid prices, or over competitive bidding, market, or negotiating conditions. Accordingly, CONSULTANT cannot and does not warrant or represent that bids or negotiated prices will not vary from SJRA's budget for the project or from any estimate of the cost of work or evaluation prepared or agreed to by CONSULTANT.

4.5 CONSULTANT hereby agrees that the following terms, conditions, verifications, certifications, and representations apply to and are incorporated into this Agreement for all purposes, and CONSULTANT shall deliver to SJRA signed and notarized verifications prior to commencement of any Services:

(a) With respect to providing Services hereunder, CONSULTANT shall comply with any applicable Equal Employment Opportunity and/or Affirmative Action ordinances, rules, or regulations during the term of this Agreement.

(b) Pursuant to Texas Local Government Code Chapter 176, CONSULTANT shall submit a signed Texas Ethics Commission ("TEC") Conflict of Interest Questionnaire

("CIQ") at the time CONSULTANT submits this signed Agreement to SJRA. TEC Form CIQ and information related to same may be obtained from TEC website by visiting <https://www.ethics.state.tx.us/forms/conflict/>. If CONSULTANT certifies that there are no Conflicts of Interest, CONSULTANT shall indicate so by writing name of CONSULTANT's firm and "No Conflicts" on the TEC Form CIQ.

(c) If CONSULTANT is a privately held entity, then pursuant to Texas Government Code Section 2252.908 and the rules promulgated thereunder by the TEC, CONSULTANT shall submit a completed and signed TEC Form 1295 with a certificate number assigned by the TEC to SJRA at the time CONSULTANT submits this signed Agreement to SJRA. TEC Form 1295 and information related to same may be obtained from TEC website by visiting <https://www.ethics.state.tx.us/filinginfo/1295/>. CONSULTANT agrees and acknowledges that this Agreement shall be of no force and effect unless and until CONSULTANT has submitted said form to SJRA, if and to the extent such form is required under Government Code § 2252.908 and the rules promulgated thereunder by the TEC.

(d) As required by Chapter 2271, Texas Government Code, CONSULTANT hereby verifies that CONSULTANT, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, does not boycott Israel and will not boycott Israel through the term of this Agreement. The term "boycott Israel" in this Paragraph has the meaning assigned by Section 2271.001, Texas Government Code, which incorporates the definition provided in Section 808.001, Texas Government Code, as amended.

(e) Pursuant to Chapter 2252, Texas Government Code, CONSULTANT represents and certifies that, at the time of execution of this Agreement, neither CONSULTANT, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, is engaged in business with Iran, Sudan, or any terrorist organization, and is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201 or 2252.153 of the Texas Government Code.

(f) As required by Chapter 2276, Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session), as amended, CONSULTANT hereby verifies that CONSULTANT, including any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, does not boycott energy companies, and will not boycott energy companies during the term of this Agreement. The term "boycott energy companies" in this Paragraph shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code, as amended.

(g) As required by Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, "SB 19"), as amended,

CONSULTANT hereby verifies that CONSULTANT, including any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, (i) does not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association, and (ii) will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. The term “discriminate against a firearm entity or trade association” in this Paragraph shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code (as added by SB 19), as amended.

(h) Pursuant to Chapter 2274 of the Texas Government Code (as added by Senate Bill 2116, 87th Legislature, Regular Session), as amended, and to the extent this Agreement grants to CONSULTANT direct or remote access to the control of critical infrastructure, excluding access specifically allowed for product warranty and support, CONSULTANT verifies that neither CONSULTANT, including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the same, nor any of its sub-contractors are: (i) owned or controlled by (a) individuals who are citizens of China, Iran, North Korea, Russia, or a designated country; or (b) a company or other entity, including a governmental entity, that is owned or controlled by citizens of or is directly controlled by the government of China, Iran, North Korea, Russia, or a designated country; or (ii) headquartered in China, Iran, North Korea, Russia or a designated country. The term “designated country” in this Paragraph means a country designated by the Governor as a threat to critical infrastructure under Section 2274.0103, Texas Government Code. The term “critical infrastructure” in this Paragraph shall have the meaning assigned to such term in Section 2274.0101, Texas Government Code.

4.6 CONSULTANT acknowledges and agrees that projects of SJRA may be subject to review and approval by other third parties. Accordingly, as and when requested by SJRA, CONSULTANT shall submit such information and cooperate with the other third parties to the extent necessary to undergo any such review or obtain any such approval.

4.7 CONSULTANT does not represent Work Product (as defined herein) to be suitable for reuse on any other project or for any other purpose(s). If SJRA reuses any Work Product without CONSULTANT’s specific written verification or adaptation, such reuse will be at the risk of SJRA, without liability to CONSULTANT.

ARTICLE 5 – COST RECORDS

5.1 CONSULTANT shall maintain records and books in accordance with generally accepted accounting principles and practices. For Services provided by CONSULTANT under cost reimbursable, time and material or unit pricing, during the period of this Agreement and for five (5) years thereafter, CONSULTANT shall maintain records of direct costs for which SJRA is charged. SJRA shall at all reasonable times have access to such records for the purpose of inspecting, auditing, verifying, or copying the same, or making extracts therefrom. SJRA’s audit rights for fixed unit rate or time and materials agreements

shall extend to review of records for the purpose of substantiating man-hours worked, units employed, and third-party charges only. Except to the extent audit rights are granted to SJRA by applicable law, SJRA shall have no audit rights with respect to the portion Services compensated on a lump sum basis.

ARTICLE 6 – OWNERSHIP OF WORK PRODUCT AND TECHNOLOGY

6.1 All studies, plans, reports, drawings, specifications, cost estimates, software, computations, and other information and documents prepared by CONSULTANT, its subconsultants, subcontractors, and/or suppliers, in connection with Services or any project of SJRA are and shall remain SJRA's property upon creation (collectively, "Work Product"); provided, however, that Work Product shall not include pre-existing proprietary information of CONSULTANT, its subconsultants, subcontractors, and/or suppliers ("CONSULTANT Proprietary Information"). To this end, CONSULTANT agrees to and does hereby assign, grant, transfer, and convey to SJRA, its successors and assigns, CONSULTANT's entire right, title, interest and ownership in and to such Work Product, including, without limitation, the right to secure copyright registration. CONSULTANT confirms that SJRA and its successors and assigns shall own CONSULTANT's right, title and interest in and to, including without limitation the right to use, reproduce, distribute (whether by sale, rental, lease or lending, or by other transfer of ownership), to perform publicly, and to display, all such Work Product, whether or not such Work Product constitutes a "work made for hire" as defined in 17 U.S.C. Section 201(b). In addition, CONSULTANT hereby grants SJRA a fully paid-up, royalty free, perpetual, assignable, non-exclusive license to use, copy, modify, create derivative works from and distribute to third parties CONSULTANT Proprietary Information in connection with SJRA's exercise of its rights in the Work Product, operation, maintenance, repair, renovation, expansion, replacement, and modification of projects of SJRA or otherwise in connection with property or projects in which SJRA has an interest (whether by SJRA or a third party). CONSULTANT shall obtain other assignments, confirmations, and licenses substantially similar to the provisions of this Paragraph from all of its subconsultants, subcontractors, and suppliers. Work Product is to be used by CONSULTANT only with respect to the project in connection with which such Work Product was created and is not to be used on any other project. CONSULTANT and its subconsultants, subcontractors, and suppliers are granted a limited, nonexclusive, non-transferable, revocable license during the term of their respective agreements under which each is obligated to perform Services to use and reproduce applicable portions of the Work Product appropriate to and for use in the execution of Services. Submission or distribution to comply with official regulatory requirements for other purposes in connection with Services is not to be construed as publication in derogation of SJRA's copyright or other reserved rights. CONSULTANT agrees that all Work Product will be maintained according to the provisions of the Public Information Act, Chapter 552, Texas Government Code, and the Local Government Records Act, Chapters 201 through 205, Texas Local Government Code, each as amended. CONSULTANT shall deliver all copies of the Work Product to SJRA upon the earliest to occur of (i) SJRA's request, (ii) completion of Services in connection with

which Work Product was created, or (iii) termination of this Agreement. CONSULTANT is entitled to retain copies of Work Product for its permanent project records.

6.2 CONSULTANT agrees that all information provided by SJRA in connection with Services shall be considered and kept confidential (“Confidential Information”), and shall not be reproduced, transmitted, used, or disclosed by CONSULTANT without the prior written consent of SJRA, except as may be necessary for CONSULTANT to fulfill its obligations hereunder; provided, however, that such obligation to keep confidential such Confidential Information shall not apply to any information, or portion thereof, that:

- (a) was at the time of receipt by CONSULTANT otherwise known by CONSULTANT by proper means;
- (b) has been published or is otherwise within the public domain, or is generally known to the public at the time of its disclosure to CONSULTANT;
- (c) subsequently is developed independently by CONSULTANT, by a person having nothing to do with the performance of this Agreement and who did not learn about any such information as a result of CONSULTANT’s being a Party to this Agreement;
- (d) becomes known or available to CONSULTANT from a source other than SJRA and without breach of this Agreement by CONSULTANT or any other impropriety of CONSULTANT;
- (e) enters the public domain without breach of the Agreement by or other impropriety of CONSULTANT;
- (f) becomes available to CONSULTANT by inspection or analysis of products available in the market;
- (g) is disclosed with the prior written approval of SJRA;
- (h) was exchanged between SJRA and CONSULTANT and ten (10) years have subsequently elapsed since such exchange; or
- (i) is disclosed to comply with the Texas Public Information Act or in response to a court order to comply with the requirement of a government agency.

6.3 CONSULTANT shall not be liable for the inadvertent or accidental disclosure of Confidential Information, if such disclosure occurs despite the exercise of at least the same degree of care as CONSULTANT normally takes to preserve and safeguard its own proprietary or confidential information.

6.4 CONSULTANT will advise SJRA of any patents or proprietary rights and any royalties, licenses, or other charges which CONSULTANT knows or should know in the exercise of its Standard of Care impacts any design provided by CONSULTANT in connection with any Services, and obtain SJRA's prior written approval before proceeding with such Services. CONSULTANT shall not perform patent searches or evaluation of claims, but will assist SJRA in this regard if requested, pursuant to a written change order in accordance with Paragraph 12.1, below. There will be no charge for CONSULTANT's existing patents.

ARTICLE 7 – INDEPENDENT CONTRACTOR RELATIONSHIP

7.1 In the performance of Services hereunder, CONSULTANT shall be an independent contractor with the authority to control and direct the performance of the details of Services and its own means and methods. CONSULTANT shall not be considered a partner, affiliate, agent, or employee of SJRA and shall in no way have any authority to bind SJRA to any obligation.

ARTICLE 8 – WARRANTY PERIOD; GUARANTEES

8.1 If within a period of one (1) year following completion of Services, it is discovered that such Services were not performed in accordance with CONSULTANT's Standard of Care or the Contract Documents, SJRA, in its sole discretion, may: (1) direct CONSULTANT to re-perform and CONSULTANT shall re-perform such Services at its own expense, and as expediently or in the manner required for SJRA's needs; or (2) retain such other consultant or consultants as necessary to perform such corrective services, and CONSULTANT agrees to pay SJRA's costs associated with having such other consultant or consultants perform such corrective services, and any other damages incurred by SJRA as a result of such default. The obligations of CONSULTANT under this Paragraph 8.1 are in addition to other rights and remedies of SJRA available to it pursuant to this Agreement or applicable law.

8.2 CONSULTANT agrees to assign SJRA the warranty or guarantee of any subconsultant, subcontractor, supplier or manufacturer of items of services, supplies, machinery, equipment, materials, or products provided by CONSULTANT hereunder and cooperate and assist SJRA in SJRA's enforcement thereof. CONSULTANT's responsibility with respect thereto is limited to such assignment, cooperation, and assistance.

ARTICLE 9 – INDEMNIFICATION

9.1 TO THE FULLEST EXTENT PERMITTED BY LAW, CONSULTANT SHALL INDEMNIFY AND HOLD HARMLESS SJRA AND ITS BOARD, DIRECTORS, OFFICERS, AGENTS, REPRESENTATIVES AND EMPLOYEES (EACH AN "INDEMNITEE" AND COLLECTIVELY, THE "INDEMNITEES"), FROM AND AGAINST CLAIMS, LOSSES, DAMAGES, DEMANDS, SUITS, CAUSES OF ACTION, SETTLEMENTS, LIABILITIES, COSTS, FINES, JUDGMENTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE AND NECESSARY

COURT COSTS, EXPERTS' FEES, ATTORNEYS' FEES AND TO THE EXTENT ALLOWED BY LAW, EXPERTS' FEES) (COLLECTIVELY, "LOSSES"), INCLUDING WITHOUT LIMITATION THOSE BROUGHT AGAINST OR INCURRED OR SUFFERED BY ANY ONE OR MORE OF THE INDEMNITEES AND THOSE ARISING IN FAVOR OF OR BROUGHT BY ANY THIRD PARTY, TO THE EXTENT CAUSED BY OR RESULTING FROM AN ACT OF NEGLIGENCE, INTENTIONAL TORT, INTELLECTUAL PROPERTY INFRINGEMENT, OR FAILURE TO PAY A SUBCONTRACTOR OR SUPPLIER, COMMITTED BY CONSULTANT, ITS AGENT, ITS CONSULTANT UNDER CONTRACT, OR ANOTHER ENTITY OVER WHICH CONSULTANT EXERCISES CONTROL, UNDER OR IN CONNECTION WITH THIS AGREEMENT, EVEN IF SUCH LOSSES ARE CAUSED IN PART BY THE NEGLIGENCE OR FAULT, BREACH OR VIOLATION OF A STATUTE, ORDINANCE, GOVERNMENTAL REGULATION, STANDARD OR RULE OR BREACH OF CONTRACT OF AN INDEMNITEE OR ANY THIRD PARTY UNDER THE CONTROL OR SUPERVISION OF AN INDEMNITEE; PROVIDED, HOWEVER, THAT CONSULTANT'S OBLIGATION TO INDEMNIFY AND HOLD HARMLESS SHALL NOT EXTEND TO THE PORTION (IF ANY) OF SUCH LOSSES THAT ARE CAUSED BY THE NEGLIGENCE OR FAULT, BREACH OR VIOLATION OF A STATUTE, ORDINANCE, GOVERNMENTAL REGULATION, STANDARD OR RULE OR BREACH OF CONTRACT OF AN INDEMNITEE OR ANY THIRD PARTY UNDER THE CONTROL OR SUPERVISION OF AN INDEMNITEE OTHER THAN CONSULTANT OR ITS AGENT OR EMPLOYEE OR SUBCONTRACTORS OF ANY TIER.

9.2 TO THE FULLEST EXTENT PERMITTED BY LAW, AND TO THE EXTENT A DEFENSE IS NOT PROVIDED FOR THE INDEMNITEES UNDER AN INSURANCE POLICY AS REQUIRED UNDER PARAGRAPH 1(F) OF EXHIBIT C (ADDITIONAL INSURED REQUIREMENT), ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE, OR THE INDEMNITEES' ATTORNEYS' FEES ARE NOT OTHERWISE RECOVERED UNDER THE INDEMNITY PROVISION SET FORTH IN PARAGRAPH 9.1 HEREOF, CONSULTANT SHALL, UPON FINAL ADJUDICATION OF THE LOSSES AS DEFINED IN PARAGRAPH 9.1 HEREOF AND WITHIN THIRTY (30) DAYS FOLLOWING THE DATE OF A WRITTEN DEMAND, REIMBURSE THE INDEMNITEES FOR ALL REASONABLE ATTORNEYS' FEES INCURRED TO DEFEND AGAINST THE LOSSES IN PROPORTION TO CONSULTANT'S LIABILITY TO ANY THIRD PARTY FOR SUCH LOSSES.

ARTICLE 10 – LIMITATION OF LIABILITY

10.1 NEITHER PARTY HERETO SHALL BE LIABLE TO THE OTHER PARTY OR ITS AFFILIATES FOR ANY LOSS OF PROFIT, LOSS OF REVENUE, LOSS OF USE OR ANY OTHER INDIRECT, CONSEQUENTIAL OR SPECIAL DAMAGES (EXCLUDING FINES AND PENALTIES LEVIED BY A REGULATORY AGENCY), EVEN IF CAUSED BY THE SOLE OR CONCURRENT NEGLIGENCE OF A PARTY, WHETHER ACTIVE OR PASSIVE, AND EVEN IF ADVISED OF THE POSSIBILITY THEREOF.

10.2 NOTHING HEREIN SHALL BE CONSTRUED AS CREATING ANY PERSONAL LIABILITY ON THE PART OF ANY BOARD MEMBER, OFFICER, EMPLOYEE, OR AGENT OF SJRA.

ARTICLE 11 – INSURANCE

11.1 CONSULTANT shall obtain and maintain insurance as provided in **Exhibit C**, attached hereto and incorporated herein.

ARTICLE 12 – CHANGES; TERMINATION FOR CONVENIENCE; TERMINATION FOR CAUSE

12.1 SJRA may, at any time and from time to time, make written changes in the form of amendments, modifications, additions, or omissions. In the event that any such change, through no fault of CONSULTANT, shall impact CONSULTANT’s compensation or schedule, then (a) such changes shall be authorized by written change order issued by SJRA and accepted by CONSULTANT, and (b) an equitable adjustment shall be made to the agreement in writing duly executed by both Parties, to reflect the change in compensation and schedule.

12.2 SJRA may for convenience terminate this Agreement, or CONSULTANT’s right to perform Services under this Agreement at any time giving thirty (30) days written notice of such termination. In such event, SJRA shall have the right but not the obligation to assume all obligations and commitments that CONSULTANT may have in good faith undertaken or incurred in connection with the Services terminated, and SJRA shall pay CONSULTANT, as its sole and exclusive remedy, for Services properly performed to date of termination and for reasonable costs of closing out such Services provided SJRA has pre-approved such costs. CONSULTANT shall not be entitled to lost profit on unperformed Services or any consequential damages of any kind. Upon termination, CONSULTANT shall invoice SJRA for all Services performed by CONSULTANT prior to the date of termination which have not previously been compensated. Payment of undisputed amounts in the final invoice shall be due and payable within thirty (30) days after receipt by SJRA of such invoice and all Work Product.

12.3 This Agreement may be terminated by either Party in the event that the other Party fails to perform in accordance with its requirements and such Party does not cure such failure within ten (10) days after receipt of written notice describing such failure. In the event that SJRA terminates this Agreement for cause, CONSULTANT shall not be entitled to any compensation until final completion of the then ongoing Services and any such entitlement shall be subject to SJRA’s right to offset and/or recoup all damages and costs associated with finally completing such Services. If for any reason, CONSULTANT is declared in default and/or terminated by SJRA, SJRA shall have the right, subject to Paragraph 3.3, to offset and apply any amounts which might be owed to SJRA by CONSULTANT against any earned but unpaid amounts owed to CONSULTANT by SJRA.

ARTICLE 13 – FORCE MAJEURE

13.1 Any delay in performance or non-performance of any obligation other than an obligation to make a payment as required under this Agreement, of CONSULTANT contained herein shall be excused to the extent such delay in performance or non-performance is caused by Force Majeure. “Force Majeure” shall mean fire, flood, act of God, earthquakes, extreme weather conditions, epidemic, pandemic, war, riot, civil disturbance or unrest, imposition of martial law, restrictions imposed by civil authority, loss of control of civil authority, illegal activity, extreme unreliability or failure of the utility infrastructure, failure of the US banking system, loss of access to communication systems, sabotage, terrorism, or judicial restraint, but only to the extent that such event (i) is beyond the reasonable control of and cannot be reasonably anticipated by or the effects cannot be reasonably alleviated by CONSULTANT and (ii) prevents the performance of Services.

13.2 If CONSULTANT is affected by Force Majeure, CONSULTANT shall promptly provide written notice to SJRA, explaining in detail the full particulars and the expected duration thereof. Notice will be considered prompt if delivered within five (5) days after CONSULTANT first becomes aware or should have become aware through performance in accordance with the standard of care, that the event of Force Majeure will affect the performance of Services. CONSULTANT shall use its commercially reasonable efforts to mitigate interruption or delay if it is reasonably capable of being mitigated.

ARTICLE 14 – SUCCESSORS, ASSIGNMENT AND SUBCONTRACTING

14.1 SJRA and CONSULTANT bind themselves and their successors, executors, administrators and permitted assigns to the other Party of this Agreement and to the successors, executors, administrators and permitted assigns of such other party, in respect to all covenants of this Agreement.

14.2 No right or interest in this Agreement shall be assigned by CONSULTANT or SJRA without the prior written consent of the other Party.

14.3 Prior to commencement of any part of the Services to be provided with respect to which CONSULTANT has elected to subcontract, CONSULTANT will notify SJRA in writing of the identity of the particular subcontractor, subconsultant or supplier CONSULTANT intends to employ for the performance of such part of the Services and the scope of Services it will perform. SJRA shall have the right within twenty-one (21) calendar days of such written notice to disallow CONSULTANT’s employment of any particular subcontractor, subconsultant or supplier, provided that any reasonable additional costs incurred by CONSULTANT as a result of such disallowance shall be borne by SJRA. All damage, injury or loss to any property caused, directly or indirectly, in whole or in part, by CONSULTANT or any subcontractor, supplier or any person or organization directly or indirectly employed by any of them to perform or furnish any of the Services or anyone for whose acts any of them

may be liable, shall be remedied by CONSULTANT (except to the extent of damage or loss attributable to errors or omissions in the drawings or specifications (unless CONSULTANT had knowledge of the error or omission or using reasonable care should have known of the error and CONSULTANT failed to report same), or to the acts or omissions of SJRA or anyone employed by SJRA, or anyone for whose acts any of them may be liable other than CONSULTANT or its agent, or employee, or subcontractors of any tier).

ARTICLE 15 – SEVERABILITY; NON-WAIVER

15.1 If any provision or portion thereof of this Agreement is deemed unenforceable or void, then such provision or portion thereof shall be deemed severed from the Agreement and the balance of the Agreement shall remain in full force and effect.

15.2 Failure by SJRA in any instance to insist upon observance or performance by CONSULTANT of any term, condition or obligation of this Agreement shall not be deemed a waiver by SJRA of any such observance or performance. No waiver by SJRA of any term, condition, obligation or breach of this Agreement will be binding upon SJRA unless in writing, and then will be for the particular instance specified in such writing only. Payment of any sum by SJRA to CONSULTANT with knowledge of any breach will not be deemed a waiver of such breach or any other breach.

ARTICLE 16 – LICENSE REQUIREMENTS

16.1 The CONSULTANT and any subconsultant shall have and maintain any licenses, registrations and certifications required by the State of Texas or recognized professional organizations governing the Services performed under this Agreement.

ARTICLE 17 – ENTIRE AGREEMENT

17.1 This Agreement contains the full and complete understanding of the Parties pertaining to their subject matter and supersede any and all prior and contemporaneous representations, negotiations, agreements or understandings between the Parties, whether written or oral. The Agreement may be modified only in writing, signed by both Parties.

ARTICLE 18 – GOVERNING LAW; VENUE

18.1 This Agreement, and its and their construction and any disputes arising out of, connected with, or relating to this Agreement shall be governed by the laws of the State of Texas, without regard to its conflicts of law principles. Venue of all dispute resolution proceedings arising out of, connected with or relating to this Agreement, shall be in Montgomery County, Texas.

ARTICLE 19 – DISPUTE RESOLUTION

19.1 In the event of any dispute arising out of or relating to this Agreement, any services which SJRA and CONSULTANT have been unable to resolve within thirty (30) days after such dispute arises, a senior representative of CONSULTANT shall meet with the General Manager of SJRA at a mutually agreed upon time and place not later than forty-five (45) days after such dispute arises to attempt to resolve such dispute. In the event such representatives are unable to resolve any such dispute within fifteen (15) days after such meeting, either Party may, by written notice to the other, submit such dispute to non-binding mediation before a mutually agreeable mediator. If the Parties are unable to agree upon a mediator within twenty (20) days after such written notice of submission to mediation, the American Arbitration Association shall be empowered to appoint a qualified mediator pursuant to the American Arbitration Association Construction Industry Mediation Rules. If the dispute is technical in nature, the mediator appointed by the American Arbitration Association shall be qualified by at least ten (10) years' experience in construction, engineering, and/or public works operations. The mediation shall be conducted within thirty (30) days of the selection or appointment of the mediator, as applicable. The mediation shall be held at a mutually agreeable location in Montgomery County, Texas. If the Parties are unable to agree on a location, the mediation shall be held at the offices of the American Arbitration Association closest to Conroe, Texas.

19.2 Any dispute arising out of or relating to this Agreement or any Services not resolved pursuant to Paragraph 19.1, shall be resolved, by litigation in a court of competent jurisdiction.

19.3 Notwithstanding the foregoing, in the event SJRA and any other consultant and/or any contractor are involved in a dispute in connection with a project for which CONSULTANT has provided Services, and SJRA, in its sole discretion, determines that CONSULTANT's participation in any dispute resolution meeting or mediation proceeding between SJRA and any such consultant and/or contractor is necessary to the resolution of such dispute, CONSULTANT agrees to attend and participate at its own cost in any such dispute resolution meeting or mediation proceeding.

19.4 If CONSULTANT brings any claim against SJRA and CONSULTANT does not prevail with respect to such claim, CONSULTANT shall be liable for all attorneys' fees and costs incurred by SJRA as a result of such claim.

ARTICLE 20 – ELECTRONIC SIGNATURES; COUNTERPARTS

20.1 This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement. Duplicate copies of duly executed and delivered counterparts of this Agreement shall be deemed to have the same full force and effect as originals and may

be relied upon as such. Notwithstanding the foregoing, the Parties agree that this Agreement may be executed using electronic signatures at the option and in the discretion of SJRA, and, in such event, the provisions of the Uniform Electronic Transaction Act, Chapter 332, Texas Business and Commerce Code, as amended, and any applicable policies and procedures of SJRA regarding electronic signatures shall apply.

ARTICLE 21 – CONFIDENTIALITY

21.1 Neither CONSULTANT nor any of its subconsultants shall publish or release any publicity or public relations materials of any kind concerning or relating to this Agreement, the Services or the activities of SJRA, unless such materials have first been reviewed and approved in writing by SJRA. This provision shall not apply to mandatory reports which CONSULTANT or its subconsultants are required by law to file with governmental authorities.

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the day and year herein above first written.

CONSULTANT:
Carollo Engineers, Inc.

By: _____
Name: _____
Title: _____

Date: _____

ATTEST:

By: _____
Name: _____
Title: _____

Date: _____

ATTEST:

SJRA:
San Jacinto River Authority

By: _____
Aubrey A. Spear, P.E.
General Manager

Date: _____

ATTEST:

EXHIBIT A

SCOPE OF SERVICES AND SCHEDULE

General

The San Jacinto River Authority (SJRA) Woodlands Division owns and operates three regional wastewater treatment plants serving The Woodlands. These three plants provide wholesale wastewater service to eleven Municipal Utility Districts (MUDs) within The Woodlands service area. This Work Order focuses on Wastewater Treatment Facility No. 1.

- Wastewater Treatment Facility No. 1 (WWTF No. 1): WWTF No. 1 is, currently permitted at 7.8 million gallons per day (MGD) under TCEQ Permit No. WQ0010858001. The average daily flow is approximately 3.2 MGD. It is permitted for a 2-hour peak flow of 18.0 MGD.

This effort will include the review of the historical flows and determine the appropriate treatment capacity for WWTF No. 1. Based on the WWTF No. 1 design capacity, also determined through this effort, a tiered renewal strategy for the plant will be developed. This renewal strategy will identify repairs/rehabilitation/replacement in “tiers” based on the condition of the assets and their remaining service life.

Previous Analyses of Average Daily Flow per Single Family Dwelling Unit Equivalent (SFDUE)

The following summarizes pertinent findings of recent analyses that have been performed for WWTF No. 1.

- The Woodlands Water Agency (WWA) commissioned an independent GIS rebuild of the SFDUE database (March 2026), which produced an estimate of 28,055 total buildout SFDUEs (23,105 developed plus 4,950 undeveloped), with 19,870 currently utilized SFDUEs.

TCEQ Regulations on Re-Rating of Wastewater Treatment Plants

TCEQ Rule §217.34 (1)(A) requires that:

“when an existing wastewater treatment facility is to be re-rated or altered, the wastewater treatment facility's data for the last five years must be used to determine the annual average flow, the maximum monthly average flow, the peak flow, the ratio of maximum monthly average flow to annual average flow, and the ratio of the peak flow to the annual average flow.”

TCEQ Rule §217.34 (1)(D) further requires that:

“For a wastewater treatment facility that will not be affected by future growth, the design flow for a re-rating or alteration must be calculated using the wastewater treatment facility's average flow plus one standard deviation.”

The Consultant shall provide:

Task 1101 – Project Management

1. Carollo will provide ongoing project coordination, management, and review of deliverables, including monitoring project progress and providing progress reports/invoices.
 - a. Maintain Project Schedule:
 - i. Prepare, provide, and maintain an electronic Project schedule using Microsoft Project for SJRA Project Team approval.
 - ii. Periodically update schedule during all phases of the Project. Schedule shall include critical activity start and/or completion dates as milestones, including monthly progress meetings, design review dates, completion of project activities, and all SJRA Project deliverable due dates, as a minimum.
 - iii. Schedule will include estimated review times for SJRA.
 - b. Invoicing:
 - i. Consultant shall submit invoices by the 10th day of the month for the prior month's services.
 - ii. Invoices shall include a monthly progress/status reports documenting Consultant's activities and deliverables completed within the month and note activities (as applicable) for the next month, financial status, schedule status, and identification of any technical issues or action items impacting budget and/or schedule.
 - iii. Invoices shall be submitted to ap@sjra.net.
 - iv. Coordinate with SJRA Project Manager to determine appropriate format and content for invoice submittals and copy Project Manager on all submittals.
 - v. Facilitate document control and document sharing by utilizing SJRA's Procore document management software for distribution and electronic filing of all Project documents.

- c. Consultant shall notify assigned SJRA Project Manager in writing that Consultant has expended eighty percent (80%) of any individual Task within the current approved SJRA Master Professional Services Agreement and/or Work Order amount within seven (7) calendar days of Consultant reaching this expenditure milestone (80% expenditure milestone). Written notification shall include a statement by Consultant indicating whether remaining amount is adequate to complete current SJRA approved Professional Services Agreement and/or Work Order Scope of Work.
2. Carollo will facilitate a 2-hour project kick-off meeting and lead bi-monthly project status meetings via Microsoft Teams with the project team. Meeting summaries will be distributed by e-mail.

Deliverables:

Meeting Minutes

Monthly Progress/Status Reports

Due Dates:

7 Calendar Days after meeting

Submitted with invoices

Task 1102 – Data Collection and Review

1. Carollo will prepare and submit a formal data request to SJRA covering the following datasets:
 - Daily flows and rainfall from January 1, 2010 through May 31, 2026 for WWTF No. 1 will be gathered and evaluated to better understand WWTF No. 1 flows during major wet weather events. This data will be considered for the development of a recommended 2-hour peak flow capacity of WWTF No. 1. While the 5-year dataset meets TCEQ’s minimum requirements for the re-rating evaluation, the 2020–2025 period does not capture as many major storm events representative of historical conditions in the Houston area. By contrast, the 2010–2019 period includes significant events such as the Memorial Day floods (May 2015), the April 2016 floods, and Hurricane Harvey (August 2017) that generated peak flows through WWTF No. 1. Consideration of these events will provide a more complete understanding of system performance under extreme wet-weather conditions.
 - Historical MUD-level SFDUEs, classified by purchased, developed/constructed, undeveloped/not constructed, utilized, and vacancy rates for calendar years 2020 through 2025 for the WWTF service area.
 - GIS shapefiles for the SJRA service area, MUD boundaries, and SFDUE parcels/areas/tracts.

- WWA 2026 SFDUE database export, including purchased, developed/constructed, undeveloped/not constructed, and utilized SFDUE counts by service area.

Task 1103 – Flow Review and Analysis

1. Flow Data Compilation and QA/QC

Carollo will compile and quality assure the historical flow dataset for the TCEQ required five-year period (2020–2025) for the WWTF No. 1. Quality assurance activities will include checks for meter calibration events, rainfall-driven peak flow episodes, missing data periods, and anomalies attributable to operational changes. The assembled dataset will be formatted for statistical analysis and archived as a project deliverable.

2. Facilities Flows and Evaluation

Historical WWTF No. 1 flows will be used to determine the relationship between ADF and the annual average dry weather flows (ADDF). The historical, average, and statistical ratios for ADF and ADDF will be summarized and presented to select representative ratios for dry, average and wet cycles for WWTF No. 1. Historical flow data between 2010 and 2026 will be evaluated to better understand WWTF No. 1 flows during major wet weather events. This data will be considered for the development of a recommended 2-hour peak flow capacity for WWTF No. 1.

3. SFDUE Flow Rate

Using the compiled and analyzed flow dataset and the SFDUEs provided by WWA, Carollo will derive empirical unit flow rates (gpd/utilized SFDUE and gpd/developed SFDUE) on an annual average basis as well as dry and wet cycles. The analysis will include:

- Annual average unit flow rates for each year in the study period.
- 5-year trend analysis (declining, stable, or increasing per capita flows).

Task 1104 – Flow Review and Analysis

1. Scenarios Development

Carollo will develop an evaluation framework for the wastewater planning criterion that addresses both near-term design adequacy. The framework will assess each candidate criterion value (217 gpd/SFDUE, and any alternative values derived from the historical analysis) against the following:

- Unit flow rates from Task 1103
- Develop a safety factor, if needed, for the planning scenarios.

2. SFDUE Vacancy Sensitivity Analysis

The WWA 2026 SFDUE database provides a current snapshot of developed, undeveloped, and utilized SFDUEs. To derive meaningful unit flow rates (gpd/SFDUE) over the 5-year historical study period (2020–2025), it is necessary to account for how SFDUE vacancy has changed over time. Carollo will conduct a sensitivity analysis to assess the effect of historical vacancy rate assumptions on the resulting unit flow rates and, ultimately, on the recommended design ADF for WWTF No. 1. The sensitivity analysis will use the WWA dataset as the primary basis and evaluate how the calculated gpd/SFDUE and projected design ADF respond to reasonable assumptions about vacancy conditions during the study period. This analysis is an internal technical tool used to inform and support the final design flow recommendation. Prior to finalizing the sensitivity analysis, Carollo will coordinate with SJRA and WWA to confirm which vacancy assumption is most appropriate to apply. SJRA and WWA's direction will be incorporated into the final recommendation.

3. Recommended Planning Criteria

Applying the planning criteria and sensitivity analysis from Task 1104.1, Carollo will develop a matrix of design ADF values to be used for WWTF No. 1. The recommendation will be supported by the full analytical record from Tasks 1102 and 1103, and will include a statement of the basis, limitations, and assumptions.

Carollo will prepare a concise, non-technical summary suitable for presentation to MUDs in a meeting. The summary will include:

- Summarize the background and purpose of the capacity review.
- Present the capacity scenarios based on the sensitivity analysis.
- Identify the key decision factors, risks, and recommended path forward.
- Be formatted for presentation as a standalone PowerPoint deck.

Deliverables:

Flow Summary Document

Due Dates:

July 17, 2026

Task 1105 – CIP Implementation Strategy

1. Implementation Plan Development

Develop a phased implementation plan for improvements at WWTF No. 1 projected to be needed within the next 20 years (between 2027 and 2046, inclusive) that were identified and prioritized during the condition assessment performed at the facility in 2025. The implementation plan will group recommended improvement projects by their timing within the 20-year CIP planning period into tiered increments based on the condition of the assets and their remaining service life.

2. Recommended Improvement Projects

Using the capacity, regulatory, and process improvement needs developed previously, develop opinion of probable costs for each of the proposed improvement projects in accordance with the Association for the Advancement of Cost Engineering (AACE) International guidelines for Class 5 estimates for planning-level costs reflective of limited information and representing an accuracy range of -50 percent to +100 percent. Costs are to include land acquisition estimated costs, and cost factors for engineering, administration, management, permitting, and 30 percent for contingency. Costs are to be escalated to the project's plan year using an inflation factor agreed to by SJRA (Typically 3% per year).

3. Implementation Plan Review Workshop

Conduct a 2-hour workshop with SJRA and WWA to present the implementation plan results. Solicit input from SJRA to incorporate into the Implementation Plan Technical Memorandum.

4. Implementation Plan Technical Memorandum

Draft an Implementation Plan Technical Memorandum (IP TM) summarizing the results, conclusions and recommendations from the implementation plan development. The IP TM will include a 20-year schedule of capital improvement plan projects aggregated into tiered increments based on the condition of the assets and their remaining service life with associated planning-level project costs escalated by inflation.

After submitting the draft IP TM, Carollo will facilitate a TM review meeting with SJRA and document comments and responses in a tracking log. After addressing the SJRA comments, the final draft IP TM will be submitted and coordinated further with project stakeholders.

Deliverables:

Draft Implementation Plan Technical Memorandum

Final Implementation Plan Technical Memorandum

Due Dates:

October 14, 2026

November 17, 2026

Task 1106 – Project Communications

1. This task will provide communication assistance to the SJRA and other stakeholders on an as needed, cost-plus multiplier compensation basis. Assistance may include, but not be limited to the following items:
 - Provide assistance to SJRA with preparation and delivery of MUD Board, or other stakeholder presentations.
 - Prepare draft Microsoft PowerPoint presentations, submit for review, and finalize based on comments received.

Project Assumptions

1. WWTF No. 1 will be sized based on SFDUE data provided by Woodlands Water Agency. Future development beyond what was contemplated in the March 2026 SFDUE database will not be considered in this analysis.
2. The condition assessment data gathered as part of Carollo’s Work Order 3 (2025) will be utilized for this work order.
3. Cost estimates will be Class 5 according to the Association for the Advancement of Cost Engineering (AACE) Cost Estimate classification system and include an inflation factor to be established upon agreement from SJRA.
4. SJRA Furnished Data. SJRA shall provide to the Consultant relevant technical data in the SJRA’s possession, including previous reports, maps, surveys, operating data, and other information required by Consultant relating to Consultant’s work on the Project. Consultant may rely upon the accuracy, timeliness, and completeness of the information provided by SJRA in performing Consultant’s services to SJRA.
5. Estimates and Projections. In providing opinions of cost, financial analyses, economic feasibility projections, schedules, and quantity and/or quality estimates for potential projects, Consultant has no control over cost or price of labor and material; unknown or latent conditions of existing equipment or structures that may affect operation and maintenance costs; competitive bidding procedures and market conditions; time or quality of performance of third parties; quality, type, management, or direction of operating personnel; the incoming water quality and/or quantity; the way SJRA’s plant(s) and/or associated processes are operated and/or maintained; and other economic and operational factors that may materially affect

the ultimate project elements, including, but not limited to, cost or schedule. Therefore, Consultant makes no warranty that SJRA's actual project costs, financial aspects, economic feasibility, schedules, and/or quantities or quality realized will not vary from Consultant's opinions, analyses, projections, or estimates.

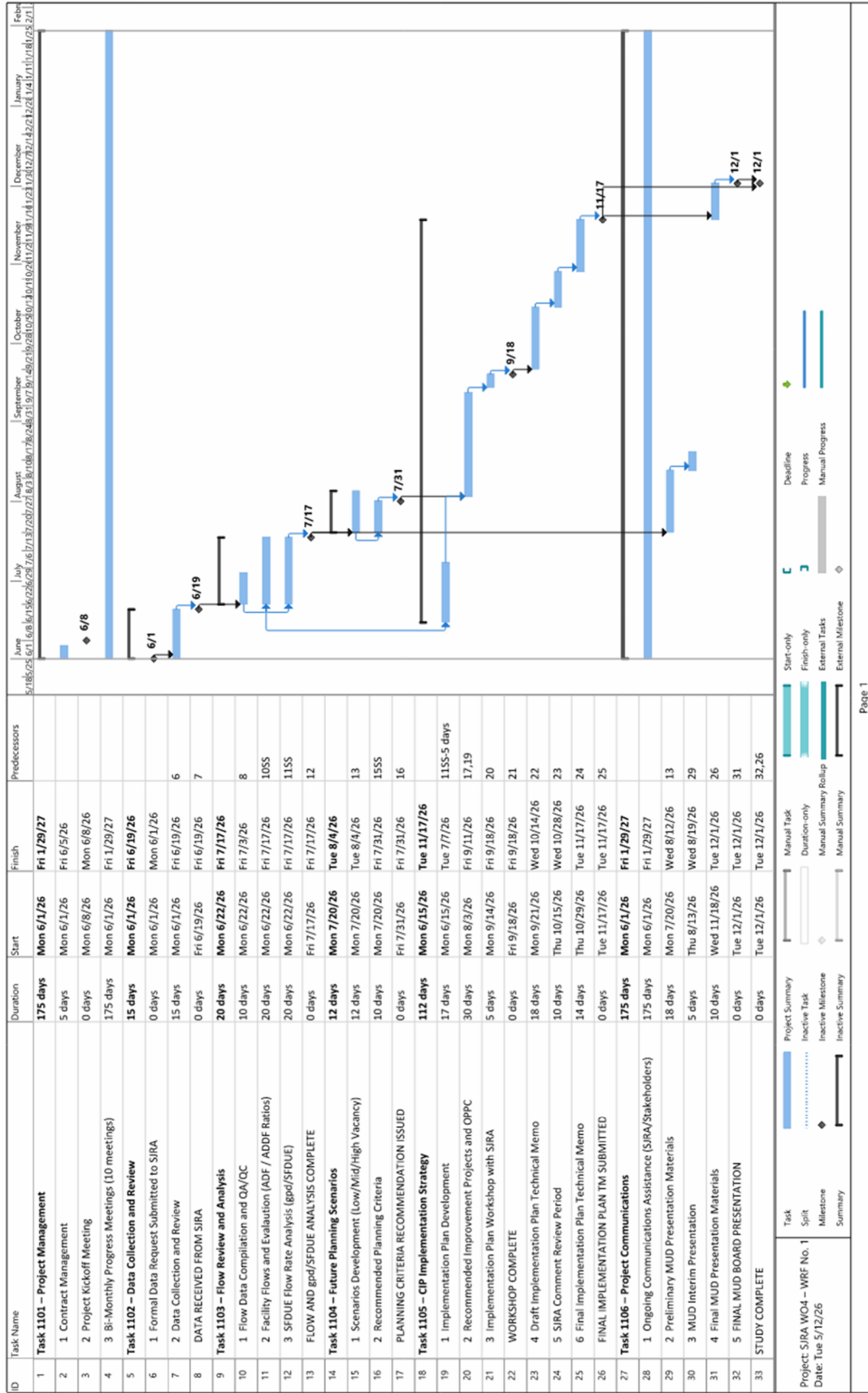


EXHIBIT B

COMPENSATION

Compensation terms for cost reimbursable and lump sum Services:

Task	Compensation Type	Amount
1101 – Project Management	Lump Sum	\$38,799.00
1102 – Data Collection and Review	Lump Sum	\$14,453.00
1103 – Flow Review and Analysis	Lump Sum	\$70,324.00
1104 – Future Planning Scenarios	Lump Sum	\$21,402.00
1105 – CIP Implementation Strategy	Lump Sum	\$106,929.00
1106 – Public Communications	Cost Plus Multiplier with Not to Exceed	\$16,210.00
	Total Compensation:	\$268,117.00

A.1. COMPENSATION BASED ON COST WITH MULTIPLIER

For professional and non-professional staff, SJRA will compensate CONSULTANT on the basis of a multiplier added to the Raw Salary Cost as shown in the table below for the Scope of Work specified in Exhibit A. Professional staff are defined as a manager, supervisor, engineer, scientist or other recognized profession. Typically, professional employees are salaried exempt employees. Typically, non-professional employees are hourly non-exempt employees. The Raw Salary Cost for salaried employees is defined as the annual base salary excluding bonuses, burdens, and benefits divided by 2080. For hourly personnel, the Raw Salary Cost is defined as the hourly wage paid to the employee exclusive of burdens and benefits. Standard equipment, communications, technology, or similar hourly expenses that are typically part of CONSULTANT's hourly rates may be included in the Raw Salary Cost for salaried employees and hourly personnel, if approved by SJRA. Any shift premiums or premiums paid for hours worked in excess of 40 per week will be added to the base hourly wage and will be considered a part of the Raw Salary Cost.

(a) RAW SALARY MULTIPLIERS

3.25 for professional and non-professional staff working at CONSULTANT or its subcontractor, subconsultant, or vendor offices

2.86 for professional and non-professional staff working in the field during construction or at SJRA offices for a minimum period of six (6) consecutive months

2.75 for construction inspectors working in the field

(b) EXPENSES

“Billable Expenses” include all costs and expenses directly attributable to performance of the Services, which are in good accounting practice direct costs of the Services and not covered by the allowance for payroll burden and general office overhead and profit. Costs of outside services will be charged at actual invoice cost plus ten percent (10%). “Billable Expenses” include: subconsultants; travel expenses to and from locations outside Harris and Montgomery Counties; and copies of all deliverables submitted to SJRA. All local vehicles used outside Harris and Montgomery Counties will be reimbursed at the current IRS allowable rate with no markup. All other expenses are considered to be covered by the allowance for payroll burden and general office overhead and profit and are non-billable expenses.

A.2. LUMP SUM COMPENSATION

SJRA will compensate CONSULTANT on the basis of a mutually agreed upon lump sum price for the scope of work specified in Exhibit A. The cost estimate will include a summary breakdown showing the labor hours and cost, subconsultant costs, and other direct costs included in the estimate. Labor rates to be used in preparing the estimate will be the actual salary or wage of the employee times the appropriate multiplier specified in Paragraph A.1(a) above. CONSULTANT will submit and SJRA will pay monthly invoices based on the mutually agreed upon percentage of the Services completed.

San Jacinto River Authority
 Owner's Advisor for Wastewater Treatment Plant
 12-May-26

Task/ Subtask	Description	Estimated Carollo Labor Hours											Carollo Cost (\$)	ODCs (2%)	Total Estimated Fee (\$)	
		Technical Advisor	Project Manager	Technical Lead	Engineer/ Scientist V	Engineer/ Scientist IV	Engineer/ Scientist III	Engineer/ Scientist II	Engineer/ Scientist I	GIS/CADD	Graphics/ WEB Support	Word Processing (various)				Subtotal (hrs)
	2026 Raw Salary	\$ 110.00	\$ 110.00	\$ 105.00	\$ 95.00	\$ 90.00	\$ 75.00	\$ 62.00	\$ 44.00	\$ 50.00	\$ 45.00	\$ 38.00				
	Professional Rate (Multiplier = 3.25)	\$ 357.50	\$ 357.50	\$ 341.25	\$ 308.75	\$ 292.50	\$ 243.75	\$ 201.50	\$ 143.00	\$ 162.50	\$ 148.25	\$ 123.50				
Task 1101	Project Management	10	56	20	0	0	20	0	0	0	12	8	126	\$ 38,038	\$ 761	\$ 38,799
1	Contract Management		16									8	24	\$ 6,708		
2	Project Meetings (assumes 10 meetings)	10	40	20							12		102	\$ 31,330		
Task 1102	Data Collection and Review	0	8	16	0	0	24	0	0	0	0	0	48	\$ 14,170	\$ 283	\$ 14,453
1	Data Collection and Review		8	16			24						48	\$ 14,170		
Task 1103	Flow Review and Analysis	0	13	40	80	0	80	32	0	0	0	0	245	\$ 68,946	\$ 1,379	\$ 70,324
1	Flow Data Compilation and QA/QC		1	8	16		16						41	\$ 11,928		
2	Facility Flow Analysis		6	16	32		40	16					110	\$ 30,459		
3	SFDJUE Flow Rate		6	16	32		24	16					94	\$ 26,559		
Task 1104	Future Planning Scenarios	0	16	40	0	0	0	8	0	0	0	0	64	\$ 20,962	\$ 420	\$ 21,402
1	Scenarios Development		8	20				8					36	\$ 11,297		
2	Recommended Planning Criteria		8	20									28	\$ 9,665		
Task 1105	CIP Implementation Strategy	2	30	20	124	80	48	44	0	0	16	16	348	\$ 104,832	\$ 2,097	\$ 106,929
1	Implementation Plan Development		8		20								28	\$ 9,035		
2	Recommended Improvement Projects		8	12	80	80		32					212	\$ 61,503		
3	Workshop		8	8			16						48	\$ 9,490		
4	Implementation Plan TM	2	6		24		32	12			16	16	108	\$ 24,804		
Task 1106	Project Communications	0	24	14	0	0	8	0	0	0	4	0	50	\$ 15,893	\$ 318	\$ 16,210
1	Project Communications		24	14			8				4		50	\$ 15,893		
	TOTALS	12	147	150	204	80	180	84	0	0	32	24	881	\$ 262,860	\$ 5,257	\$ 268,117

Overall effort based on 8 months (est. May 2026 - Jan 2027). Raw salary rates effective 2026 only and subject to adjustment through life of Project.

EXHIBIT C
SJRA'S INSURANCE REQUIREMENTS

1. General Requirements. CONSULTANT shall, at all times during the performance of Services issued under this Agreement and for not less than two years after the completion of any Services, provide and require all subconsultants and subcontractors to provide insurance coverage with companies lawfully authorized to do business in Texas and acceptable to SJRA and with forms of policies acceptable to SJRA, which coverage will protect CONSULTANT from claims set forth below which may arise out of or result from CONSULTANT's Services and operations under this Agreement for which CONSULTANT may be legally liable, whether such Services or operations are by CONSULTANT or a subconsultant or subcontractor of CONSULTANT or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable, and meeting not less than the minimum requirements set forth in this Exhibit C. Such insurance is to be provided at the sole cost of CONSULTANT and all subconsultants and subcontractors. The terms "subconsultant" and "subcontractor" for the purposes of this Exhibit C shall include subconsultants and subcontractors of any tier.

(a) Kinds of Claims

- (1) claims under workers' compensation, disability benefit and other similar employee benefit acts which are applicable to CONSULTANT's Services to be performed;
- (2) claims for damages because of bodily injury, occupational sickness or disease, or death of CONSULTANT's employees;
- (3) claims for damages because of bodily injury, sickness or disease, or death of any person other than CONSULTANT's employees;
- (4) claims for damages insured by usual personal injury liability coverage which are sustained (i) by a person as a result of an offense directly or indirectly related to employment of such person by CONSULTANT, or (ii) by another person;
- (5) claims for damages other than to CONSULTANT's work itself, because of injury to or destruction of tangible property, including loss of use resulting therefrom;
- (6) claims for damages because of bodily injury, death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle;

- (7) claims involving contractual liability insurance applicable to CONSULTANT's indemnification obligations under this Agreement; and
- (8) claims for errors and omissions in the provision of professional consulting services of the kind rendered by CONSULTANT pursuant to this Agreement.

(b) **Policies and Minimum Limits of Liability**

PLEASE NOTE: These requirements should provide general guidance only, additional requirements based on project specifics of the contract may be required. Contract amounts over limits will require excess coverage to cover the difference. Combined single limits and excess coverage must equal the Contract Amount (CA).							
Risk Level TIER 2	Coverage	Contract Amount					
		<=\$25k	>\$25k- \$75k	>\$75k- \$1M	>=\$1M- \$2M	>\$2M	
Professional Services Services: Architect, Engineer, Surveyor, Professional Non-AES excluding legal services. Contract Type: > Master Professional Services Agreement (MPSA)(AES)- Across all divisions/3 years > Professional Services Agreement (PSA)(AES)-project specific, multiple phases would be new work orders. > Consulting Agreement (Non-AES) > Engagement Letter	Commercial General Liability (CGL) (Premises/Completed Operations)	Each Occurrence	\$300k	\$500k	\$1M	\$1.5M	= \$2M
		Fire Damage	\$100k	\$250k	\$1M	\$1.5M	= \$2M
		Personal & ADV injury	\$300k	\$500k	\$1M	\$1.5M	= \$2M
		Aggregate	\$600K	\$750k	\$2M	\$3M	= \$4M
		Premises/Operations	\$300k	\$500k	\$1M	\$1.5M	= \$2M
	Workers Compensation	Products/ Completed Operations	\$300K	\$500k	\$1M	\$1.5M	= \$2M
		Per occurrence bodily injury	\$500k	\$500k	\$500k	\$500k	\$500k
		Per Occurrence bodily injury by disease	\$500k	\$500k	\$500k	\$500k	\$500k
	Business Auto Liability Owned, Non-Owned, Hired, Injury and Property coverage for all	Policy Limit for Bodily Injury Disease	\$500k	\$500k	\$500k	\$500k	\$500k
		Bodily Injury	\$300k	\$500k	\$500k	\$1M	\$1M
Property Damage		\$300k	\$500k	\$500k	\$1M	\$1M	
Professional/EO Liability	Combined Single Limit	\$600k	\$1M	\$1M	\$2M	= \$2M	
	Professional and Cyber required based on the scope of work	500k	\$1M	\$1M	\$2M	= \$2M	

*Aggregate limits are per 12-month policy period unless otherwise indicated; defense costs shall be excluded from limits of liability of each policy other than Professional Liability Insurance; Commercial General Liability Insurance coverage limits shall be on a per-project basis.

- (c) All required insurance shall be maintained with responsible insurance carriers acceptable to SJRA and lawfully authorized to issue insurance of the types and amounts set forth in this Exhibit C. Carriers should have a Best's Financial Strength Rating of at least "A-" and a Best's Financial Size Category of Class VIII or better, according to the most current edition of *Best's Key Rating Guide, Property-Casualty United States* or be of sufficient size and financial strength as adjudged by SJRA to meet the financial obligations evidenced in the certificate of insurance.

- (d) All certificates shall be in a form reasonably acceptable to SJRA and each certificate must state to the extent permitted by Texas Insurance Code Chapter 1811 that the policy may not expire or be cancelled, materially modified, or nonrenewed unless the carrier and/or CONSULTANT gives SJRA thirty (30) days advance written notice. When any required insurance, due to the attainment of a normal expiration date or renewal date, shall expire, CONSULTANT shall, prior to such expiration, supply SJRA with certificates of insurance and amendatory riders or endorsements that clearly evidence the continuation of all coverage in the same manner, limits of protection, and scope of coverage as is required by this Agreement. Any renewal or replacement policies shall be in form and substance satisfactory to SJRA and written by carriers acceptable to SJRA and meeting the requirements of this Exhibit C. CONSULTANT shall or shall cause the applicable carrier or carriers to give written notice to SJRA within thirty (30) days of the date on which total claims by any Party against insurance provided pursuant to this Exhibit C reduce the aggregate amount of coverage below the amounts required by this Exhibit C. In addition, CONSULTANT shall or shall cause the applicable carrier or carriers to provide SJRA with amendatory riders or endorsements to the Commercial General Liability Insurance policy that specify that the coverage limits apply on a per-project basis.
- (e) With respect to all policies required in this Exhibit C, as soon as practicable prior to execution of this Agreement, CONSULTANT shall deposit with SJRA true and correct original certificates thereof, bearing notations or accompanied by other evidence satisfactory to SJRA that the requirements of this Exhibit C are being met, and such certificates shall be attached hereto as Exhibit D. If requested to do so by SJRA, CONSULTANT shall also furnish the originals or certified copies of the insurance policies for inspection including but not limited to copies of endorsements.
- (f) All policies of insurance and certificates, with the exception of Professional Liability and Workers' Compensation Insurance, shall name the INDEMNITEES as additional insureds. Without limiting the foregoing, CONSULTANT's Commercial General Liability Insurance policy shall name the INDEMNITEES as additional insureds pursuant to ISO Additional Insured Endorsements CG 20-10-10-01 and CG 20-33-10-01 or their combined equivalents. Further, the CONSULTANT shall provide the INDEMNITEES any defense provided by its Commercial General Liability Insurance policy to the fullest extent allowed by law.
- (g) CONSULTANT hereby waives all rights of recovery and damages against the INDEMNITEES to the extent such damages are covered or should have been covered by the insurance obtained or required to be obtained by CONSULTANT under this Agreement. All of CONSULTANT's policies of insurance, with the exception of Professional Liability Insurance, shall include a waiver of subrogation in favor of the INDEMNITEES.

- (h) The Parties intend that the CONSULTANT'S insurance shall be primary and non-contributing with respect to any other insurance maintained by SJRA and all policies of insurance obtained by CONSULTANT shall be endorsed to be primary and non-contributing with respect to any other insurance maintained by SJRA.
- (i) If any policy required to be purchased pursuant to this Exhibit C is subject to a deductible, self-insured retention or similar self-insurance mechanism which limits or otherwise reduces coverage, the deductible, self-insured retention, or similar self-insurance mechanism shall be the sole responsibility of CONSULTANT in the event of any loss and CONSULTANT hereby waives any claim therefor against any INDEMNITEE.
- (j) CONSULTANT shall require and cause its subconsultants and subcontractors to purchase and maintain the insurance policies set forth in Section 1(b) above with limits of liability commensurate with the amount of each subconsulting or subcontract agreement, but in no case less than \$500,000 per occurrence. CONSULTANT shall provide copies of insurance certificates for all such insurance to SJRA prior to any subconsultant's or subcontractor's performance of any Services.
- (k) If CONSULTANT fails to procure or to maintain in force the insurance required by this Exhibit C, SJRA may secure such insurance and the costs thereof shall be borne by CONSULTANT. CONSULTANT shall reimburse SJRA the cost of such insurance plus a ten percent (10%) administrative charge within ten (10) days after billing by SJRA. Any unpaid sum remaining fifteen (15) days after billing by SJRA shall bear interest at the rate of twelve percent (12%) per annum until paid by CONSULTANT. Except to the extent prohibited by Subchapter C of Chapter 151 of the Texas Insurance Code, **CONSULTANT SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS THE INDEMNITEES FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DAMAGES, AND EXPENSES (INCLUDING, WITHOUT LIMITATIONS, COURT COSTS, COSTS OF DEFENSE, AND ATTORNEYS' FEES), THAT ANY INDEMNITEE MAY INCUR AS A RESULT OF CONSULTANT'S FAILURE TO OBTAIN OR CAUSE TO BE OBTAINED THE SPECIFIC ENDORSEMENTS OR INSURANCE REQUIRED PURSUANT TO THIS AGREEMENT.** Failure of any INDEMNITEE to identify any deficiency in the insurance forms provided shall not be construed as a waiver of CONSULTANT's obligation to maintain such insurance and to cause such insurance to be maintained.
- (l) CONSULTANT's compliance with the provisions of this Exhibit C shall not be deemed to constitute a limitation of CONSULTANT's liability with respect to claims covered by insurance provided or required pursuant to this Exhibit C or in any way limit, modify, or otherwise affect CONSULTANT's obligation under this Agreement or otherwise. CONSULTANT's obligations under this Agreement to defend, indemnify and/or hold harmless INDEMNITEES shall not be limited in any way by any insurance required of CONSULTANT by this Agreement or otherwise provided or

maintained by CONSULTANT. Any insurance obligations of CONSULTANT under this Agreement are independent from CONSULTANT's obligations under this Agreement to defend, indemnify and/or hold harmless INDEMNITEES. The insolvency, bankruptcy, or failure of any insurance company carrying insurance for CONSULTANT or any subcontractor, or the failure of any insurance company to pay claims accruing shall not be held to waive any of the provisions of this Agreement.

(m) If requested by SJRA, CONSULTANT shall furnish or shall cause to be furnished any such other insurance or limits as SJRA may reasonably deem necessary for any work.

EXHIBIT D
CONSULTANT'S CERTIFICATE OF INSURANCE

[ATTACHED HERETO].

Item No.	Agenda Item	Date
7.1	Consider adoption of an order of the San Jacinto River Authority Board of Directors adopting the Board Governance Policies and Bylaws.	05/28/2026

BACKGROUND INFORMATION

On April 24, 2002, the Board of Directors passed and adopted an order adopting Rules, Regulations, and Policies to satisfy several legal obligations applicable to the Authority under state law.

On June 23, 2016, the Board of Directors repealed the prior Rules, Regulations, and Policies and adopted a new Code of Ethics, Rules, Regulations, and Policies which further updated compliance with legislative amendments related to Chapter 171 and 176 of the Texas Local Government Code.

On August 24, 2023, the Board of Directors adopted a revised Code of Ethics, Rules, Regulations, and Policies, which provided for several updates to statutes affecting water districts to improve efficiency and efficacy.

This revision renames the **Code of Ethics, Rules, Regulations, and Policies** to **Board Governance Policies and Bylaws** and incorporates the statutory (“Across-the-Board”) recommendations by the Texas Sunset Advisory Commission.

Many provisions from the prior Code of Ethics, Rules, Regulations, and Policies were reorganized in the revised document for continuity purposes, however most of the content remains unchanged. The summary below provides details of the proposed substantive changes and a full summary of each change is attached.

- **Renamed Article One – Added General Provisions**
 - Section 1.01 – Provides an introduction to the entire document.
 - Section 1.02 – Specifies the main office location.
- **Renamed Article Two – Added Structure of the Board**
 - Section 2.01 – Defines the structure of the Board.
 - Section 2.02 – Terms of the Board.
 - Section 2.03 – Addresses vacancies on the Board.
 - Section 2.04 – Defines various qualifications (Oath of Office, execution of bond)
- **Renamed Article Three – Added Officers and Duties**
 - Section 3.01 - Designation of President of the Board
 - Section 3.02 – Organization/election of the Board of Directors
 - Section 3.03 – Definitions of Officers
 - Section 3.04 – Quorum of the Board of Directors
- **Renamed Article Four – Added Authority and Responsibilities of the Board and GM**
 - Section 4.01 – Addresses Board authority and responsibilities.
 - Section 4.02 – Addresses General manager authority and responsibilities.
- **Renamed Article Six – Fees and Expense Policy.**
 - Section 6.02 – Added “as authorized by chapter 49, Texas Water Code, and other applicable law”.

- **Renamed Article Eleven – Policies Related to Meetings of the Board of Directors; Speaking for the Authority; Delegation of Authority to Execute Documents; Invocation; and Designating a President Pro Tempore.**
 - Section 11.04 – Adds the invocation policy previously adopted by the Board.
 - Section 11.06 – Designation to execute documents. Removed “Deputy General Manager” from list of authorized personnel to sign documents.
 - Section 11.07 – Process for President Pro Tempore to preside over meetings, if necessary, previously adopted by the Board.
- **Added Article Twelve – Added Director Training**
 - Section 12.01 - Adds specific language for Director training per House Bill 1540.
- **Added Article Thirteen – Added Grounds for Removal**
 - Section 13.01 – Adds specific language from House Bill 1540 regarding specific grounds for removal.
 - Section 13.02 – Adds provisions for excused absences and approval of same.
- **Added Article Fourteen – Added Complaint System**
 - Section 14.01 – Provides policies and procedures for public complaints per House Bill 1540.

FUNDING SOURCE: N/A

ATTACHMENTS: Full Summary of Changes, Order, Redline version of Board Governance Policies and Bylaws, Non-redline version of Board Governance Policies and Bylaws.

RECOMMENDED ACTION

Adopt an order of the San Jacinto River Authority Board of Directors adopting Board Governance Policies and Bylaws.

Summary of Changes to Board Governance Policies and Bylaws

	Board Governance Policies and Bylaws	Previous Code of Ethics, Rules, Regulations, and Policies	Summary of Changes
Article One	General Provisions	Previously Named: Code of Ethics	Changed title from <i>Code of Ethics</i> to <i>General Provisions</i> . Adds introduction to the document and specifies the main office location.
Article Two	Board Structure	Previously Named: Fees and Expense Policy	Changed title from <i>Fees and Expense Policy</i> to <i>Board Structure</i> . Section 2.01 defines the structure of the Board; Section 2.02 defines the terms of the Board; Section 2.03 addresses vacancies on the Board, and Section 2.04 defines the qualifications (Oath of Office and execution of bond).
Article Three	Officers and Duties	Previously Named: Professional Consulting Services	Changed from <i>Professional Consulting Services</i> to <i>Officers and Duties</i> . Section 3.01 addresses the designation of the President of the Board; Section 3.02 addresses the organization/election of the Board; Section 3.03 provides for the definitions of Officers; and Section 3.04 addresses a quorum of the Board.
Article Four	Authority and Responsibilities of the Board and General Manager	Previously Named: Uniform Financial Accounting and Reporting Standards	Changed title from <i>Uniform Financial Accounting and Reporting Standards</i> to <i>Authority and Responsibilities of the Board and General Manager</i> . Section 4.01 defines the Board authority and responsibilities; and Section 4.02 defines the General Manager's authority and responsibilities.
Article Five	Code of Ethics	Previously Named: Annual Operating Budget	Changed title from <i>Annual Operating Budget</i> to <i>Code of Ethics</i> . There are no changes from previous version.

Summary of Changes to Board Governance Policies and Bylaws

Article Six	Fees and Expense Policy	Previously Named: Audit Committee; Other Committees; Sunset Review and Management Audits; Contracting with Certain Businesses	Changed title from <i>Audit Committee; Other Committees; Sunset Review and Management Audits; Contracting with Certain Businesses</i> to <i>Fees and Expense Policy</i> . Section 6.01 removes the language related to employee reimbursements. Section 6.02 adds the phrase “as authorized by Chapter 49, Texas Water Code, and other applicable law” was added. There were no other changes from the previous version.
Article Seven	Professional Consulting Services	Previously Named: Policies Related to Meetings of the Board of Directors; Speaking for the Authority; and Delegation of Authority to Execute Documents	Title changed from <i>Policies Related to Meetings of the Board of Directors; Speaking for the Authority; and Delegation of Authority to Execute Documents</i> to <i>Professional Consulting Services</i> . This section addresses the engagement of professional consultants. There were no changes from the previous version.
Article Eight	Uniform Financial Accounting and Reporting Standards	Previously Named: Miscellaneous	Title changed from <i>Miscellaneous</i> to <i>Uniform Financial Accounting and Reporting Standards</i> . This section addresses the methodology of uniform accounting and reporting. There were no changes from previous version.
Article Nine	Annual Operating Budget	Was previously Article Five.	Article Nine is now <i>Annual Operating Budget</i> which addresses the adoption of an annual budget and expenditures. Section 9.01 addresses Board approval for expenditures in excess of \$150,000, previously \$75,000.
Article Ten	Audit Committee; Other Committees; Sunset Review and Management Audits; Contracting with	Was previously Article Six.	Article Ten is now <i>Audit Committee; Other Committees; Sunset Review and Management Audits; Contracting with Certain Businesses</i> and addresses auditing standards, the Board’s Audit Committee, standing committees, sunset review, and contracting with

Summary of Changes to Board Governance Policies and Bylaws

	Certain Businesses		Historically Underutilized Businesses. There were no other changes from the previous version.
Article Eleven	Policies Related to Meetings of the Board of Directors; Speaking for the Authority; Execution of Documents; Invocation; and President Pro Tempore.	Was previously Article Seven.	Article Eleven is now <i>Policies Related to Meetings of the Board of Directors; Speaking for the Authority; Execution of Documents; Invocation; and President Pro Tempore</i> and addresses provisions related to the development of the Board meeting agenda, public comment at Board meetings, the authority of Board members and SJRA management and staff to speak on behalf of the SJRA regarding current or proposed SJRA policy, a plan of succession for the signature of documents that the Board has authorized the General Manager to sign on behalf of SJRA, the invocation policy, and the designation of a President Pro Tempore, if necessary. Section 11.04 adds language regarding the invocation policy previously adopted by the Board. Section 11.06 removes “Deputy General Manager” from persons that can sign in lieu of the General Manager. Section 11.07 adds language regarding the designation of a President Pro Tempore, if necessary.
Article Twelve	Director Training	Newly added section.	Article Twelve is now <i>Director Training</i> and addresses certain mandates for same. Section 12.01 adds language regarding director training per HB 1540.

Summary of Changes to Board Governance Policies and Bylaws

Article Thirteen	Grounds for Removal	Newly added section.	Article Thirteen is now <i>Grounds for Removal</i> and provides specific language for same. Section 13.01 adds language regarding specific grounds for removal of a Board Member per HB 1540. Section 13.02 adds language related to excused absences and approval of excused absences.
Article Fourteen	Complaint System	Newly added section.	Article Fourteen is now <i>Complaint System</i> and provides specific language for same. Section 14.01 addresses the process for public complaints.
Article Fifteen	Miscellaneous	Formerly Article Eight - <i>Miscellaneous</i>	Article Fifteen is now <i>Miscellaneous</i> which addresses the legalities of the document.
Attachment 1	Kinship Charts	Kinship Charts	No changes.
Attachment 2	Statutory Excerpts	Statutory Excerpts	No changes.

ORDER NO. _____

**AN ORDER OF THE BOARD OF DIRECTORS OF THE SAN JACINTO RIVER AUTHORITY
ADOPTING BOARD GOVERNANCE POLICIES AND BYLAWS.**

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 (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; and

WHEREAS, the Authority also operates subject to certain general laws of the State of Texas, including, but not limited to, Chapter 49 of the Texas Water Code; and

WHEREAS, Section 49.199, Texas Water Code, requires the Board of Directors of the Authority to formulate and adopt certain rules, regulations, and policies concerning a code of ethics for the Authority's directors, officers, investment officers, and employees; and

WHEREAS, Section 49.199, Texas Water Code, requires the Board of Directors of the Authority to formulate and adopt certain rules, regulations, and policies concerning travel expenditures payable or reimbursable by the Authority; and

WHEREAS, Section 49.199, Texas Water Code, requires the Board of Directors of the Authority to formulate and adopt certain rules, regulations, and policies concerning the selection, monitoring or review, and evaluation of professional consultants; and

WHEREAS, Section 49.199, Texas Water Code, requires the Board of Directors of the Authority to formulate and adopt certain rules, regulations, and policies concerning the establishment of uniform methods of accounting and reporting; and

WHEREAS, Section 49.199, Texas Water Code, requires the Board of Directors of the Authority to formulate and adopt certain rules, regulations, and policies concerning the better use of management information; and

WHEREAS, the Board of Directors of the Authority previously passed and adopted that certain Order No. 2023-O-03, Code of Ethics, Rules, Regulations, and Policies, dated August 23, 2023; and

WHEREAS, the Board of Directors of the Authority desires to repeal Order No. 2023-O-03, and to adopt the Board Governance Policies and Bylaws, set forth herein;

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

That Order No. 2023-O-03 is hereby repealed and replaced and the Board Governance Policies and Bylaws attached hereto and incorporated herein as Exhibit "A" be and is hereby adopted.

Passed and adopted this 28th day of May, 2026.

ATTEST:

SAN JACINTO RIVER AUTHORITY:

Wil Faubel, Secretary

Ronnie Anderson, President

APPROVED AS TO FORM:

Amy L. Sims, General Counsel

APPROVED AS TO CONTENT:

Aubrey A. Spear, General Manager



~~Code of Ethics, Rules,
Regulations, and
Policies~~ Board Governance
Policies
and Bylaws

Approved by the Board of Directors on Month, Day, Year, by Resolution No. ____ R-__

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Article One
General Provisions

Section 1.01. The purpose of Board Governance Policies and Bylaws is to provide guidelines for the structure and operation of the San Jacinto River Authority (“the Authority”) in a manner which is consistent with its enabling legislation.

Section 1.02. The domicile of the Authority shall be in the City of Conroe, in the County of Montgomery, Texas, where the Authority shall maintain its principal office.

Article Two
Structure of the Board of Directors

Section 2.01. The Board of Directors consists of seven 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.

Section 2.02. Members of the Board of Directors shall be appointed by the Governor for terms of four years. The Directors shall hold office after their appointment and qualification until their successors shall be appointed and qualified.

Section 2.03. Should any vacancy occur in the Board of Directors, the same shall be filled in like manner by the Governor for the unexpired term.

Section 2.04. 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 as required by applicable law, payable to the District, the sufficiency of which bond shall be determined as required by applicable law, 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.

Officers and Duties

Section 3.01. The Governor shall designate a Director as the President of the Board to serve in that capacity at the pleasure of the Governor.

Section 3.02. The Board of Directors shall organize by electing one of its members Vice-President, one Secretary Pro Tempore, and one Treasurer.

Section 3.03. The President shall preside at all meetings of the Board. 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 Authority 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 Tempore shall be elected by the

Directors.

Section 3.04. Four (4) members, including the President, shall constitute a quorum to transact business.

Article Four

Authority and Responsibilities of the Board and General Manager

Section 4.01. The Board shall be responsible for the management of all the affairs of the Authority. The board may adopt bylaws to govern the affairs of the district to perform its purposes. The Authority shall employ or contract with all persons, firms, partnerships, corporations, or other entities, public or private, deemed necessary by the Board for the conduct of the affairs of the Authority, including, but not limited to, engineers, attorneys, financial advisors, operators, bookkeepers, tax assessors and collectors, auditors, and administrative staff.

Section 4.02. The board may employ or contract with a person to perform such services as general manager for the Authority as the board may from time to time specify. The board may delegate to the general manager full authority to manage and operate the affairs of the Authority subject only to orders of the board. The General Manager is responsible for the day-to-day operations of the Authority, while the Board retains responsibility for policy and overall direction. Direction to staff shall be communicated through the General Manager, who is responsible for implementing Board policies and orders. The General Manager is responsible for personnel decisions, including the appointment and removal of employees, subject to the Board's budgetary authority and applicable law.

Article Five~~RTICLE I~~
Code of Ethics~~ODE OF ETHICS~~

Section 54.01. It is hereby declared the policy of the Authority that its Board of Directors, officers, investment officers, and employees shall conduct themselves so as to give no occasion for distrust of their integrity, impartiality, or of their devotion to the best interests of the Authority and the public purposes for which it was created. Accordingly, the following standards of conduct are hereby established to provide a guideline to the directors, officers, investment officers, and employees of the Authority in the conduct of normal business and operations of the Authority:

A. Conflicts of Interest: Pursuant to Section 49.058, Texas Water Code, each director of the Authority is subject to the provisions of Chapter 171, Texas Local Government Code, relating to the regulation of conflicts of interest of officers of local governments. Therefore, the Authority adopts Chapter 171, Texas Local Government Code, as its conflicts of interest policy, the principal provisions of which are as follows:

1) A director shall abstain from participating in a decision of the Board of Directors which either (a) will have a special economic effect on a business in which the director or a person related to the director in the first degree by consanguinity or affinity has a substantial interest that is distinguishable from the effect on the public; or (b) in the case of a substantial interest in real property, affects the value of such property in which the director or a person related to the director in the first degree by consanguinity or affinity has a substantial interest differently from how it affects the public, except when a majority of the Board of Directors is required to abstain from participation in a particular vote because of a similar conflict of interest. A director who determines that he or she must abstain from participating in a decision of the Board of Directors for a reason set forth above must file an affidavit with the Secretary of the Board of Directors, prior to a vote or decision by the Board of Directors on the matter, stating the nature and extent of the directors' interest in the matter.

2) The Board of Directors of the Authority shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a Director has a substantial interest. Except as provided by Section 171.004(c), Texas Local Government Code, the affected director may not participate in that separate vote. The affected director may vote on a final budget if (a) the director has complied with Chapter 171, Texas Local Government Code, and (b) the budget item in which the director has a substantial interest has been resolved by the remaining members of the Board of Directors.

3) For the purposes of this conflicts of interest policy, a director is considered to have a "substantial interest" in a business if (a) the director or a person related to the director in the first degree by consanguinity or affinity owns ten percent (10%) or more of the voting stock or shares of the business entity, or owns either ten percent (10%) or more or \$15,000 or more of the fair market value of the

business entity; or (b) funds received from the business exceed ten percent (10%) of the gross income of the director or of a person related to the director in the first degree by consanguinity or affinity for the previous year. A director has a substantial interest in real property if the interest of the director or of a person related to the director in the first degree by consanguinity or affinity is an equitable or legal ownership with a market value of \$2,500 or more. See **Attachment I** for reference.

4) A director shall not act as surety for a business entity that has work, business, or a contract with the Authority, nor shall a director act as surety on any official bond required of a director, officer, investment officer, or employee of the Authority.

B. Gifts: No public servant (as such term is defined by Chapter 1, Texas Penal Code; see **Attachment II** for reference) of the Authority shall directly or indirectly solicit, accept, agree to accept, or receive any gift or thing of value, whether in the form of money, services, credits, loans, travel, entertainment, hospitality, promise, or any other form, from an individual or entity (or agent thereof) interested in or likely to become interested in any contract, purchase, payment, claim, or transaction involving the exercise of his or her discretion, or under other circumstances where a reasonable inference could be drawn that the gift or thing of value was intended to influence such public servant of the Authority in the performance of his or her official duties or was intended as a reward for any decision, opinion, recommendation, or other exercise of discretion on his or her part. Nothing herein shall be deemed or construed to prohibit (a) normal social practices where gifts among friends or associates are appropriate for certain occasions, (b) a gift offered on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient, or (c) a gift otherwise allowed by law. A public servant of the Authority may accept a gift or thing of value from a person, firm, corporation, or other entity (or agent thereof) having or proposing to have a business or financial relationship with the Authority only upon compliance with all applicable laws of Texas relating to disclosure of and limitations upon same, and only when the offer and the acceptance and receipt of such gift or thing of value:

- 1) Are in keeping with good business ethics;
- 2) Are customary and proper under the circumstances and give no appearance of impropriety;
- 3) Do not impose any sense of obligation on the recipient to the donor;
- 4) Do not result in any form of special or favored treatment for the donor;
- 5) Cannot reasonably be viewed as extravagant, excessive, or too frequent considering all the circumstances;

6) Do not involve any cash, currency, gift certificates, gift cards, loans, or credit arrangements of any kind, or a negotiable instrument as described by Section 3.104, Texas Business & Commerce Code;

7) Do not involve any item of property with a fair market value greater than \$49.00;

8) Do not involve materials, services, repairs, or improvements at no cost or at unreasonably low prices;

9) If involving dining, lodging, transportation and/or entertainment, then:

(a) The dining, lodging, transportation, and/or entertainment is accepted as a guest of the individual or entity providing same (*i.e.*, they must be present); or

(b) The dining, lodging, and/or transportation is provided in connection with a conference or similar event at which the Local Government Officer (as such term is defined in paragraph H. below) of the Authority renders services, such as addressing an audience or engaging in a seminar, to the extent those services are more than merely perfunctory;

10) Are made under circumstances where no effort is made to conceal the facts and circumstances related thereto by either the recipient or the donor; and

11) Are properly disclosed in a Conflicts Disclosure Statement, as and if required by Chapter 176, Texas Local Government Code (see subsection H., below).

C. Investments: Except under circumstances permitted by the general or special laws of the State and the rules, regulations, and policies of the Authority, no director, officer, investment officer, or employee of the Authority shall own an interest in or derive compensation or profit from or engage in the management of any organization providing services, materials, or equipment to the Authority, unless such interest (a) is comprised solely of securities traded over the counter or listed on a public security exchange, or (b) has been fully disclosed to the Board of Directors in the manner required by law.

D. Confidential Information: No director, officer, investment officer, or employee of the Authority shall disclose confidential information concerning the property, operations, policies, or affairs of the Authority, or use such confidential information to advance the personal interests, financial or otherwise, of such director, officer, investment officer, or employee, or accept employment or engage in any business or professional activity which such director, officer, investment officer, or employee might reasonably

expect would require or induce him or her to disclose confidential information acquired through or by reason of his or her position with the Authority.

E. Future Employment and Contracting: No director, officer, investment officer, or employee of the Authority shall negotiate for future employment with any person, firm, association, or corporation which has a substantial financial interest in any proposed award of contract or decision within the area of responsibility of such director, officer, investment officer, or employee and upon which he or she must act or make a recommendation. A former director, officer, investment officer, or employee of the Authority who, during his or her period of service or employment with the Authority, participated on behalf of the Authority in a procurement or contract negotiation involving such person, firm, association, or corporation may not accept employment from that person, firm, association, or corporation before the second anniversary of the date service or employment with the Authority ceased. Further, a former director may not contract with the Authority before the first anniversary of the date service with the Authority ceased.

F. Appearance of Proper Conduct: Each director, officer, investment officer, or employee of the Authority shall conduct his or her official and personal affairs in such a manner as to clearly demonstrate that he or she cannot be improperly influenced in the performance of his or her official duties, and to such ends, no director, officer, investment officer, or employee of the Authority shall, for any form of consideration, endorse commercial products or services in advertisements, marketing materials, or similar media utilizing or making reference to the properties, operations, or affairs of the Authority.

G. Investment Officer: An investment officer of the Authority who has a personal business relationship with an entity seeking to sell an investment to the Authority shall file a written statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the Authority must file a statement disclosing such relationship. Any statement required to be filed by an investment officer of the Authority under this subsection must be filed with the Board of Directors of the Authority and the Texas Ethics Commission.

H. Conflicts Disclosure Statement: In the event the Authority has contracted or is considering doing business with a Vendor and (a) the Vendor has an employment or other business relationship with a Local Government Officer or his/her Family Member that results in the Local Government Officer or his/her Family Member receiving taxable income, other than investment income, that exceeds \$2,500 in the 12-month period preceding the date the Local Government Officer becomes aware that the Authority has executed a contract or is considering doing business with the Vendor, (b) the Vendor has given a Local Government Officer or his/her Family Member one or more gifts (other than gifts of food accepted as a guest or benefits offered on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient) that have an aggregate value of more than \$100 in the 12-month period preceding the date the Local Government Officer becomes aware that the Authority has executed a contract or is

considering doing business with the Vendor, or (c) the Vendor has a Family Relationship with a Local Government Officer, and such relationship(s) and/or activities are not otherwise prohibited by the provisions of Chapter 171, Texas Local Government Code or this ethics policy, the Local Government Officer must file a conflicts disclosure statement with the Authority's Records Management Officer, no later than 5:00 p.m. on the seventh (7th) business day after the date the Local Government Officer becomes aware of facts that require the filing of the conflicts disclosure statement, disclosing, as applicable: (i) the employment or other business relationship, including the nature and extent of the relationship, and acknowledging that the disclosure applies to each Family Member of the Local Government Officer and covers the preceding 12-month period as described herein; (ii) the gift(s) aggregating more than \$100 in value received by the Local Government Officer or his/her Family Member from the Vendor during the preceding 12-month period as described herein, and acknowledging that the disclosure applies to each Family Member of the Local Government Officer and covers the preceding 12-month period as described herein; and/or (iii) the Family Relationship between the Vendor and the Local Government Officer. The conflicts disclosure statement shall contain the signature of the Local Government Officer acknowledging that such statement is made under oath under penalty of perjury, all in accordance with Chapter 176, Texas Local Government Code.

The General Manager of the Authority, or his designee, shall cause and direct the Authority's Records Management Officer to:

- 1) Prepare and maintain a list of Local Government Officers of the Authority and make such list available to the public and any Vendor who may be required to file a conflict of interest questionnaire under Section 176.006, Texas Local Government Code;
- 2) Provide access to the statements and questionnaires that are required to be filed with the Authority under Chapter 176, Texas Local Government Code, on the Authority's Internet website; and
- 3) Maintain the statements and questionnaires that are required to be filed with the Authority under Chapter 176, Texas Local Government Code, in accordance with the Authority's records retention schedule.

For the purposes of this subsection, a person is considered a "Vendor" if the person contracts or seeks to contract for the sale or purchase of property, goods, or services with the Authority or is the agent of such a person in their business with the Authority. A state, political subdivision of a state, state agency (except the Texas Correctional Industries), administrative agency, the federal government, or a foreign government (including their employees acting in their official capacity) cannot be a "Vendor." For the purposes of this subsection, "Local Government Officer" means (a) a director of the Authority, (b) a person designated as the executive officer of the Authority, and/or (c) an agent (as such term is defined by Chapter 176, Texas Local Government Code; see **Attachment II** for reference) of the Authority who exercises discretion in the planning, recommending, selecting, or contracting of a Vendor under its agency authority. For the purposes of this subsection,

"Family Member" means a person related to another person within the first degree of consanguinity or affinity, as described by Chapter 573, Texas Government Code. See **Attachment I** for reference. For the purposes of this subsection, "Family Relationship" means a relationship between a person and another person within the third degree of consanguinity or the second degree of affinity, as described by Chapter 573, Texas Government Code. See **Attachment I** for reference.

I. Disclosure of Interested Parties. As provided by Section, 2252.908, Texas Local Government Code, and rules promulgated thereunder at Chapter 46, Title 1, Texas Administrative Code, the Authority shall not enter into a contract that (a) requires an action or vote by the Board of Directors before the contract may be executed by a director, officer, or employee of the Authority, or (b) has a value of at least \$1 million, with a business entity unless the business entity submits a Certificate of Interested Parties (Texas Ethics Commission Form 1295) to the Authority at the time the entity submits the signed contract to the Authority for execution. The General Manager, or his designee, shall cause any such Certificate of Interested Parties to be filed with the Texas Ethics Commission not later than the 30th day after the date the Authority receives same.

J. Other Laws. In addition to the foregoing subsections, all directors, officers, investment officers, and employees of the Authority shall at all times adhere to and maintain compliance with the provisions, procedures and requirements of:

- (i) Chapter 572, Texas Government Code, relating to standards of conduct and financial disclosure; and
- (ii) Chapter 573, Texas Government Code, relating to nepotism;
- (iii) Chapter 36, Texas Penal Code, relating to bribery and corrupt influence;
- (iv) Chapter 39, Texas Penal Code, relating to abuse of a public servant's office or employment; and
- (v) Article III, Section 52, Texas Constitution, relating to the prohibition on granting public money or things of value to any individual, association, or corporation.

ARTICLE Article SixH
FEES AND EXPENSE POLICY Fees and Expense Policy

Section 62.01. It is hereby declared the policy of the Authority that payment or reimbursement shall be made by the Authority of all reasonable, actual, and necessary expenses incurred by or on behalf of the directors, ~~officers, investment officers, and employees~~ of the Authority for travel expenditures incurred while conducting official duties and assignments and carrying out the Authority's operations and business activities, including, without limitation, attendance at conventions, conferences, training and trade programs, hearings, and meetings

related thereto. For purposes of this policy, "travel expenditures" shall mean and include all reasonable and actual costs of meals, lodging, transportation, and related general expenses, such as registration costs, materials costs, normal gratuities, and related expenses and costs. Mileage allowances shall be determined by the applicable rates designated from time to time by the Internal Revenue Service.

~~In order for an employee to receive reimbursement for expenses, the employee shall submit an itemized expense report to the General Manager, or his designee, within thirty (30) days of the date the expenses were incurred. Any expense item shall be documented with a receipt, memorandum, or similar documentation as to the amount and business purpose of such expense. Reimbursement for such expenses shall be contingent upon approval by the General Manager, or his designee.~~

— In order for a director to receive reimbursement for expenses, the director must submit to the General Manager, or his designee, an itemized expense report within sixty (60) days of the date the expenses were incurred. Any expense item shall be documented with a receipt, memorandum, or similar documentation as to the amount and business purpose of such expense. Directors sharing expense items may split reported expenses in any manner they deem equitable, but the Authority will pay no more than 100% of the actual total cost of reimbursable expenditures. Any expenses for a director attending a sanctioned activity of the Authority which are not typical for the occasion (as to type or amount) must be approved by the Board of Directors prior to incurring the expense. Reimbursement for a Director's expenses shall be contingent upon the approval of the General Manager and one other member of the Board of Directors.

Notwithstanding the above, the Authority shall not pay or reimburse any expenses of persons who have no responsibility or duties to perform for the Authority, including any persons whose connection with Authority matters is based solely on their relationship of blood, marriage, or friendship with a director, officer, investment officer, or employee of the Authority.

Section 26.02. A director shall receive a fee of office (per diem) as authorized by Chapter 49, Texas Water Code, and other applicable law, in an amount equal to the then current per diem set by the Texas Ethics Commission for members of the legislature under Section 24a, Article III, Texas Constitution for each whole or partial calendar day the director actually spends performing the duties of a director, with such fees of office for the fiscal year not to exceed the amount a director would receive for 60 days of service. The phrase "performing the duties of a director" means substantive performance of the management or business of the Authority, including participation in Board of Directors meetings, Authority committee meetings, and other activities involving the substantive deliberation of Authority business and/or pertinent educational programs. The phrase does not include routine or ministerial activities such as the execution of documents, self-preparation for meetings, or other activities requiring a minimal amount of time. A director may not receive more than the amount allowed by law for services performed during any one year regardless of the number of days of service provided to the Authority during that year and regardless of when the director receives payment, with the "year" to be the fiscal year established by the Board of Directors.

In order for a director to receive a per diem payment, the director must submit to the

General Manager, or his designee, a verified statement within sixty (60) days of the date spent in service to the Authority. The statement shall indicate the dates actually spent in service to the Authority and a general description of the duties performed for each day of service. Payment of per diems shall be contingent upon the approval of the General Manager and one other member of the Board of Directors.

Per diems paid to a director shall not include the amount of any reimbursement for actual expenses allowed and approved under this Order which are reasonably and necessarily incurred while engaging in activities on behalf of the Authority.

~~Article Seven~~ **ARTICLE III**
~~PROFESSIONAL CONSULTING SERVICES~~ **Professional Consulting Services**

Section 73.01. 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, 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.

Section 73.02. Any contract for professional consulting services, including legal, fiscal, accounting, auditing, and/or engineering services, for an annual sum of less than ~~\$15075~~,000 shall be initiated, concluded, and administered by the General Manager, or his designee. Consulting contracts for amounts in excess of ~~\$15075~~,000 per annum shall be subject to review, authorization, and approval by the Board of Directors of the Authority.

Section 73.03. 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 proposals or statements of qualifications submitted by qualified consultants and shall assess: the prior project experience of such consultants that relate directly to the Authority's needs; the work experience of such consultants with organizations of similar types and sizes; the financial capacity and stability of such consultants; and such other matters and qualifications as the staff of the Authority may deem appropriate. In evaluating such proposals, the Authority's staff shall make such contacts with current and prior clients of such consultants as they may deem appropriate to obtain accurate assessments of the performance of such consultants. After an evaluation of such proposals and previous performance histories, the General Manager shall select and conclude a written contract with a qualified consultant or, if required under Section 73.02 above, shall submit to the Board a recommendation as to the selection of and the principal terms of a written contractual agreement with a qualified consultant. All of such contracts shall be in writing and shall set forth the term, scope of work, and costs to be incurred.

Section 73.04. Unless a contractual term in excess of one (1) year is approved by the Board in the initial consulting contract, no consulting contract shall extend for a term beyond one (1) year unless continued or extended by recommendation of the General Manager and approval of the Board.

Section 37.05. 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 Chapter 171, Texas Local Government Code, as amended, and Chapter 2254, Texas Government Code, as amended.

Section 73.06. The Authority shall require that any consultant who collects, pays, or handles any funds of the Authority furnish or provide a bond, payable to the Authority, in an amount determined by the General Manager, or his designee, to be sufficient to safeguard the Authority, but not less than \$10,000. The General Manager, or his designee, may require a consultant who does not routinely collect, pay, or handle funds of the district to furnish a bond in an amount determined by the General Manager, or his designee, to be sufficient to safeguard the Authority. The bond shall be conditioned on the faithful performance of the consultant's duties and on accounting for all funds and property of the Authority. The bond shall be signed or endorsed by a surety company authorized to do business in the State of Texas. The Authority may pay the premium on such surety bonds out of any available funds of the Authority.

Article Eight~~RTICLE IV~~
Uniform Financial Accounting and
Reporting Standards~~NIFORM FINANCIAL ACCOUNTING AND~~
REPORTING STANDARDS

Section 84.01. It is hereby declared the policy of the Authority to establish, implement, and continue in connection with the Authority's financial statements, books, and records uniform reporting standards and requirements that utilize "Audits of State and Local Government Units" as a guide for audit working papers and that utilize, to the extent not prohibited by the general and special laws of the State, "Governmental Accounting and Financial Reporting Standards." Notwithstanding the foregoing, a uniform method of accounting and reporting shall be established, implemented, and continued in connection with all industrial development bonds and pollution control bonds of the Authority which complies with the requirements of the State auditor, as promulgated from time to time, including, without limitation, that certain memorandum issued by the State Auditor on October 7, 1988, relating thereto.

Article Nine~~RTICLE V~~
Annual Operating Budget~~NNUAL OPERATING BUDGET~~

Section 95.01. Subject to the applicable requirements of the general and special laws of the State of Texas, the Authority's Board of Directors shall adopt and promulgate an operating budget for the fiscal period beginning on the first day and ending on the last day of the Authority's fiscal year. Such operating budget shall identify and describe in reasonable detail the anticipated sources of revenues, receipts and income, and the proposed expenditures and costs of the operating divisions of the Authority for such fiscal year.

Any proposed expenditure in excess of \$~~15075~~,000 which is not itemized, categorized, or otherwise described or contemplated in the current approved operating budget of the Authority shall be subject to the prior approval of the Board of Directors of the Authority. Any such proposed

expenditure shall be submitted to the Board for its approval together with a memorandum or notation from the General Manager, or his designee, describing, in addition to other pertinent facts, the following: the fiscal implications of such proposed expenditure; the anticipated sources of new revenue, current revenue or funds on hand or in reserve available or to become available for payment of such proposed expenditure; and the projected implications, if any, of such proposed expenditure on other projected expenditures or costs of programs or projects of the Authority already included in the current fiscal year operating budget. In the event of a conflict between the general provisions of this paragraph and any specific policy adopted by order or resolution of the Board of Directors, the latter shall control.

Section 95.02. Except as otherwise provided by the general and special laws of the State and the actions and proceedings of the Board of Directors of the Authority, nothing herein or in such operating budget shall be deemed or construed to constitute a debt or expenditure limitation or constraint on expenditure authorizations contained in such operating budget or to limit, alter, or restrict the power and authority of the Board of Directors of the Authority to amend, modify, or revise the Authority's current fiscal year operating budget contemporaneously with any proposed expenditure or in arrears thereto.

Article Ten~~RTICLE VI~~

~~Audit Committee~~UDIT COMMITTEE; ~~Other Committees~~OTHER COMMITTEES;
Sunset ReviewUNSET REVIEW; ~~AND Management Audits~~ANAGEMENT AUDITS; and
~~CONTRACTING WITH~~Contracting with Certain Businesses-CERTAIN BUSINESSES

Section 106.01. _____ To assist the Board of Directors of the Authority in the management of the operations and fiscal affairs of the Authority, there is hereby appointed an Audit Committee (also known as the "Finance Committee") of the Board of Directors consisting, initially, of two (2) members of the Board of Directors appointed by the President of the Board of Directors. Such Audit Committee shall periodically review the Authority's financial statements, fiscal practices, and financial position; shall consult with the Authority's accounting department, as well as, when they deem necessary or appropriate, representatives of the State auditor, the Texas Water Development Board, Texas Commission on Environmental Quality, the City of Houston, the Authority's independent auditors, and the Authority's legal consultants; and shall make periodic recommendations to the Board of Directors of the Authority on such changes in accounting procedures and controls, fiscal management, investments, and related financial matters as the Audit Committee may deem appropriate.

Section 106.02. _____ To assist the Board of Directors of the Authority in the management of long-range planning projects, construction projects, personnel matters, and other affairs of the Authority, the President of the Board of Directors ~~of~~ shall create, constitute, and abolish standing or ad-hoc committees of the Board of Directors as he or she deems necessary or convenient. Notwithstanding the foregoing, the Authority's Retirement Plans Investment Committee shall be governed by the charters, resolutions, and other policies governing same.

Section 106.03. _____ Pursuant to Section 325.025, Texas Government Code, as amended, the Authority shall undergo limited sunset review by the Texas Sunset Commission as if the Authority were a state agency scheduled to be abolished September 1, 2035, and every 12 years

thereafter. The Authority shall be responsible for the costs incurred by the Texas Sunset Commission in performing said review. Additionally, the Authority shall initiate and have conducted an independent management audit of the Authority and its operations and affairs, if and to the extent, and at such intervals as may be required, by the Texas Commission on Environmental Quality pursuant to applicable rules and regulations. The results of and report on such management audit shall be reviewed with the Board and, upon acceptance, shall be filed with the Texas Commission on Environmental Quality or other state agencies pursuant to applicable rules and regulations.

Section 106.04. _____ It shall be the policy of the Authority to adhere to and maintain compliance with the provisions, procedures, and requirements of general law relating to contracting with historically underutilized businesses and minority business enterprises, to the extent, if any, that the provisions of same are applicable to the Authority.

~~Article Eleven~~**ARTICLE VII**
~~POLICIES RELATED TO~~**Policies Related to** ~~Meetings of the Board of~~
~~Directors~~**MEETINGS OF BOARD OF DIRECTORS,**
~~SPEAKING FOR THE AUTHORITY~~**Speaking for the Authority, AND**
~~Delegation of Authority~~**DELEGATION OF AUTHORITY to Execute** ~~TO EXECUTE~~
~~Documents; DOCUMENTS~~**Invocation; and Designating a President Pro Tempore -**

Section 117.01. _____ ~~The Board of Directors shall have authority to fix the time, place, and number of meetings of such Board by proper resolutions, regulation, 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 Authority shall be kept at said principal office, and same shall be open to public inspection at all reasonable times.~~

Section 11.02. The President of the Board of Directors, in conjunction with the General Manager, shall establish the agenda for each Board of Directors meeting. Any member of the Board of Directors desiring a particular item to be placed on the meeting agenda shall contact the President of the Board of Directors or the General Manager. The President shall place the item on the agenda or may object to doing so. The President's objection may be overridden if at least two members of the Board of Directors notify the General Manager of their desire to have the item placed on the agenda.

Section 11.037.02. Members of the public may only address the Board of Directors during the designated public comment portion of the meeting. Public comments shall be limited to three minutes per speaker and ten minutes per topic unless such limitations are waived, extended, or otherwise modified by a majority of the Board of Directors present during the designated public comment portion of the meeting.

~~**Section 7.03.** It is the intent of the Board of Directors that the General Manager shall serve as the primary spokesperson for the Authority. It shall be the policy of the Authority for only the President of the Board of Directors, and the General Manager and his designees, to speak on behalf~~

~~of the Authority regarding current Authority policies. All other members of the Board of Directors of the Authority may not publicly speak on behalf of the Authority without the prior approval of the Board of Directors. The foregoing does not restrict members of the Board of Directors or employees of the Authority from commenting on current Authority policies in an unofficial or personal capacity.~~

Section 11.04. The Board of Directors recognizes and affirms the historical tradition of opening public meetings with an invocation or prayer as a means of seeking wisdom, mutual respect, and solemnity before undertaking the work of governance. The United States Supreme Court has repeatedly upheld this tradition as lawful and consistent with the nation’s heritage and civic practices, including *Marsh v. Chambers*, 463 U.S. 783 (1983), and *Town of Greece v. Galloway*, 572 U.S. 565 (2014). Accordingly, it is the policy of the Board of Directors to allow, but not require, an invocation or prayer to be offered before its meetings.

A. The invocation shall not be used to proselytize or advance any one faith or belief, nor to disparage any other faith or belief. The invocation speaker shall be afforded the freedom to offer words consistent with their own traditions, delivered in a respectful tone that lends dignity to the meeting.

B. Participation in the invocation is voluntary. No person in attendance shall be required to participate in any religious or philosophical expression.

C. The invocation speaker shall be selected through nondiscriminatory process established by the General Manager or designee, which shall not favor or disfavor any faith, denomination, or perspective.

D. The invocation shall occur before the meeting is called to order and before any official business is conducted.

Section 11.05. It is the intent of the Board of Directors that the General Manager shall serve as the primary spokesperson for the Authority. It shall be the policy of the Authority for only the President of the Board of Directors, and the General Manager and his designees, to speak on behalf of the Authority regarding current Authority policies. All other members of the Board of Directors of the Authority may not publicly speak on behalf of the Authority without the prior approval of the Board of Directors. The foregoing does not restrict members of the Board of Directors or employees of the Authority from commenting on current Authority policies in an unofficial or personal capacity.

Inasmuch as the Board of Directors of the Authority as a whole adopts the policies of and for the Authority, no member of the Board of Directors, the General Manager, or any employee may speak on behalf of the Authority regarding proposed policies without the prior approval of the Board of Directors. The foregoing does not restrict members of the Board of Directors or employees of the Authority from commenting on current Authority policies in an unofficial or personal capacity.

If contacted by a member of the public, the media, or any other association or organization

for comment, members of the Board of Directors of the Authority shall refer the person or entity seeking comment to the President of the Board of Directors. An employee shall refer such persons or entities to the General Manager.

Section 117.064. _____ If the Board of Directors has duly authorized the General Manager to execute a document on behalf of the Authority, and the General Manager is unavailable or unable to perform such duties, then the ~~Deputy General Manager may execute such document on behalf of the Authority. If the General Manager and Deputy General Manager are unavailable or unable to perform such duties, then the~~ President of the Board of Directors may execute such document on behalf of the Authority. If the General Manager, ~~Deputy General Manager,~~ and President of the Board of Directors are unavailable or otherwise unable to perform such duties, then any current officer of the Board of Directors of the Authority may execute such document on behalf of the Authority.

~~Section 11.07. In the event the Board of Directors has a need for a President Pro Tempore (“President Pro Tem”) to preside over meetings of the Board in cases wherein the President and Vice-President are absent, then the most senior Board Member present at a duly called meeting of the Board, other than the Secretary, shall serve as President Pro Tem of the Board during the absence of both the President and the Vice-President. The President Pro Tem shall act as the President during absences of both the President and the Vice-President are absent, and, in this capacity, shall have the rights and duties conferred upon the President.~~

Article Twelve~~RTICLE VIII~~ Director Training

~~Section 12.01. A person who is appointed to and qualifies for office as a Director of the San Jacinto River Authority Board of Directors may not vote, deliberate, or be counted as a director in attendance at a board meeting until the person completes a training program that provides the following information:~~

- ~~A. the law governing the Authority’s operations;~~
- ~~B. the programs, functions, rules, and budget of the Authority;~~
- ~~C. the scope of and limitations on the rulemaking authority of the Authority;~~
- ~~D. the results of the most recent formal audit of the Authority;~~
- ~~E. the requirements of:
 - ~~1) laws relating to open meetings, public information, administrative procedure, and disclosing conflicts of interest; and~~
 - ~~2) other laws applicable to members of the governing body of the Authority in performing their duties and~~~~
- ~~F. any applicable ethics policies adopted by the Authority or the Texas Ethics Commission.~~

~~A person participating in such a training program is entitled to reimbursement for the travel~~

expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.

The General Manager of the Authority shall create a training manual that includes the information required by this section. The General Manager shall distribute a copy of the training manual annually to each Director. Each Director shall sign and submit to the General Manager a statement acknowledging that the director received and has reviewed the training manual.

Article Thirteen **Grounds for Removal**

Section 13.01. It is a ground for removal from the Board of Directors that a Director:

A. does not have at the time of taking office the qualifications required by this section;

B. does not maintain during service on the Board the qualifications required by this section;

C. is ineligible for directorship under Chapter 171, Local Government Code;

D. cannot, because of illness or disability, discharge the Director's duties for a substantial part of the Director's term; or

E. is absent from more than half of the regularly scheduled Board meetings that the Director is eligible to attend during a calendar year without an excuse approved by a majority vote of the Board.

The validity of an action of the Board is not affected by the fact that it is taken when a ground for removal of a Director exists.

If the general manager has knowledge that a potential ground for removal exists, the general manager shall notify the President of the Board of the potential ground. The President shall then notify the Governor and the Attorney General that a potential ground for removal exists. If the potential ground for removal involves the President, the general manager shall notify the next highest ranking Director, who shall then notify the Governor and the Attorney General that a potential ground for removal exists.

Section 13.02. This procedure establishes clear attendance expectations for all members of the Board of Directors. Its purpose is to promote active participation, ensure effective oversight, and uphold each member's responsibilities to the organization.

A. Excused Absences. For purposes of this Section, an absence may be excused if it results from one or more of the following circumstances:

(1) the Director's personal illness or medical condition;

(2) illness, medical emergency, or death of an immediate family member;

- (3) jury duty or a court-ordered appearance;
- (4) military service or required military-related obligations;
- (5) required attendance at another governmental, regulatory, or official meeting; or
- (6) unavoidable employment or professional obligations that cannot reasonably be rescheduled.

Vacations, elective travel, and other discretionary personal commitments do not constitute excused absences.

B. Approval of Excused Absences. By majority vote in adopting these Procedures, the Board approves as excused any absence that satisfies the criteria set forth in subsection A. An absence meeting those criteria is deemed excused for purposes of this Section.

The Board retains the discretion to consider and vote on any individual absence if a question arises as to whether the absence qualifies under subsection A.

Article Fourteen Complaint System

Section 14.01. The Authority shall maintain a system to promptly and efficiently act on complaints filed with the Authority. The Authority shall maintain information about parties to the complaint, the subject matter of the complaint, a summary of the results of the review or investigation of the complaint, and its disposition.

The Authority shall make information available describing its procedures for complaint investigation and resolution.

The Authority shall periodically notify the complaint parties of the status of the complaint until final disposition, unless the notice jeopardizes an investigation.

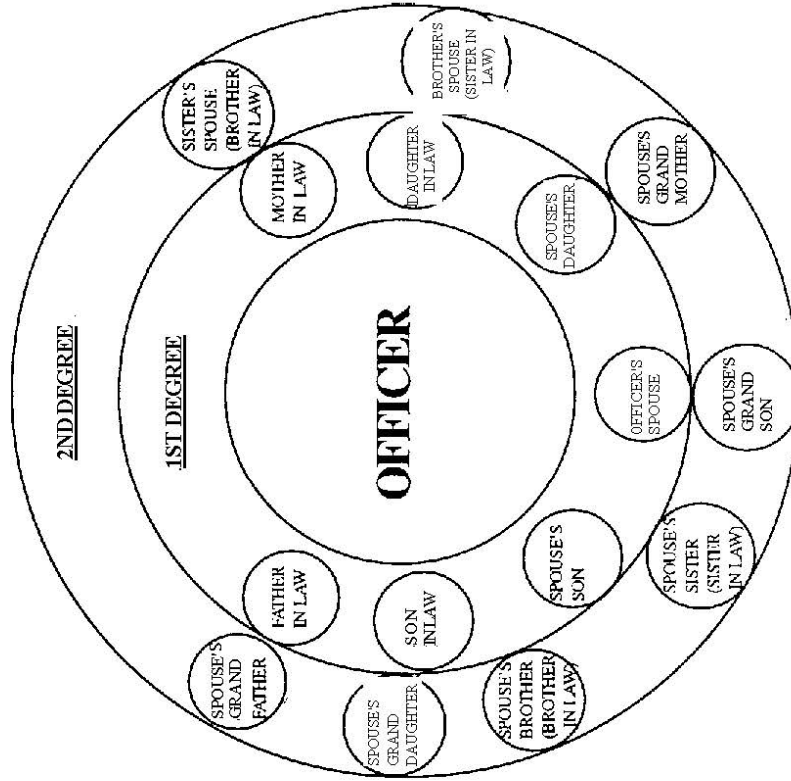
Article Fifteen MiscellaneousISCELLANEOUS

Section 158.01. No part, section, paragraph, or provision of the rules, regulations, and policies contained herein is intended to expand, restrict, or modify the legal duties and obligations of any director, officer, investment officer, consultant, contractor, or employee of the Authority beyond the limits of applicable law, and in case of any conflict or inconsistency, such conflict or inconsistency will be resolved in favor of 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 of the Authority for a decision as to a proper course of action.

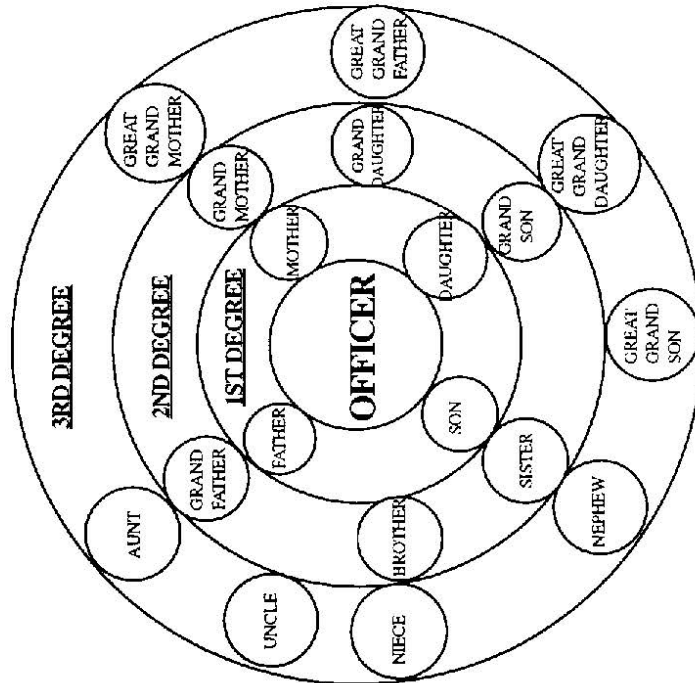
Section 158.02. _____ The code, policies, procedures, and provisions set forth herein shall be and remain in full force and effect unless and until amended, revised, rescinded, or repealed by action of the Board of Directors or superseded by general or special law of Texas or other applicable rules or regulations.

Section 158.03. Not later than the third business day after the passage and adoption of this order, the General Manager, or his designee, shall distribute a copy of this order, along with a copy of Subchapter C of Chapter 572, Texas Government Code, to each member of the Board of Directors and to each employee of the Authority. Thereafter, the General Manager, or his designee, shall distribute a copy of this order, along with a copy of Subchapter C of Chapter 572, Texas Government Code, to each new appointee to the Board of Directors and to each new employee of the Authority not later than the third business day after such person begins service with the Authority.

Affinity Kinship Chart
(Relationship by Marriage)



Consanguinity Kinship Chart
(Relationship by Blood)



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Attachment 2H
[Statutory Excerpts]

Section 1.07(a) (41) , Texas Penal Code:

"Public servant" means a person elected, selected, appointed, employed, or otherwise designated as one of the following, even if he has not yet qualified for office or assumed his duties:

- (A) an officer, employee, or agent of government;*
- (B) a juror or grand juror; or*
- (C) an arbitrator, referee, or other person who is authorized by law or private written agreement to hear or determine a cause or controversy; or*
- (D) an attorney at law or notary public when participating in the performance of a governmental function; or*
- (E) a candidate for nomination or election to public office; or*
- (F) a person who is performing a governmental function under a claim of right although he is not legally qualified to do so.*

Section 176.001(1), Texas Local Government Code:

"Agent" means a third party who undertakes to transact some business or manage some affair for another person by the authority or on account of the other person. The term includes an employee.



Board Governance Policies and Bylaws

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Article One General Provisions

Section 1.01. The purpose of Board Governance Policies and Bylaws is to provide guidelines for the structure and operation of the San Jacinto River Authority (“the Authority”) in a manner which is consistent with its enabling legislation.

Section 1.02. The domicile of the Authority shall be in the City of Conroe, in the County of Montgomery, Texas, where the Authority shall maintain its principal office.

Article Two Structure of the Board of Directors

Section 2.01. The Board of Directors consists of seven 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.

Section 2.02. Members of the Board of Directors shall be appointed by the Governor for terms of four years. The Directors shall hold office after their appointment and qualification until their successors shall be appointed and qualified.

Section 2.03. Should any vacancy occur in the Board of Directors, the same shall be filled in like manner by the Governor for the unexpired term.

Section 2.04. 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 as required by applicable law, payable to the Authority, the sufficiency of which bond shall be determined as required by applicable law, which bonds after being recorded in the official bond records of the county in which the Authority maintains its office shall be deposited with the depository selected and approved for the deposit of the funds of the Authority.

Officers and Duties

Section 3.01. The Governor shall designate a Director as the President of the Board to serve in that capacity at the pleasure of the Governor.

Section 3.02. The Board of Directors shall organize by electing one of its members Vice-President, one Secretary Pro Tempore, and one Treasurer.

Section 3.03. The President shall preside at all meetings of the Board. 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 Authority 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 Tempore shall be elected by the Directors.

Section 3.04. Four (4) members, including the President, shall constitute a quorum to transact business.

Article Four **Authority and Responsibilities of the Board and General Manager**

Section 4.01. The Board shall be responsible for the management of all the affairs of the Authority. The board may adopt bylaws to govern the affairs of the Authority to perform its purposes. The Authority shall employ or contract with all persons, firms, partnerships, corporations, or other entities, public or private, deemed necessary by the Board for the conduct of the affairs of the Authority, including, but not limited to, engineers, attorneys, financial advisors, operators, bookkeepers, tax assessors and collectors, auditors, and administrative staff.

Section 4.02. The board may employ or contract with a person to perform such services as general manager for the Authority as the board may from time to time specify. The board may delegate to the general manager full authority to manage and operate the affairs of the Authority subject only to orders of the board. The General Manager is responsible for the day-to-day operations of the Authority, while the Board retains responsibility for policy and overall direction. Direction to staff shall be communicated through the General Manager, who is responsible for implementing Board policies and orders. The General Manager is responsible for personnel decisions, including the appointment and removal of employees, subject to the Board's budgetary authority and applicable law.

Article Five **Code of Ethics**

Section 5.01. It is hereby declared the policy of the Authority that its Board of Directors, officers, investment officers, and employees shall conduct themselves so as to give no occasion for distrust of their integrity, impartiality, or of their devotion to the best interests of the Authority and the public purposes for which it was created. Accordingly, the following standards of conduct are hereby established to provide a guideline to the directors, officers, investment officers, and employees of the Authority in the conduct of normal business and operations of the Authority:

A. Conflicts of Interest: Pursuant to Section 49.058, Texas Water Code, each director of the Authority is subject to the provisions of Chapter 171, Texas Local Government Code, relating to the regulation of conflicts of interest of officers of local governments. Therefore, the Authority adopts Chapter 171, Texas Local Government Code, as its conflicts of interest policy, the principal provisions of which are as follows:

- 1)** A director shall abstain from participating in a decision of the Board of Directors which either (a) will have a special economic effect on a business in which the director or a person related to the director in the first degree by

consanguinity or affinity has a substantial interest that is distinguishable from the effect on the public; or (b) in the case of a substantial interest in real property, affects the value of such property in which the director or a person related to the director in the first degree by consanguinity or affinity has a substantial interest differently from how it affects the public, except when a majority of the Board of Directors is required to abstain from participation in a particular vote because of a similar conflict of interest. A director who determines that he or she must abstain from participating in a decision of the Board of Directors for a reason set forth above must file an affidavit with the Secretary of the Board of Directors, prior to a vote or decision by the Board of Directors on the matter, stating the nature and extent of the directors' interest in the matter.

2) The Board of Directors of the Authority shall take a separate vote on any budget item specifically dedicated to a contract with a business entity in which a Director has a substantial interest. Except as provided by Section 171.004(c), Texas Local Government Code, the affected director may not participate in that separate vote. The affected director may vote on a final budget if (a) the director has complied with Chapter 171, Texas Local Government Code, and (b) the budget item in which the director has a substantial interest has been resolved by the remaining members of the Board of Directors.

3) For the purposes of this conflicts of interest policy, a director is considered to have a "substantial interest" in a business if (a) the director or a person related to the director in the first degree by consanguinity or affinity owns ten percent (10%) or more of the voting stock or shares of the business entity, or owns either ten percent (10%) or more or \$15,000 or more of the fair market value of the business entity; or (b) funds received from the business exceed ten percent (10%) of the gross income of the director or of a person related to the director in the first degree by consanguinity or affinity for the previous year. A director has a substantial interest in real property if the interest of the director or of a person related to the director in the first degree by consanguinity or affinity is an equitable or legal ownership with a market value of \$2,500 or more. See **Attachment I** for reference.

4) A director shall not act as surety for a business entity that has work, business, or a contract with the Authority, nor shall a director act as surety on any official bond required of a director, officer, investment officer, or employee of the Authority.

B. Gifts: No public servant (as such term is defined by Chapter 1, Texas Penal Code; see **Attachment II** for reference) of the Authority shall directly or indirectly solicit, accept, agree to accept, or receive any gift or thing of value, whether in the form of money, services, credits, loans, travel, entertainment, hospitality, promise, or any other form, from an individual or entity (or agent thereof) interested in or likely to become interested in any contract, purchase, payment, claim, or transaction involving the exercise of his or her discretion, or under other circumstances where a reasonable inference could be drawn that

the gift or thing of value was intended to influence such public servant of the Authority in the performance of his or her official duties or was intended as a reward for any decision, opinion, recommendation, or other exercise of discretion on his or her part. Nothing herein shall be deemed or construed to prohibit (a) normal social practices where gifts among friends or associates are appropriate for certain occasions, (b) a gift offered on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient, or (c) a gift otherwise allowed by law. A public servant of the Authority may accept a gift or thing of value from a person, firm, corporation, or other entity (or agent thereof) having or proposing to have a business or financial relationship with the Authority only upon compliance with all applicable laws of Texas relating to disclosure of and limitations upon same, and only when the offer and the acceptance and receipt of such gift or thing of value:

- 1) Are in keeping with good business ethics;
- 2) Are customary and proper under the circumstances and give no appearance of impropriety;
- 3) Do not impose any sense of obligation on the recipient to the donor;
- 4) Do not result in any form of special or favored treatment for the donor;
- 5) Cannot reasonably be viewed as extravagant, excessive, or too frequent considering all the circumstances;
- 6) Do not involve any cash, currency, gift certificates, gift cards, loans, or credit arrangements of any kind, or a negotiable instrument as described by Section 3.104, Texas Business & Commerce Code;
- 7) Do not involve any item of property with a fair market value greater than \$49.00;
- 8) Do not involve materials, services, repairs, or improvements at no cost or at unreasonably low prices;
- 9) If involving dining, lodging, transportation and/or entertainment, then:
 - (a) The dining, lodging, transportation, and/or entertainment is accepted as a guest of the individual or entity providing same (*i.e.*, they must be present); or
 - (b) The dining, lodging, and/or transportation is provided in connection with a conference or similar event at which the Local Government Officer (as such term is defined in

paragraph H. below) of the Authority renders services, such as addressing an audience or engaging in a seminar, to the extent those services are more than merely perfunctory;

10) Are made under circumstances where no effort is made to conceal the facts and circumstances related thereto by either the recipient or the donor; and

11) Are properly disclosed in a Conflicts Disclosure Statement, as and if required by Chapter 176, Texas Local Government Code (see subsection H., below).

C. Investments: Except under circumstances permitted by the general or special laws of the State and the rules, regulations, and policies of the Authority, no director, officer, investment officer, or employee of the Authority shall own an interest in or derive compensation or profit from or engage in the management of any organization providing services, materials, or equipment to the Authority, unless such interest (a) is comprised solely of securities traded over the counter or listed on a public security exchange, or (b) has been fully disclosed to the Board of Directors in the manner required by law.

D. Confidential Information: No director, officer, investment officer, or employee of the Authority shall disclose confidential information concerning the property, operations, policies, or affairs of the Authority, or use such confidential information to advance the personal interests, financial or otherwise, of such director, officer, investment officer, or employee, or accept employment or engage in any business or professional activity which such director, officer, investment officer, or employee might reasonably expect would require or induce him or her to disclose confidential information acquired through or by reason of his or her position with the Authority.

E. Future Employment and Contracting: No director, officer, investment officer, or employee of the Authority shall negotiate for future employment with any person, firm, association, or corporation which has a substantial financial interest in any proposed award of contract or decision within the area of responsibility of such director, officer, investment officer, or employee and upon which he or she must act or make a recommendation. A former director, officer, investment officer, or employee of the Authority who, during his or her period of service or employment with the Authority, participated on behalf of the Authority in a procurement or contract negotiation involving such person, firm, association, or corporation may not accept employment from that person, firm, association, or corporation before the second anniversary of the date service or employment with the Authority ceased. Further, a former director may not contract with the Authority before the first anniversary of the date service with the Authority ceased.

F. Appearance of Proper Conduct: Each director, officer, investment officer, or employee of the Authority shall conduct his or her official and personal affairs in such a manner as to clearly demonstrate that he or she cannot be improperly influenced in the performance of his or her official duties, and to such ends, no director, officer, investment officer, or employee of the Authority shall, for any form of consideration,

endorse commercial products or services in advertisements, marketing materials, or similar media utilizing or making reference to the properties, operations, or affairs of the Authority.

G. Investment Officer: An investment officer of the Authority who has a personal business relationship with an entity seeking to sell an investment to the Authority shall file a written statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to the Authority must file a statement disclosing such relationship. Any statement required to be filed by an investment officer of the Authority under this subsection must be filed with the Board of Directors of the Authority and the Texas Ethics Commission.

H. Conflicts Disclosure Statement: In the event the Authority has contracted or is considering doing business with a Vendor and (a) the Vendor has an employment or other business relationship with a Local Government Officer or his/her Family Member that results in the Local Government Officer or his/her Family Member receiving taxable income, other than investment income, that exceeds \$2,500 in the 12-month period preceding the date the Local Government Officer becomes aware that the Authority has executed a contract or is considering doing business with the Vendor, (b) the Vendor has given a Local Government Officer or his/her Family Member one or more gifts (other than gifts of food accepted as a guest or benefits offered on account of kinship or a personal, professional, or business relationship independent of the official status of the recipient) that have an aggregate value of more than \$100 in the 12-month period preceding the date the Local Government Officer becomes aware that the Authority has executed a contract or is considering doing business with the Vendor, or (c) the Vendor has a Family Relationship with a Local Government Officer, and such relationship(s) and/or activities are not otherwise prohibited by the provisions of Chapter 171, Texas Local Government Code or this ethics policy, the Local Government Officer must file a conflicts disclosure statement with the Authority's Records Management Officer, no later than 5:00 p.m. on the seventh (7th) business day after the date the Local Government Officer becomes aware of facts that require the filing of the conflicts disclosure statement, disclosing, as applicable: (i) the employment or other business relationship, including the nature and extent of the relationship, and acknowledging that the disclosure applies to each Family Member of the Local Government Officer and covers the preceding 12-month period as described herein; (ii) the gift(s) aggregating more than \$100 in value received by the Local Government Officer or his/her Family Member from the Vendor during the preceding 12-month period as described herein, and acknowledging that the disclosure applies to each Family Member of the Local Government Officer and covers the preceding 12-month period as described herein; and/or (iii) the Family Relationship between the Vendor and the Local Government Officer. The conflicts disclosure statement shall contain the signature of the Local Government Officer acknowledging that such statement is made under oath under penalty of perjury, all in accordance with Chapter 176, Texas Local Government Code.

The General Manager of the Authority, or his designee, shall cause and direct the Authority's Records Management Officer to:

1) Prepare and maintain a list of Local Government Officers of the Authority and make such list available to the public and any Vendor who may be required to file a conflict of interest questionnaire under Section 176.006, Texas Local Government Code;

2) Provide access to the statements and questionnaires that are required to be filed with the Authority under Chapter 176, Texas Local Government Code, on the Authority's Internet website; and

3) Maintain the statements and questionnaires that are required to be filed with the Authority under Chapter 176, Texas Local Government Code, in accordance with the Authority's records retention schedule.

For the purposes of this subsection, a person is considered a "Vendor" if the person contracts or seeks to contract for the sale or purchase of property, goods, or services with the Authority or is the agent of such a person in their business with the Authority. A state, political subdivision of a state, state agency (except the Texas Correctional Industries), administrative agency, the federal government, or a foreign government (including their employees acting in their official capacity) cannot be a "Vendor." For the purposes of this subsection, "Local Government Officer" means (a) a director of the Authority, (b) a person designated as the executive officer of the Authority, and/or (c) an agent (as such term is defined by Chapter 176, Texas Local Government Code; see **Attachment II** for reference) of the Authority who exercises discretion in the planning, recommending, selecting, or contracting of a Vendor under its agency authority. For the purposes of this subsection, "Family Member" means a person related to another person within the first degree of consanguinity or affinity, as described by Chapter 573, Texas Government Code. See **Attachment I** for reference. For the purposes of this subsection, "Family Relationship" means a relationship between a person and another person within the third degree of consanguinity or the second degree of affinity, as described by Chapter 573, Texas Government Code. See **Attachment I** for reference.

I. Disclosure of Interested Parties. As provided by Section, 2252.908, Texas Local Government Code, and rules promulgated thereunder at Chapter 46, Title 1, Texas Administrative Code, the Authority shall not enter into a contract that (a) requires an action or vote by the Board of Directors before the contract may be executed by a director, officer, or employee of the Authority, or (b) has a value of at least \$1 million, with a business entity unless the business entity submits a Certificate of Interested Parties (Texas Ethics Commission Form 1295) to the Authority at the time the entity submits the signed contract to the Authority for execution. The General Manager, or his designee, shall cause any such Certificate of Interested Parties to be filed with the Texas Ethics Commission not later than the 30th day after the date the Authority receives same.

J. Other Laws. In addition to the foregoing subsections, all directors, officers, investment officers, and employees of the Authority shall at all times adhere to and maintain compliance with the provisions, procedures and requirements of:

- (i) Chapter 572, Texas Government Code, relating to standards of conduct and financial disclosure; and
- (ii) Chapter 573, Texas Government Code, relating to nepotism;
- (iii) Chapter 36, Texas Penal Code, relating to bribery and corrupt influence;
- (iv) Chapter 39, Texas Penal Code, relating to abuse of a public servant's office or employment; and
- (v) Article III, Section 52, Texas Constitution, relating to the prohibition on granting public money or things of value to any individual, association, or corporation.

Article Six Fees and Expense Policy

Section 6.01. It is hereby declared the policy of the Authority that payment or reimbursement shall be made by the Authority of all reasonable, actual, and necessary expenses incurred by or on behalf of the directors of the Authority for travel expenditures incurred while conducting official duties and assignments and carrying out the Authority's operations and business activities, including, without limitation, attendance at conventions, conferences, training and trade programs, hearings, and meetings related thereto. For purposes of this policy, "travel expenditures" shall mean and include all reasonable and actual costs of meals, lodging, transportation, and related general expenses, such as registration costs, materials costs, normal gratuities, and related expenses and costs. Mileage allowances shall be determined by the applicable rates designated from time to time by the Internal Revenue Service.

In order for a director to receive reimbursement for expenses, the director must submit to the General Manager, or his designee, an itemized expense report within sixty (60) days of the date the expenses were incurred. Any expense item shall be documented with a receipt, memorandum, or similar documentation as to the amount and business purpose of such expense. Directors sharing expense items may split reported expenses in any manner they deem equitable, but the Authority will pay no more than 100% of the actual total cost of reimbursable expenditures. Any expenses for a director attending a sanctioned activity of the Authority which are not typical for the occasion (as to type or amount) must be approved by the Board of Directors prior to incurring the expense. Reimbursement for a Director's expenses shall be contingent upon the approval of the General Manager and one other member of the Board of Directors.

Notwithstanding the above, the Authority shall not pay or reimburse any expenses of persons who have no responsibility or duties to perform for the Authority, including any persons whose connection with Authority matters is based solely on their relationship of blood, marriage, or friendship with a director, officer, investment officer, or employee of the Authority.

Section 6.02. A director shall receive a fee of office (per diem) as authorized by Chapter

49, Texas Water Code, and other applicable law, in an amount equal to the then current per diem set by the Texas Ethics Commission for members of the legislature under Section 24a, Article III, Texas Constitution for each whole or partial calendar day the director actually spends performing the duties of a director, with such fees of office for the fiscal year not to exceed the amount a director would receive for 60 days of service. The phrase "performing the duties of a director" means substantive performance of the management or business of the Authority, including participation in Board of Directors meetings, Authority committee meetings, and other activities involving the substantive deliberation of Authority business and/or pertinent educational programs. The phrase does not include routine or ministerial activities such as the execution of documents, self-preparation for meetings, or other activities requiring a minimal amount of time. A director may not receive more than the amount allowed by law for services performed during any one year regardless of the number of days of service provided to the Authority during that year and regardless of when the director receives payment, with the "year" to be the fiscal year established by the Board of Directors.

In order for a director to receive a per diem payment, the director must submit to the General Manager, or his designee, a verified statement within sixty (60) days of the date spent in service to the Authority. The statement shall indicate the dates actually spent in service to the Authority and a general description of the duties performed for each day of service. Payment of per diems shall be contingent upon the approval of the General Manager and one other member of the Board of Directors.

Per diems paid to a director shall not include the amount of any reimbursement for actual expenses allowed and approved under this Order which are reasonably and necessarily incurred while engaging in activities on behalf of the Authority.

Article Seven Professional Consulting Services

Section 7.01. 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, 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.

Section 7.02. Any contract for professional consulting services, including legal, fiscal, accounting, auditing, and/or engineering services, for an annual sum of less than \$150,000 shall be initiated, concluded, and administered by the General Manager, or his designee. Consulting contracts for amounts in excess of \$150,000 per annum shall be subject to review, authorization, and approval by the Board of Directors of the Authority.

Section 7.03. 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 proposals or statements of qualifications submitted by qualified consultants and shall assess: the prior project experience of such consultants that relate directly to the Authority's needs; the work experience of such consultants with organizations of similar types and sizes; the financial capacity

and stability of such consultants; and such other matters and qualifications as the staff of the Authority may deem appropriate. In evaluating such proposals, the Authority's staff shall make such contacts with current and prior clients of such consultants as they may deem appropriate to obtain accurate assessments of the performance of such consultants. After an evaluation of such proposals and previous performance histories, the General Manager shall select and conclude a written contract with a qualified consultant or, if required under Section 7.02 above, shall submit to the Board a recommendation as to the selection of and the principal terms of a written contractual agreement with a qualified consultant. All of such contracts shall be in writing and shall set forth the term, scope of work, and costs to be incurred.

Section 7.04. Unless a contractual term in excess of one (1) year is approved by the Board in the initial consulting contract, no consulting contract shall extend for a term beyond one (1) year unless continued or extended by recommendation of the General Manager and approval of the Board.

Section 7.05. 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 Chapter 171, Texas Local Government Code, as amended, and Chapter 2254, Texas Government Code, as amended.

Section 7.06. The Authority shall require that any consultant who collects, pays, or handles any funds of the Authority furnish or provide a bond, payable to the Authority, in an amount determined by the General Manager, or his designee, to be sufficient to safeguard the Authority, but not less than \$10,000. The General Manager, or his designee, may require a consultant who does not routinely collect, pay, or handle funds of the district to furnish a bond in an amount determined by the General Manager, or his designee, to be sufficient to safeguard the Authority. The bond shall be conditioned on the faithful performance of the consultant's duties and on accounting for all funds and property of the Authority. The bond shall be signed or endorsed by a surety company authorized to do business in the State of Texas. The Authority may pay the premium on such surety bonds out of any available funds of the Authority.

Article Eight **Uniform Financial Accounting and** **Reporting Standards**

Section 8.01. It is hereby declared the policy of the Authority to establish, implement, and continue in connection with the Authority's financial statements, books, and records uniform reporting standards and requirements that utilize "Audits of State and Local Government Units" as a guide for audit working papers and that utilize, to the extent not prohibited by the general and special laws of the State, "Governmental Accounting and Financial Reporting Standards." Notwithstanding the foregoing, a uniform method of accounting and reporting shall be established, implemented, and continued in connection with all industrial development bonds and pollution control bonds of the Authority which complies with the requirements of the State auditor, as promulgated from time to time, including, without limitation, that certain memorandum issued by the State Auditor on October 7, 1988, relating thereto.

Article Nine Annual Operating Budget

Section 9.01. Subject to the applicable requirements of the general and special laws of the State of Texas, the Authority's Board of Directors shall adopt and promulgate an operating budget for the fiscal period beginning on the first day and ending on the last day of the Authority's fiscal year. Such operating budget shall identify and describe in reasonable detail the anticipated sources of revenues, receipts and income, and the proposed expenditures and costs of the operating divisions of the Authority for such fiscal year.

Any proposed expenditure in excess of \$150,000 which is not itemized, categorized, or otherwise described or contemplated in the current approved operating budget of the Authority shall be subject to the prior approval of the Board of Directors of the Authority. Any such proposed expenditure shall be submitted to the Board for its approval together with a memorandum or notation from the General Manager, or his designee, describing, in addition to other pertinent facts, the following: the fiscal implications of such proposed expenditure; the anticipated sources of new revenue, current revenue or funds on hand or in reserve available or to become available for payment of such proposed expenditure; and the projected implications, if any, of such proposed expenditure on other projected expenditures or costs of programs or projects of the Authority already included in the current fiscal year operating budget. In the event of a conflict between the general provisions of this paragraph and any specific policy adopted by order or resolution of the Board of Directors, the latter shall control.

Section 9.02. Except as otherwise provided by the general and special laws of the State and the actions and proceedings of the Board of Directors of the Authority, nothing herein or in such operating budget shall be deemed or construed to constitute a debt or expenditure limitation or constraint on expenditure authorizations contained in such operating budget or to limit, alter, or restrict the power and authority of the Board of Directors of the Authority to amend, modify, or revise the Authority's current fiscal year operating budget contemporaneously with any proposed expenditure or in arrears thereto.

Article Ten Audit Committee; Other Committees; Sunset Review; Management Audits; and Contracting with Certain Businesses

Section 10.01. To assist the Board of Directors of the Authority in the management of the operations and fiscal affairs of the Authority, there is hereby appointed an Audit Committee (also known as the "Finance Committee") of the Board of Directors consisting, initially, of two (2) members of the Board of Directors appointed by the President of the Board of Directors. Such Audit Committee shall periodically review the Authority's financial statements, fiscal practices, and financial position; shall consult with the Authority's accounting department, as well as, when they deem necessary or appropriate, representatives of the State auditor, the Texas Water Development Board, Texas Commission on Environmental Quality, the City of Houston, the Authority's independent auditors, and the Authority's legal consultants; and shall make periodic recommendations to the Board of Directors of the Authority on such changes in accounting

procedures and controls, fiscal management, investments, and related financial matters as the Audit Committee may deem appropriate.

Section 10.02. To assist the Board of Directors of the Authority in the management of long-range planning projects, construction projects, personnel matters, and other affairs of the Authority, the President of the Board of Directors shall create, constitute, and abolish standing or ad-hoc committees of the Board of Directors as he or she deems necessary or convenient. Notwithstanding the foregoing, the Authority's Retirement Plans Investment Committee shall be governed by the charters, resolutions, and other policies governing same.

Section 10.03. Pursuant to Section 325.025, Texas Government Code, as amended, the Authority shall undergo limited sunset review by the Texas Sunset Commission as if the Authority were a state agency scheduled to be abolished September 1, 2035, and every 12 years thereafter. The Authority shall be responsible for the costs incurred by the Texas Sunset Commission in performing said review. Additionally, the Authority shall initiate and have conducted an independent management audit of the Authority and its operations and affairs, if and to the extent, and at such intervals as may be required, by the Texas Commission on Environmental Quality pursuant to applicable rules and regulations. The results of and report on such management audit shall be reviewed with the Board and, upon acceptance, shall be filed with the Texas Commission on Environmental Quality or other state agencies pursuant to applicable rules and regulations.

Section 10.04. It shall be the policy of the Authority to adhere to and maintain compliance with the provisions, procedures, and requirements of general law relating to contracting with historically underutilized businesses and minority business enterprises, to the extent, if any, that the provisions of same are applicable to the Authority.

Article Eleven

Policies Related to Meetings of the Board of Directors, Speaking for the Authority, Delegation of Authority to Execute Documents; Invocation; and Designating a President Pro Tempore

Section 11.01. The Board of Directors shall have authority to fix the time, place, and number of meetings of such Board by proper resolutions, regulation, 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 Authority shall be kept at said principal office, and same shall be open to public inspection at all reasonable times.

Section 11.02. The President of the Board of Directors, in conjunction with the General Manager, shall establish the agenda for each Board of Directors meeting. Any member of the Board of Directors desiring a particular item to be placed on the meeting agenda shall contact the President of the Board of Directors or the General Manager. The President shall place the item on the agenda or may object to doing so. The President's objection may be overridden if at least two members of the Board of Directors notify the General Manager of their desire to have the item placed on the agenda.

Section 11.03. Members of the public may only address the Board of Directors during the designated public comment portion of the meeting. Public comments shall be limited to three minutes per speaker and ten minutes per topic unless such limitations are waived, extended, or otherwise modified by a majority of the Board of Directors present during the designated public comment portion of the meeting.

Section 11.04. The Board of Directors recognizes and affirms the historical tradition of opening public meetings with an invocation or prayer as a means of seeking wisdom, mutual respect, and solemnity before undertaking the work of governance. The United States Supreme Court has repeatedly upheld this tradition as lawful and consistent with the nation's heritage and civic practices, including *Marsh v. Chambers*, 463 U.S. 783 (1983), and *Town of Greece v. Galloway*, 572 U.S. 565 (2014). Accordingly, it is the policy of the Board of Directors to allow, but not require, an invocation or prayer to be offered before its meetings.

A. The invocation shall not be used to proselytize or advance any one faith or belief, nor to disparage any other faith or belief. The invocation speaker shall be afforded the freedom to offer words consistent with their own traditions, delivered in a respectful tone that lends dignity to the meeting.

B. Participation in the invocation is voluntary. No person in attendance shall be required to participate in any religious or philosophical expression.

C. The invocation speaker shall be selected through nondiscriminatory process established by the General Manager or designee, which shall not favor or disfavor any faith, denomination, or perspective.

D. The invocation shall occur before the meeting is called to order and before any official business is conducted.

Section 11.05. It is the intent of the Board of Directors that the General Manager shall serve as the primary spokesperson for the Authority. It shall be the policy of the Authority for only the President of the Board of Directors, and the General Manager and his designees, to speak on behalf of the Authority regarding current Authority policies. All other members of the Board of Directors of the Authority may not publicly speak on behalf of the Authority without the prior approval of the Board of Directors. The foregoing does not restrict members of the Board of Directors or employees of the Authority from commenting on current Authority policies in an unofficial or personal capacity.

Inasmuch as the Board of Directors of the Authority as a whole adopts the policies of and for the Authority, no member of the Board of Directors, the General Manager, or any employee may speak on behalf of the Authority regarding proposed policies without the prior approval of the Board of Directors. The foregoing does not restrict members of the Board of Directors or employees of the Authority from commenting on current Authority policies in an unofficial or personal capacity.

If contacted by a member of the public, the media, or any other association or organization for comment, members of the Board of Directors of the Authority shall refer the person or entity seeking comment to the President of the Board of Directors. An employee shall refer such persons

or entities to the General Manager.

Section 11.06. If the Board of Directors has duly authorized the General Manager to execute a document on behalf of the Authority, and the General Manager is unavailable or unable to perform such duties, then the President of the Board of Directors may execute such document on behalf of the Authority. If the General Manager and President of the Board of Directors are unavailable or otherwise unable to perform such duties, then any current officer of the Board of Directors of the Authority may execute such document on behalf of the Authority.

Section 11.07. In the event the Board of Directors has a need for a President Pro Tempore (“President Pro Tem”) to preside over meetings of the Board in cases wherein the President and Vice-President are absent, then the most senior Board Member present at a duly called meeting of the Board, other than the Secretary, shall serve as President Pro Tem of the Board during the absence of both the President and the Vice-President. The President Pro Tem shall act as the President during absences of both the President and the Vice-President are absent, and, in this capacity, shall have the rights and duties conferred upon the President.

Article Twelve **Director Training**

Section 12.01. A person who is appointed to and qualifies for office as a Director of the San Jacinto River Authority Board of Directors may not vote, deliberate, or be counted as a director in attendance at a board meeting until the person completes a training program that provides the following information:

- A. the law governing the Authority’s operations;
- B. the programs, functions, rules, and budget of the Authority;
- C. the scope of and limitations on the rulemaking authority of the Authority;
- D. the results of the most recent formal audit of the Authority;
- E. the requirements of:
 - 1) laws relating to open meetings, public information, administrative procedure, and disclosing conflicts of interest; and
 - 2) other laws applicable to members of the governing body of the Authority in performing their duties and
- F. any applicable ethics policies adopted by the Authority or the Texas Ethics Commission.

A person participating in such a training program is entitled to reimbursement for the travel expenses incurred in attending the training program regardless of whether the attendance at the program occurs before or after the person qualifies for office.

The General Manager of the Authority shall create a training manual that includes the information required by this section. The General Manager shall distribute a copy of the training manual

annually to each Director. Each Director shall sign and submit to the General Manager a statement acknowledging that the director received and has reviewed the training manual.

Article Thirteen Grounds for Removal

Section 13.01. It is a ground for removal from the Board of Directors that a Director:

- A. does not have at the time of taking office the qualifications required by this section;
- B. does not maintain during service on the Board the qualifications required by this section;
- C. is ineligible for directorship under Chapter 171, Local Government Code;
- D. cannot, because of illness or disability, discharge the Director's duties for a substantial part of the Director's term; or
- E. is absent from more than half of the regularly scheduled Board meetings that the Director is eligible to attend during a calendar year without an excuse approved by a majority vote of the Board.

The validity of an action of the Board is not affected by the fact that it is taken when a ground for removal of a Director exists.

If the general manager has knowledge that a potential ground for removal exists, the general manager shall notify the President of the Board of the potential ground. The President shall then notify the Governor and the Attorney General that a potential ground for removal exists. If the potential ground for removal involves the President, the general manager shall notify the next highest ranking Director, who shall then notify the Governor and the Attorney General that a potential ground for removal exists.

Section 13.02. This procedure establishes clear attendance expectations for all members of the Board of Directors. Its purpose is to promote active participation, ensure effective oversight, and uphold each member's responsibilities to the organization.

- A. **Excused Absences.** For purposes of this Section, an absence may be excused if it results from one or more of the following circumstances:
 - (1) the Director's personal illness or medical condition;
 - (2) illness, medical emergency, or death of an immediate family member;
 - (3) jury duty or a court-ordered appearance;
 - (4) military service or required military-related obligations;
 - (5) required attendance at another governmental, regulatory, or official meeting; or

- (6) unavoidable employment or professional obligations that cannot reasonably be rescheduled.

Vacations, elective travel, and other discretionary personal commitments do not constitute excused absences.

B. Approval of Excused Absences. By majority vote in adopting these Procedures, the Board approves as excused any absence that satisfies the criteria set forth in subsection A. An absence meeting those criteria is deemed excused for purposes of this Section.

The Board retains the discretion to consider and vote on any individual absence if a question arises as to whether the absence qualifies under subsection A.

Article Fourteen Complaint System

Section 14.01. The Authority shall maintain a system to promptly and efficiently act on complaints filed with the Authority. The Authority shall maintain information about parties to the complaint, the subject matter of the complaint, a summary of the results of the review or investigation of the complaint, and its disposition.

The Authority shall make information available describing its procedures for complaint investigation and resolution.

The Authority shall periodically notify the complaint parties of the status of the complaint until final disposition, unless the notice jeopardizes an investigation.

Article Fifteen Miscellaneous

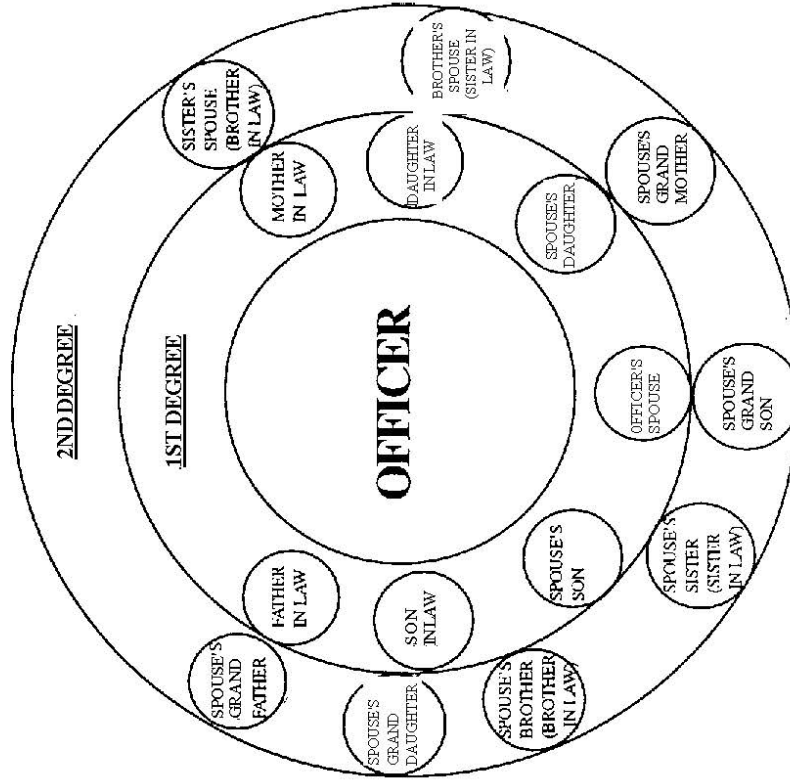
Section 15.01. No part, section, paragraph, or provision of the rules, regulations, and policies contained herein is intended to expand, restrict, or modify the legal duties and obligations of any director, officer, investment officer, consultant, contractor, or employee of the Authority beyond the limits of applicable law, and in case of any conflict or inconsistency, such conflict or inconsistency will be resolved in favor of 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 of the Authority for a decision as to a proper course of action.

Section 15.02. The code, policies, procedures, and provisions 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 or superseded by general or special law of Texas or other applicable rules or regulations.

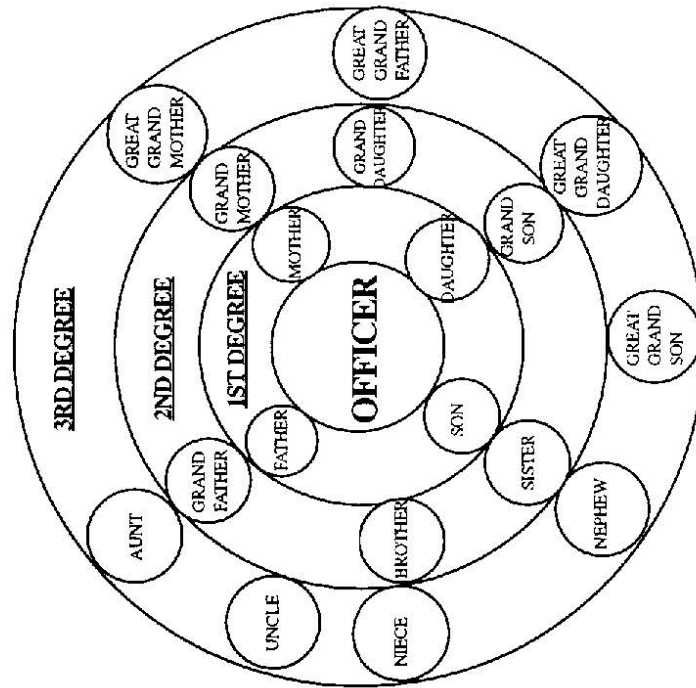
Section 15.03. Not later than the third business day after the passage and adoption of this order, the General Manager, or his designee, shall distribute a copy of this order, along with a copy of Subchapter C of Chapter 572, Texas Government Code, to each member of the Board of Directors and to each employee of the Authority. Thereafter, the General Manager, or his designee, shall distribute a copy of this order, along with a copy of Subchapter C of Chapter 572, Texas Government Code, to each new appointee to the Board of Directors and to each new employee of the Authority not later than the third business day after such person begins service with the Authority.

Attachment 1
[Kinship Charts]

Affinity Kinship Chart
(Relationship by Marriage)



Consanguinity Kinship Chart
(Relationship by Blood)



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Attachment 2
[Statutory Excerpts]

Section 1.07(a) (41) , Texas Penal Code:

"Public servant" means a person elected, selected, appointed, employed, or otherwise designated as one of the following, even if he has not yet qualified for office or assumed his duties:

- (A) an officer, employee, or agent of government;*
- (B) a juror or grand juror; or*
- (C) an arbitrator, referee, or other person who is authorized by law or private written agreement to hear or determine a cause or controversy; or*
- (D) an attorney at law or notary public when participating in the performance of a governmental function; or*
- (E) a candidate for nomination or election to public office; or*
- (F) a person who is performing a governmental function under a claim of right although he is not legally qualified to do so.*

Section 176.001(1), Texas Local Government Code:

"Agent" means a third party who undertakes to transact some business or manage some affair for another person by the authority or on account of the other person. The term includes an employee.

Item No.	Agenda Item	Date
7.2	Consider adoption of a resolution of the San Jacinto River Authority Board of Directors adopting an amended Investment Policy, effective May 28, 2026.	05/28/2026

BACKGROUND INFORMATION

The Public Funds Investment Act and Section 49.199, Texas Water Code, requires that the Board of Directors of the Authority adopt rules, regulations, and policies (an “Investment Policy”) governing the investment of Authority funds and designating one or more of its officers, employees, or authorized representatives to be responsible for the investment of such funds.

The Authority’s Investment Policy must be reviewed no less often than annually and was last modified by the Board of Directors on May 22, 2025.

This amendment addresses the following changes to the Investment Policy:

Modification to the list of Investment Representatives due to changes in personnel titles.

FUNDING SOURCE: N/A

ATTACHMENTS: Resolution and Proposed Investment Policy

RECOMMENDED ACTION

Adopt a resolution adopting an amended Investment Policy, effective May 28, 2026.

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JACINTO RIVER AUTHORITY ADOPTING AN AMENDED INVESTMENT POLICY DATED EFFECTIVE MAY 28, 2026.

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 amended Investment Policy attached hereto as Exhibit "A", is hereby adopted and shall remain in effect until amended by the Board of Directors of the San Jacinto River 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 May 28, 2026, 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 28th day of May, 2026.

ATTEST:

SAN JACINTO RIVER AUTHORITY

Wil Faubel
Secretary, Board of Directors

Ronnie Anderson
President, Board of Directors

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

Amy Sims
General Counsel

Aubrey A. Spear
General Manager

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 Chief Financial Officer 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 Senior Accountant, Kim Duke, the Authority's Payroll Manager, Julie Keeth, the Authority's Accounting Manager, Kelli Stormer, and the Authority's Controller, Jamye Lewis (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:

<hr/> <p>Pam J. Steiger, Chief Financial Officer</p>	<hr/> <p>Jamye Lewis, Controller</p>
<hr/> <p>Kelli Stormer, Accounting Manager</p>	<hr/> <p>Julie Keeth, Payroll Manager</p>
<hr/> <p>Kim Duke, Senior Accountant</p>	

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; or
- (2) 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 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:

- (1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; or

- (2) placed through a broker with a main office or branch office located in the State of Texas that is included on the Authority's List of Qualified Brokers or deposited in a depository institution selected by the Authority with a main office or branch office located in the State of Texas, and:
 - a. the broker or depository institution arranges for the deposit of the funds in banking deposits in one or more federally insured depository institutions, regardless of where located, for the Authority's account;
 - b. the full amount of the principal and accrued interest of the banking deposit is insured by the United States or its agencies and instrumentalities; and
 - c. the Authority appoints as its custodian of such banking deposits either:
 - i. the depository institution with a main office or branch office located in the State of Texas at which the funds were initially placed by the Authority;
 - ii. a custodian meeting the requirements of Section 2257.041(d), Texas Government Code; or
 - iii. a clearing broker dealer registered with the Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3);

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 365 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 and 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 an 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 an 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: _____ [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] _____ [Title of such person]

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.

18. Representations. (a) As required by Chapter 2271, Texas Government Code, Bank hereby verifies that Bank, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, does not boycott Israel and will not boycott Israel through the term of this Agreement. Custodian hereby verifies that Custodian, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, does not boycott Israel and will not boycott Israel through the term of this Agreement. The term "boycott Israel" in this paragraph has the meaning assigned to such term in Section 808.001 of the Texas Government Code, as amended.

(b) Pursuant to Chapter 2252, Texas Government Code, Bank represents and certifies that, at the time of execution of this Agreement neither Bank, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201 or 2252.153 of the Texas Government Code. Custodian represents and certifies that, at the time of execution of this Agreement neither Custodian, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201 or 2252.153 of the Texas Government Code.

(c) Pursuant to Section 2274.002, Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session), as amended, Bank and Custodian each hereby verify, on behalf of themselves but not the other, that Bank and Custodian, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, does not boycott energy companies, and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code.

(d) Pursuant to Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session), as amended, Bank and Custodian each hereby verify, on behalf of themselves but not the other, that Bank and Custodian, including a wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, (i) does not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association, and (ii) will not discriminate against a firearm entity or firearm trade association during the term of the Agreement. As used in the foregoing verifications, "discriminate against a firearm entity or trade association" shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code.

(e) Bank acknowledges that the Authority has disclosed and hereby discloses that certain funds within the custody of the Depositor 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 Depositor'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 Depositor'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 Depositor's bonds and notes. Bank further acknowledges that the Depositor 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 Depositor's outstanding bonds and notes.

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

19. Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Texas.

20. Parties in Interest. This Agreement shall be for the benefit of the Parties hereto and their legal successors and assigns and, except as may be provided in Section 10 hereof, shall not be construed to confer rights upon any other person.

[Signature Pages Follow]

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.

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.

Item No.	Agenda Item	Date
7.3	Consider adoption of a resolution of the San Jacinto River Authority Board of Directors authorizing the General Manager to develop and submit an application for Texas Water Development Board Water Supply and Infrastructure Grants (WSIG) grant funding, for the Lake Houston Pump Station to Siphon 6 Main Canal Improvements Project.	05/28/2026

BACKGROUND INFORMATION

House Bill (HB) 500 from the 89th Texas Legislative Session appropriated over \$1 billion in funding for Texas communities to implement water supply and water infrastructure projects. This one-time funding Water Supply and Infrastructure Grants (WSIG) opportunity will be administered by the Texas Water Development Board (TWDB). The Texas Water Development Board recently opened the solicitation period for applications for funding from the WSIG.

SJRA has identified the Lake Houston Pump Station to Siphon 6 Main Canal Improvements project as a candidate project for WSIG funding. This section of levees represents approximately the first 14,000 linear feet of the Main Canal downstream of the Lake Houston Pump Station to Siphon 6 near Crosby. The canal segment has a history of erosion issues, capacity limitations, and narrow levee tops. Improvements are needed to increase the hydraulic capacity and reliability of the canal system and provide appropriate freeboard at anticipated future canal flows, to reliably convey increased and potential future flow demands to SJRA customers. The project includes reshaping the canal bottom and interior and exterior slopes, raising the height and top width of the levees, installing riprap, extending existing concrete headwalls, removing canal rubble, and miscellaneous site improvements. Design of this project is near completion, and SJRA would seek WSIG funding for the construction phase of this project. The funding application period opened April 1, 2026, and applications are due by July 30, 2026.

Contingent upon approval of this resolution by the Board of Directors, SJRA will develop and submit an application for Texas Water Development Board Water Supply and Infrastructure Grants (WSIG) funding, in an amount not to exceed \$12,000,000.00, for the Lake Houston Pump Station to Siphon 6 Main Canal Improvements Project.

FUNDING SOURCE: N/A

ATTACHMENTS: Map, Resolution, TWDB Resolution

RECOMMENDED ACTION

Adopt a resolution of the San Jacinto River Authority Board of Directors authorizing the General Manager to develop and submit an application for Texas Water Development Board Water Supply and Infrastructure Grants (WSIG) grant funding, for the Lake Houston Pump Station to Siphon 6 Main Canal Improvements Project.

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JACINTO RIVER AUTHORITY REQUESTING FINANCIAL ASSISTANCE FROM THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE FILING OF AN APPLICATION FOR ASSISTANCE; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH.

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, the 89th Texas Legislative Session through House Bill 500, appropriated over one billion dollars in funding for Texas communities to implement water supply and water infrastructure projects; and

WHEREAS, this is a one-time opportunity to apply for the Water Supply and Infrastructure Grants ("WSIG") which is administered through the Texas Water Development Board; and

WHEREAS, the Texas Water Development Board recently opened the solicitation period for applications for WSIG funding; and

WHEREAS, the Authority intends to submit an application to the Texas Water Development Board for WSIG funding.

NOW, THEREFORE, be it resolved by the Board of Directors of the San Jacinto River Authority that:

Section 1: An application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in an amount not to exceed \$12,000,000 to provide for the costs of the Lake Houston Pump Station to Siphon 6 Main Canal Improvements.

Section 2: That the Board of Directors authorize Aubrey A. Spear to be the designated authorized representative of the San Jacinto River Authority for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board.

Section 3: That Cedar Creek Municipal Advisors, LLC, Halff Associates, Inc., and Schwartz, Page, and Harding, LLP, are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of and represent the San Jacinto River Authority before any hearing held by the Texas Water Development Board on such application.

PASSED AND APPROVED ON THIS 28th day of May, 2026.

ATTEST:

SAN JACINTO RIVER AUTHORITY:

William "Wil" Faubel
Board Secretary

Ronnie Anderson
Board President

APPROVED AS TO FORM:

Amy L. Sims
General Counsel

APPROVED AS TO CONTENT:

Aubrey A. Spear
General Manager



Structure 4 at Golf Club Drive

Structure 3 at Horizon Drive

Siphon 6 at Gum Gully

Structure 1 at Diamond at Head Blvd.

LHPS Outfall

 Levee Improvements



0 500 1000 Feet



**Main Canal Improvements
Lake Houston Pump Station to Siphon 6**

Application Filing and Authorized Representative Resolution

A RESOLUTION by the _____ of the _____ requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith.

BE IT RESOLVED BY THE _____ OF THE _____:

SECTION 1: That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance in an amount not to exceed \$ _____ to provide for the costs of _____.

SECTION 2: That _____ be and is hereby designated the authorized representative of the _____ for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board.

SECTION 3: That the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and appear on behalf of and represent the _____ before any hearing held by the Texas Water Development Board on such application, to wit:

Financial Advisor: _____

Engineer: _____

Bond Counsel: _____

PASSED AND APPROVED, this the _____ day of _____, 20____.

ATTEST: _____

By: _____

(Seal)

Item No.	Agenda Item	Date
7.4	Consider adoption of a resolution of the San Jacinto River Authority Board of Directors repealing Resolution No. 2026-R-04 and adopting an amended Fiscal Year 2026 Operating Budget for the Woodlands Division.	05/28/2026

BACKGROUND INFORMATION

On March 26, 2026, the Board of Directors adopted Resolution No. 2026-R-04 amending the Woodlands Division Fiscal Year 2026 operating budget. This resolution repeals and replaces Resolution No. 2026-R-04 and amends the Fiscal Year 2026 budget to provide a revised listing of total refunds of excess funds to the Woodlands Municipal Utility Districts and updates the project budgets for the Wastewater System Land Acquisition and Lift Station No. 5 projects. Additionally, the resolution incorporates an exhibit outlining the proposed budget amendments, adds supporting exhibits, and clarifies the allocation for each Municipal Utility District.

Per Section 5.02 of the Resolution creating the R&R Fund, the Authority has determined that excess funds in the amount of \$6,058,582 exist from Fiscal Year 2025 based on the results of the annual independent audit report (Annual Comprehensive Financial Report (ACFR)) for a Fiscal Year approved by the SJRA Board of Directors on January 22, 2026. For excess funds to be eligible for refund or use by SJRA, revenue for the Woodlands Division must be above 90% of budget after six months of the current fiscal year. The Fiscal Year 2026 revenues for September 1, 2025 – February 28, 2026, are adequate to satisfy this requirement of the resolution. The Woodlands MUDs approved the FY2025 excess funds to be refunded according to the chart below.

MUD	FY25 Water Sales (1,000 Gallons)	FY25 Water Sales (%)	Total Refund
1	367,335	6.89%	\$417,575.12
6	298,130	5.59%	\$338,905.00
7	352,353	6.61%	\$400,544.04
36	195,819	3.67%	\$222,601.01
39	178,959	3.36%	\$203,435.08
46	1,244,621	23.35%	\$1,414,846.83
47	876,994	16.46%	\$996,939.77
60	589,461	11.06%	\$670,081.11
67	494,932	9.29%	\$562,623.46
Metro	628,158	11.79%	\$714,070.67
386	102,888	1.93%	\$116,959.91
Total	5,329,650	100.00%	\$6,058,582.00

In addition to refunding the excess funds, the Woodlands Division is requesting to modify the project budgets as follows:

Project ID – Project Description	Approved Project Budget	Requested Amendment	Amended Project Budget
WWF1LA – Wastewater System Land Acquisition	\$9,800,000.00	(\$9,546,938.20)	\$253,061.80
WWFM5R – Lift Station No. 5 Force Main Rehab	\$0.00	\$9,546,938.20	\$9,546,938.20

The Woodlands MUDs approved the modification of these project budgets.

FUNDING SOURCE: Woodlands Operating Fund and Woodlands Repair and Replacement Fund

ATTACHMENTS: Resolution, Exhibit “A”, Exhibit “B”, Exhibit “C”, Exhibit “D”

RECOMMENDED ACTION

Approve a resolution of the San Jacinto River Authority Board of Directors, repealing Resolution No. 2026-R-04, and adopting an amended Fiscal Year 2026 Operating Budget for the Woodlands Division.

RESOLUTION NO. _____

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JACINTO RIVER AUTHORITY REPEALING RESOLUTION NO. 2026-R-04 AND AMENDING THE BUDGET FOR FISCAL YEAR 2026.

WHEREAS, on August 28, 2025, the San Jacinto River Authority Board of Directors adopted Resolution No. 2025-R-22 approving the Fiscal Year 2026 budget; and

WHEREAS, on March 26, 2026, the San Jacinto River Authority Board of Directors adopted Resolution No. 2026-R-04 approving an amendment to the Fiscal Year 2026 budget; and

WHEREAS, the San Jacinto River Authority finds it necessary to repeal and replace Resolution No. 2026-R-04 and amend the Fiscal Year 2026 budget to provide a revised listing of total refunds of excess funds to the Woodlands Municipal Utility Districts, amend the project budgets for the Wastewater System Land Acquisition and Lift Station No. 5 Rehabilitation projects, and incorporate an exhibit detailing the proposed budget amendments, add supporting exhibits, and clarify the allocation for each Municipal Utility District.

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

Section 1. That Resolution No. 2026-R-04 is hereby repealed.

Section 2. That the Fiscal Year 2026 budget, as approved under Resolution No. 2025-R-22, is further amended as detailed in Exhibit “A”, Exhibit “B”, Exhibit “C”, and Exhibit “D” attached hereto and incorporated herein for all purposes.

Section 3. That the budget amendment, attached hereto as Exhibit “A”, Exhibit “B”, Exhibit “C”, and Exhibit “D” shall be attached to and made part of the Fiscal Year 2026 Budget for all purposes.

Section 4. That except as amended hereby, the Fiscal Year 2026 budget, as approved under Resolution No. 2025-R-22 is ratified and confirmed in all respects and shall remain in effect.

Section 5. That this Resolution shall become effective immediately after adoption.

APPROVED AND ADOPTED by the Board of Directors of the San Jacinto River Authority on the 28th day of May, 2026.

ATTEST:

SAN JACINTO RIVER AUTHORITY

Wil Faubel, Secretary

Ronnie Anderson, President

APPROVED AS TO FORM:

Amy L. Sims, General Counsel

APPROVED AS TO CONTENT:

Aubrey A. Spear, General Manager

Exhibit “A”

San Jacinto River Authority - Woodlands Operating
Actual to Budget Comparison
FY2023 - FY2026

Description	Budget FY2025	Approved Budget FY2026	PROPOSED	
			Budget Amendment FY2026	Proposed Budget FY2026
OPERATING REVENUES				
Water Sales-Woodlands MUD's	\$ 14,645,030	\$ 14,913,854		\$ 14,913,854
Wastewater Treatment Fees	15,820,000	15,820,000		15,820,000
Direct Reuse Water	30,000	30,000		30,000
Permits, Licenses & Fees - Commercial	118,196	120,462		120,462
GRP Pumping Fees	15,932,505	15,951,814		15,951,814
Sampling	1,500	1,500		1,500
Repair Recovery Revenue	-	-		-
Other Operating Revenue	(5,126,309)	-	(6,058,582)	(6,058,582)
TOTAL OPERATING REVENUES	\$ 41,420,922	\$ 46,837,630	\$ (6,058,582)	\$ 40,779,048
OTHER SOURCES (USES)*				
Cash Sources (Uses)	\$ 5,126,309	\$ 6,430,000	\$ 6,058,582	\$ 12,488,582
Lease Principal	(8,912)	(9,487)		(9,487)
Debt Service Transfers	(2,098,662)	(2,102,652)		(2,102,652)
Repair and Replacement Transfers	(6,019,400)	(6,061,060)		(6,061,060)
TOTAL OTHER SOURCES (USES)	\$ (3,000,665)	\$ (1,743,199)	\$ 6,058,582	\$ 4,315,383
NET CASH BASIS SOURCES (USES)	\$ (0)	\$ 0	\$ -	\$ 0

*Actuals intentionally left blank.

**San Jacinto River Authority
FY2026 Budget
Total Project Budget Amendment**

Division	Project ID	Project Name	Approved FY2026 Total Project Budget	Proposed Amendment FY2026 Total Project Budget	Proposed Amended FY2026 Total Project Budget
Woodlands					
	WWF1LA	Wastewater System Land Acquisition	\$ 9,800,000	\$ (9,546,938)	\$ 253,062
	WWFM5R	Lift Station No. 5 Force Main Rehab	\$ -	\$ 9,546,938	\$ 9,546,938

Note: Total Project Budgets include multiple fiscal years and funding sources.
 *Was previously two projects that have been combined.
 **Future bond funding was not included when presented in FY2025.

Exhibit “B”

San Jacinto River Authority
Reserve Calculation for Woodlands Division
At August 31, 2025

Woodlands		FY2025
Unrestricted Cash		
115001-500-WO	FFIN1051465 Woodlands Operating-Woodlands Operating-Woodlands	25,551
115002-500-WO	WNB701698 Woodlands Operating-Woodlands Operating-Woodlands	676,714
115003-500-WO	TXP00014 Woodlands Operating-Money Funds-Woodlands Operating-Woodlands	11,841,215
Subtotal Unrestricted Cash		\$ 12,543,480

Restricted Construction Cash		
115500-510-WO	FFIN1095983 Woodlands R&R Fund-Woodlands Repair & Replacement-Woodlands	18,054
115501-510-WO	FFIN10006891 Woodlands R&R Investment Fund-Woodlands Repair & Replacement-Woodlands	11,362,298
115502-510-WO	TXP00037 Woodlands R&R Fund-Woodlands Repair & Replacement-Woodlands	16,410,084
115600-533-WO	FFIN1008657 Woodlands 2017 Construction Fund-Woodlands 2017 Bonds-Woodlands	13,736
115602-533-WO	TXP00047 Woodlands 2017 Construction Fund-Woodlands 2017 Bonds-Woodlands	5,222,531
115603-533-WO	USBANK13281 Woodlands 2017 Construction Fund-Woodlands 2017 Bonds-Woodlands	157,756
115604-533-WO	AMG7697901 Woodlands 2017 Escrow-Woodlands 2017 Bonds-Woodlands	-
115800-530-WO	FFIN1096098 Future Facilities Fund-Future Facilities-Woodlands	22,289
115801-530-WO	TXP00021 Future Facilities Fund-Future Facilities-Woodlands	4,071,994
115802-530-WO	TXS0034 Future Facilities Fund-Future Facilities-Woodlands	1,139,758
		\$ 38,418,500

Accounts Receivable		
120000-500-WO	Accounts Receivable-Woodlands Operating-Woodlands	5,141,606
120000-532-WO	Accounts Receivable-Waste Disposal Bonds-Woodlands	14,345
120040-505-WO	Accounts Receivable-Investments-Woodlands Emergency-Woodlands	8,520
120040-533-WO	Accounts Receivable-Investments-Woodlands 2017 Bonds-Woodlands	33,560
130000-500-WO	Due From-Woodlands Operating-Woodlands	(248,185)
130000-510-WO	Due From-Woodlands Repair & Replacement-Woodlands	12,914
130000-532-WO	Due From-Waste Disposal Bonds-Woodlands	1,056
Subtotal Accounts Receivable		\$ 4,963,816

Accounts Payable Unrestricted		
210000-500-WO	Accounts Payable-Trade-Woodlands Operating-Woodlands	(934,177)
210000-510-WO	Accounts Payable-Trade-Woodlands Repair & Replacement-Woodlands	(119,138)
210000-533-WO	Accounts Payable-Trade-Woodlands 2017 Bonds-Woodlands	(52,889)
210001-500-WO	Accounts Payable-P-Card-Woodlands Operating-Woodlands	(14,145)
210010-500-WO	Accounts Payable-Other-Woodlands Operating-Woodlands	3,550
210010-505-WO	Accounts Payable-Other-Woodlands Emergency-Woodlands	(3,860)
210010-510-WO	Accounts Payable-Other-Woodlands Repair & Replacement-Woodlands	(5,854)
210010-520-WO	Accounts Payable-Other-Woodlands Debt Service Reserve Fund-Woodlands	2,400
210010-533-WO	Accounts Payable-Other-Woodlands 2017 Bonds-Woodlands	(3,371)
210011-500-WO	Accounts Payable-Intercompany-Woodlands Operating-Woodlands	(1,875,562)
210015-500-WO	Accrued Liabilities-Woodlands Operating-Woodlands	(106,186)
210015-533-WO	Accrued Liabilities-Woodlands 2017 Bonds-Woodlands	99,540
210035-500-WO	Accrued Payroll-Woodlands Operating-Woodlands	(247,838)
210040-500-WO	Compensated Absence Liability-Woodlands Operating-Woodlands	(84,772)
230000-500-WO	Due To-Woodlands Operating-Woodlands	(2,199,557)
230000-510-WO	Due To-Woodlands Repair & Replacement-Woodlands	466
Subtotal Accounts Payable		\$ (5,541,393)

Restricted Retainage Pay		
210200-510-WO	Retainage-Woodlands Repair & Replacement-Woodlands	(46,725)
Subtotal Restricted Retainage Pay		\$ (46,725)

Net OPEB Obligation		
250015-500-WO	Retiree Health Insurance OPEB Liability-Woodlands Operating-Woodlands	(258,867)
210305-500-WO	Short Term OPEB Liability-Woodlands Operating-Woodlands	(9,028)
Subtotal Net OPEB Obligation		\$ (267,895)

120000-532-WO	Accounts Receivable-Waste Disposal Bonds-Woodlands	(14,345)
120040-505-WO	Accounts Receivable-Investments-Woodlands Emergency-Woodlands	(8,520)
120040-533-WO	Accounts Receivable-Investments-Woodlands 2017 Bonds-Woodlands	(33,560)
130000-532-WO	Due From-Waste Disposal Bonds-Woodlands	(1,056)
210000-510-WO	Accounts Payable-Trade-Woodlands Repair & Replacement-Woodlands	119,138
210000-533-WO	Accounts Payable-Trade-Woodlands 2017 Bonds-Woodlands	52,889
210010-505-WO	Accounts Payable-Other-Woodlands Emergency-Woodlands	3,860
210010-510-WO	Accounts Payable-Other-Woodlands Repair & Replacement-Woodlands	5,854
210010-520-WO	Accounts Payable-Other-Woodlands Debt Service Reserve Fund-Woodlands	(2,400)
210010-533-WO	Accounts Payable-Other-Woodlands 2017 Bonds-Woodlands	3,371
210015-533-WO	Accrued Liabilities-Woodlands 2017 Bonds-Woodlands	(99,540)
230000-510-WO	Due To-Woodlands Repair & Replacement-Woodlands	(466)
210200-510-WO	Retainage-Woodlands Repair & Replacement-Woodlands	46,725
RESTRICTED CONSTRUCTION CASH		(38,418,500)
Remove from AUDIT Statement of Net Assets		\$ (38,359,464)

Net Cash	Equal to 5.75 months	\$ 11,710,319
Less: 3 month's Operating Expense FY2026 Budget		(5,651,737)
FY 2026 Net Over - (2.75) Month of Expense		\$ 6,058,582

FY2026 6 months Revenue budget-Water, WW & Effluent	\$ 14,271,819
FY2026 6 months Revenue actual-Water, WW & Effluent (as of 2.28.25)	\$ 14,826,461
	\$ 554,642
90% Budget Met?	104%

For informational purposes only:		
February 28, 2026 Cash & Investments	\$	15,030,249
3 Month Operating Reserve		(5,651,737)
Net Excess (Short) @ 02/28/25	\$	9,378,512

Exhibit “C”

Memorandum



To: Woodlands Water Audit Committee, WWA Trustees & MUD 386
From: Chris Meeks
cc: Erich Peterson, P.E., Ed Shackelford, P.E., and Pam Steiger, C.P.A.
Date: February 11, 2026
Re: SJRA – Woodlands FY2025 Excess Funds

This memorandum will be updated with the Excess Cash Calculation after February 28, 2026, to ensure that the revenue for FY2026 is above 90% after six months of the fiscal year per resolution. A final version of the memorandum will be provided to the Trustees at the March meeting.

Per Section 5.02(a) of the Resolution creating the R&R Fund dated September 1, 2014, after the Authority has received the results of its annual independent audit report of the accounting records for the Woodlands Division (Annual Comprehensive Financial Report (ACFR)) for a Fiscal Year, the Authority shall determine if excess funds were held by the Authority as of the end of such prior Fiscal Year. If excess funds exist, the funds may be distributed to the Customers, transferred to the R&R Fund, or divided between the R&R Fund and Customers, as determined and voted by the Woodlands Water Trustees and MUD 386. As a reminder, a majority vote of the Trustees and MUD 386 is needed to determine the use of the Excess Funds.

The ACFR for the Woodlands Division was approved by the SJRA Board of Directors on January 22, 2026, and reflects excess funds for The Woodlands Division (as defined in Section 5.02(a)) in the amount of \$6,058,582. The calculation of the excess funds is on page 3 of this memo. Per Section 5.02 (b) of the Resolution, the revenue for the Woodlands Division is projected to be above 90% of budget after six months of the fiscal year (September 1, 2025 – February 28, 2026).

In preparing for the FY2027 SJRA – Woodlands Division Budget, The Woodlands Division has not identified any projects to bring forward from the FY2027 Budget or 10-Year Project Plan to utilize these funds on. Page 2 lists the amount to be refunded to each MUD based on FY2025 water sales per MUD.

FY25 Water Sales and Refund to MUDs

The table below lists the refund to each MUD based on a ratio of the total amount of FY25 water sales billed by SJRA to each MUD.

MUD	FY25 Water Sales (1,000 Gallons)	FY25 Water Sales (%)	Total Refund
1	367,335	6.89%	\$417,575.12
6	298,130	5.59%	\$338,905.00
7	352,353	6.61%	\$400,544.04
36	195,819	3.67%	\$222,601.01
39	178,959	3.36%	\$203,435.08
46	1,244,621	23.35%	\$1,414,846.83
47	876,994	16.46%	\$996,939.77
60	589,461	11.06%	\$670,081.11
67	494,932	9.29%	\$562,623.46
Metro	628,158	11.79%	\$714,070.67
386	102,888	1.93%	\$116,959.91
Total	5,329,650	100.00%	\$6,058,582.00

San Jacinto River Authority
Reserve Calculation for Woodlands Division
At August 31, 2025

Woodlands		FY2025
Unrestricted Cash		
115001-500-WO	FFIN1051465 Woodlands Operating-Woodlands Operating-Woodlands	25,551
115002-500-WO	WNB701698 Woodlands Operating-Woodlands Operating-Woodlands	676,714
115003-500-WO	TXP00014 Woodlands Operating-Money Funds-Woodlands Operating-Woodlands	11,841,215
Subtotal Unrestricted Cash		\$ 12,543,480
Restricted Construction Cash		
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115600-533-WO	FFIN1008657 Woodlands 2017 Construction Fund-Woodlands 2017 Bonds-Woodlands	13,736
115602-533-WO	TXP00047 Woodlands 2017 Construction Fund-Woodlands 2017 Bonds-Woodlands	5,222,531
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115604-533-WO	AMG7697901 Woodlands 2017 Escrow-Woodlands 2017 Bonds-Woodlands	-
115800-530-WO	FFIN1096098 Future Facilities Fund-Future Facilities-Woodlands	22,289
115801-530-WO	TXP00021 Future Facilities Fund-Future Facilities-Woodlands	4,071,994
115802-530-WO	TXS0034 Future Facilities Fund-Future Facilities-Woodlands	1,139,758
		\$ 38,418,500
Accounts Receivable		
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120000-532-WO	Accounts Receivable-Waste Disposal Bonds-Woodlands	14,345
120040-505-WO	Accounts Receivable-Investments-Woodlands Emergency-Woodlands	8,520
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130000-500-WO	Due From-Woodlands Operating-Woodlands	(248,185)
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130000-532-WO	Due From-Waste Disposal Bonds-Woodlands	1,056
Subtotal Accounts Receivable		\$ 4,963,816
Accounts Payable Unrestricted		
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210010-505-WO	Accounts Payable-Other-Woodlands Emergency-Woodlands	(3,860)
210010-510-WO	Accounts Payable-Other-Woodlands Repair & Replacement-Woodlands	(5,854)
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230000-500-WO	Due To-Woodlands Operating-Woodlands	(2,199,557)
230000-510-WO	Due To-Woodlands Repair & Replacement-Woodlands	466
Subtotal Accounts Payable		\$ (5,541,393)
Restricted Retainage Pay		
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Subtotal Restricted Retainage Pay		\$ (46,725)
Net OPEB Obligation		
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130000-532-WO	Due From-Waste Disposal Bonds-Woodlands	(1,056)
210000-510-WO	Accounts Payable-Trade-Woodlands Repair & Replacement-Woodlands	119,138
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210010-533-WO	Accounts Payable-Other-Woodlands 2017 Bonds-Woodlands	3,371
210015-533-WO	Accrued Liabilities-Woodlands 2017 Bonds-Woodlands	(99,540)
230000-510-WO	Due To-Woodlands Repair & Replacement-Woodlands	(466)
210200-510-WO	Retainage-Woodlands Repair & Replacement-Woodlands	46,725
RESTRICTED CONSTRUCTION CASH		(38,418,500)
Remove from AUDIT Statement of Net Assets		\$ (38,359,464)

Net Cash	Equal to 5.75 months	\$ 11,710,319
Less: 3 month's Operating Expense FY2026 Budget		(5,651,737)
FY 2026 Net Over - (2.75) Month of Expense		\$ 6,058,582

FY2026 6 months Revenue budget-Water, WW & Effluent	\$ 14,271,819
FY2026 6 months Revenue actual-Water, WW & Effluent (as of 2.28.25)	(14,271,819)
90% Budget Met?	0%

For informational purposes only:	
February 28, 2025 Cash & Investments	(5,651,737)
3 Month Operating Reserve	(5,651,737)
Net Excess (Short) @ 02/28/25	\$ (5,651,737)

Exhibit “D”

From the meeting discussion in: January 2026

TO: Woodlands Water Trustees /Woodlands MUDs / HMC MUD 386

FROM: Chris Meeks, Utility Enterprise Manager

RE: Gravity Conveyance Optimization

As part of the Wastewater Strategic Plan, a comprehensive evaluation was conducted to assess the feasibility and projected costs associated with the construction of a gravity wastewater system aimed at eliminating up to five lift stations and their associated force mains within the WWTF No. 1 service area.

Following the completion of an *Impact Analysis Study, Route Feasibility Study, and Life Cycle Cost Analysis*, it was concluded that maintaining the existing operation and maintenance framework of the wastewater collection system would be the most cost-effective strategy over a 50-year horizon, with no elimination of lift stations. This conclusion is grounded in an assessment of capital costs, ongoing operation and maintenance expenses, and the potential impacts on the community.

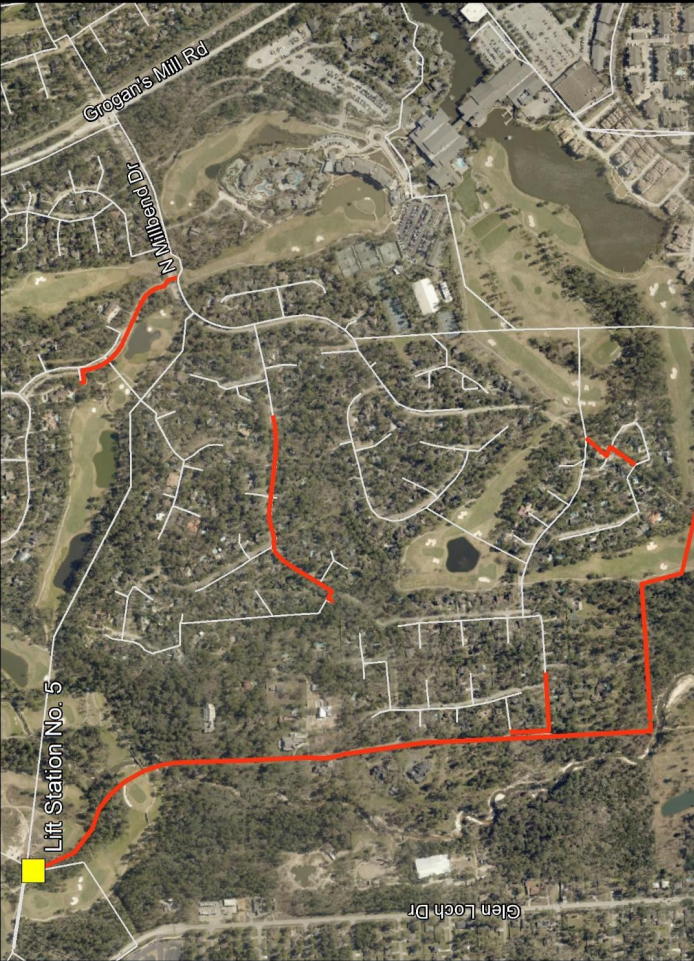
Furthermore, the construction of wastewater gravity mains at a deeper elevation would necessitate the design and construction of a new, deeper lift station at WWTF No. 1. While the costs for the WWTP #1 lift station have yet to be fully evaluated, they would likely increase the initial capital expenditures associated with any consolidation options. Below, the Life Cycle Cost Summary is presented, excluding bond interest and the construction costs of a new lift station.

Life Cycle Cost Summary				
3A - No Consolidation	3B - Partial Consolidation, Except LS 2,3, & 18	3C - Partial Consolidation, Except LS 2 & 3	3D - Partial Consolidation, Except LS 2	3E - Full Consolidation
\$38.1M	\$39.0M	\$38.5M	\$39.1M	\$42.6M

Considering the information gathered and studied during the Gravity Conveyance Optimization Project, SJRA recommends the following.

1. Maintain the current operation, maintenance, and renewal of all existing assets in this study area.
2. Consider a R&R Fund Budget Amendment in March 2026 to reallocate funds from the Wastewater System Land Acquisition project (\$9.5M) to replace LS No. 5 force main (\$9.5M).
 - a. This project was previously designed (2020) but needs to be updated
 - b. Land acquisition has been completed
 - c. The pipe material has deteriorated to paper thin and one recent break (2023) has occurred; see attached pictures and information.
 - d. Based on the path forward for the repairs/replacement of WWTF No. 1, future land acquisition funds may be needed to acquire land surrounding WWTF No. 1

PROJECT NAME	PROJECT ID	FISCAL YEAR	DIVISION
Lift Station No. 5 Force Main Replacement	WWFM5R	2018 - 2020	Woodlands
PROJECT DESCRIPTION/JUSTIFICATION:			



Some parts of the existing collection system have been in service in excess of 40 years. The aging system requires rehabilitation or replacement to avoid collection system failure. Through the Asset Management Program, specific force mains were identified as high risk for failure and were evaluated for rehabilitation or replacement.

Based on a risk analysis of all force mains, the force main associated with Lift Station No. 5 was identified as a candidate for replacement based on pipe material, age, and likelihood and consequence of failure. In 2014, a SmartBall condition assessment was performed for this force main which showed several areas of corrosion throughout the force main. Constructed in the early 1980's, this force main consists of approximately 8,100 linear feet of 24-inch cement mortar lined ductile iron pipe, all of which is recommended for replacement.

Permanent easements will be acquired during this project.

PROJECT SCHEDULE	DELIVERY		FUNDING		2023	2024	2025	2026	2027	2028	2029
	DBB	CMAR	CSP	Other							
Initiate Cons. Selection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>							
PSA/WO Issued:											
Final Proposal Docs:			<input checked="" type="checkbox"/>	<input type="checkbox"/>							
Proposals/Bids Received:				<input type="checkbox"/>							
Const. Contract to Board:											
Substantial Completion:											
BUDGET *	TOTAL	PREVIOUS	2020	2021	2022						
Planning/Permitting/PER	\$ 344,000	\$ 344,000									
Engineering/Design	\$ 100,000	\$ 100,000									
Construction	\$ 4,066,000	\$ 3,066,000	\$ 1,000,000								
CPS, CM&I, and CMT	\$ 100,000		\$ 100,000								
Land Acquisition											
Equipment Purchase											
Total	\$ 4,610,000	\$ 3,510,000	\$ 1,100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* Budget includes contingency

Pictures of 2023 Repair to Lift Station No. 5 Force Main



Pictures of 2023 Repair to Lift Station No. 5 Force Main



Item No.	Agenda Item	Date
10	Consider surplus declaration and disposal by sale of a 0.158 acre tract of real property located in the John Corner Survey, A-08, near Montgomery, Texas, to J Hoy Construction, LLC, and authorize the General Manager to execute all necessary documents to complete the transaction.	05/28/2026
BACKGROUND INFORMATION		
<p>On March 2, 2026, Mr. Jeff Hoy requested permission to purchase a small parcel of SJRA property immediately adjacent to the landowner's property to construct a residence with fill, pool, hardscape, and sidewalks. SJRA staff has indicated the parcel in question is not necessary for the operation and maintenance of Lake Conroe.</p> <p>Mr. Hoy has provided a third-party independent appraisal prepared by Integra Realty Resources. The appraisal is prepared per the same standard SJRA would require if SJRA were sourcing a fair market valuation of a tract.</p> <p>The requested purchase of the tract is in accordance with the Disposition of Certain Real Property policy approved at the December 11, 2025, board meeting.</p> <p>SJRA requests the Board's consideration in declaring the 0.158 acre tract in the John Corner Survey, Abstract 08, as surplus property and authorize disposal of the tract.</p> <p>Applicant: J Hoy Construction, LLC</p> <p>Physical Address: 181 La Costa Dr Montgomery, Texas 77356</p> <p>Location: Del Lago, Lot 01, Block 01, Section 03 Partial Replat</p> <p>*administrative reimbursement included with encroachment request.</p>		
FUNDING SOURCE: N/A		
ATTACHMENTS: Written Request by Applicant, Location Map, Survey with Metes and Bounds, Proposed improvement, Real Property Deeds		
RECOMMENDED ACTION		
Declare as surplus property and authorize the disposal of a 0.158 acre tract of real property located in the John Corner Survey, A-08, near Montgomery, Texas, and authorize the General Manager to execute all necessary documents to complete the transaction.		

J Hoy Construction LLC
Jefferey Hoy - Owner
13434 Greenbrier Dr Montgomery, TX 77356
j.hoy@hoyscapes.com
March 2, 2026

Mr. Aubrey A. Spear
General Manager
San Jacinto River Authority
PO Box 329
Conroe, Texas 77305

Re: Request to Purchase SJRA Property
Directly Behind 181 La Coast Dr Montgomery, TX 77356

Dear Mr. Spear,

I own the property at the above-mentioned address, being more specifically described by Del Lago Subdivision, Section 03 Partial Replat, Block 01 and Lot 01. There is a tract of land between our private property and the bulkhead that appears to be titled to the San Jacinto River Authority (the "Authority"). I am interested in purchasing the property.

I had a conversation with Meagan Lee, from your office, about what is involved in determining if the property is available for sale, the documents I need to provide and the potential expenses that the Authority may incur. I also spoke with Mrs. Lee about the additional improvements that would be placed to the permanent easement and am now aware that I will need a Revocable and Irrevocable Encroachment Agreement for these improvements. I am requesting permission to also build a residence on the property, pool with decking and additional walkways and sidewalks. Mrs. Lee has provided me with a copy of the Board resolution and policy for the purchase of the property and the Encroachment Policy.

Thank you for your favorable consideration, assistance and cooperation. My contact information is j.hoy@hoyscapes.com and 254-368-5221 should you need to contact me.

Sincerely,

J Hoy Construction LLC
Jeffrey Hoy

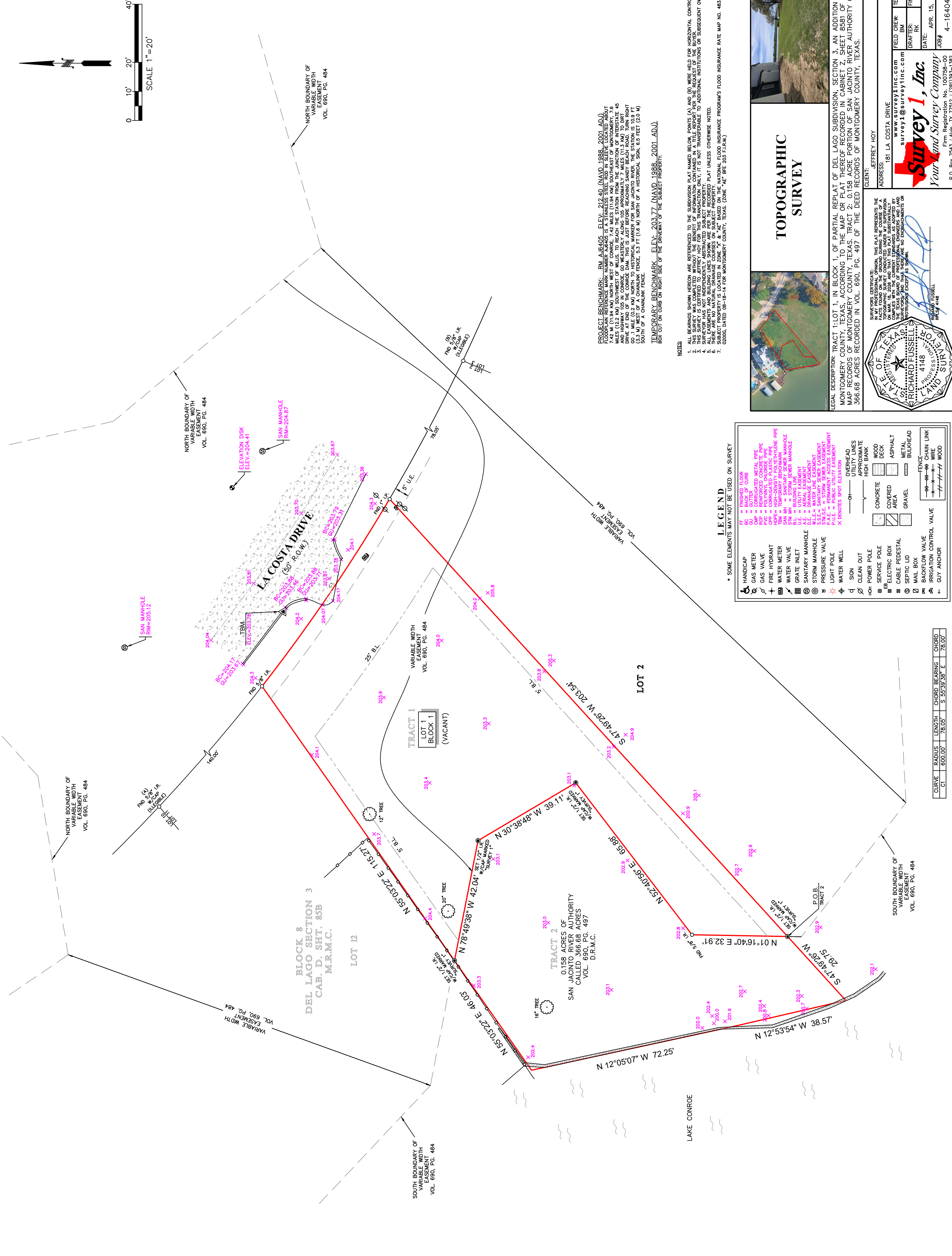
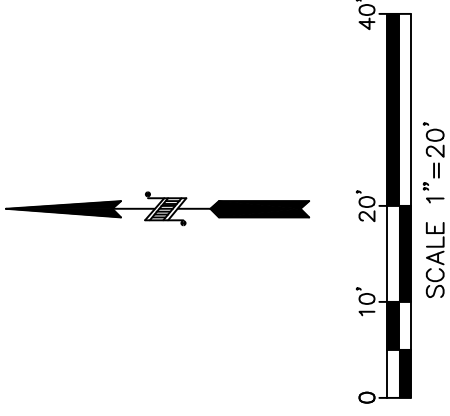
A handwritten signature in black ink, appearing to be 'Jeffrey Hoy', written over a circular scribble.

Enclosures:

1. Copy of Deed & Title Policy for Location

2. Copy of Planned/Existing Improvements
3. Boundary Survey for both Private & Authority Property
4. Metes & Bounds for both Private & Authority Property
5. Copy of any Permanent Easement Deed
6. Check for Property Purchase & Deed without Warranty





PROJECT BENCHMARK: RM A-6405 ELEV. 212.40 (NAVD 1988, 2001 ADJ.)
 FLOPPY REFERENCE MARK NUMBER A-6405 IS A STAINLESS STEEL ROD IN SLEEVE LOCATED ABOUT 7.42 M (11.94 MI) NORTH WEST OF CORNER 7. CORNER 7 IS LOCATED AT THE INTERSECTION OF HIGHWAY 102 IN CORNER, GO WESTERLY ALONG 102 APPROXIMATELY 7 MILES (11.3 MI) TO DIRT DRIVE AT END OF THE CORNER DAM. THIS IS JUST BEFORE REACHING SANDY BEACH ROAD. TURN RIGHT (SOUTH) ON DIRT DRIVE APPROXIMATELY 1/4 MILE (0.4 MI) TO POINT A. POINT A IS LOCATED (3.3 M) WEST OF A CHAINLINK FENCE, 5.3 FT (1.6 M) NORTH OF A HISTORICAL SIGN, 6.5 FEET (2.0 M) SOUTH OF A CHAINLINK FENCE.

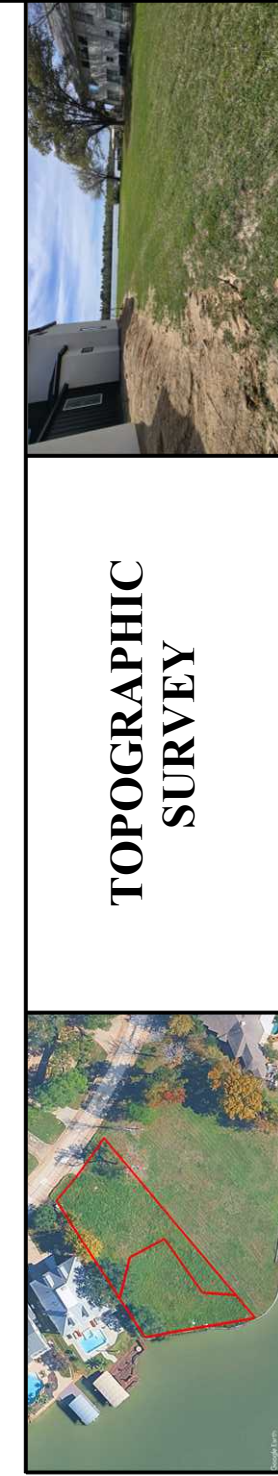
TEMPORARY BENCHMARK ELEV. 203.77 (NAVD 1988, 2001 ADJ.)
 BOX CUT ON CURB ON RIGHT SIDE OF THE DRIVEWAY OF THE SUBJECT PROPERTY.

- NOTES
1. ALL BEARINGS SHOWN HEREON ARE REFERENCED TO THE SUBDIVISION PLAT NAMED BELOW. POINTS (A) AND (B) WERE HELD FOR HORIZONTAL CONTROL.
 2. THIS SURVEY IS CERTIFIED TO BE ACCURATE TO THE DATE OF THIS TRANSACTION ONLY. IT IS NOT TRANSFERABLE TO ADDITIONAL INSTITUTIONS OR SUBSEQUENT OWNERS.
 3. THIS SURVEY IS CONDUCTED UNDER THE SUPERVISION OF A LICENSED SURVEYOR AND IS SUBJECT TO THE STANDARDS AND PRACTICES OF THE PROFESSION.
 4. ALL EASEMENTS AND BUILDING LINES SHOWN ARE PER THE RECORDED PLAT UNLESS OTHERWISE NOTED.
 5. THERE ARE NO NATURAL DRAINAGE COURSES ON SUBJECT PROPERTY.
 6. THERE ARE NO EXISTING UTILITIES SHOWN ON THIS SURVEY UNLESS OTHERWISE NOTED.
 7. 020206, DATED 08-18-14 FOR MONTGOMERY COUNTY, TEXAS. (ZONE A, AC. BE. 203 F.I.R.M.)

LEGEND

* SOME ELEMENTS MAY NOT BE USED ON SURVEY

BC	FINISHED FLOOR	CONCRETE	WOOD
CC	BACK OF CURB	COVERED	DECK
CM	CONCRETE METAL PIPE	AREA	ASPHALT
CP	REINFORCED CONCRETE PIPE	GRAVEL	METAL
CR	CONCRETE RIGID PIPE	CHAIN LINK	WOOD
CP	CORRUGATED PLASTIC PIPE	WIRE	
CP	HIGH-DENSITY POLYETHYLENE PIPE		
CP	LOW-DENSITY POLYETHYLENE PIPE		
CP	SANITARY SEWER MANHOLE		
CP	SANITARY SEWER MANHOLE		
CP	BUILDING LINE		
CP	UTILITY EASEMENT		
CP	WATER LINE EASEMENT		
CP	SEWER EASEMENT		
CP	STORM SEWER EASEMENT		
CP	STORM SEWER EASEMENT		
CP	PUBLIC UTILITY EASEMENT		
CP	SPOT ELEVATION		
CP	OVERHEAD UTILITY LINES		
CP	UTILITY LINES		
CP	HIGH DRAINAGE		
CP	CLEAN OUT		
CP	POWER POLE		
CP	SERVICE POLE		
CP	ELECTRIC BOX		
CP	CABLE PEDESTAL		
CP	SEPTIC LID		
CP	MAIL BOX		
CP	IRRIGATION CONTROL VALVE		
CP	GUY ANCHOR		



TOPOGRAPHIC SURVEY

LEGAL DESCRIPTION: TRACT 1: LOT 1, IN BLOCK 1, OF PARTIAL REPEAT OF DEL LAGO SUBDIVISION, SECTION 3, AN ADDITION IN MONTGOMERY COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN CABINET 7, SHEET 8581 OF THE MAP RECORDS OF MONTGOMERY COUNTY, TEXAS. TRACT 2: 0.158 ACRE PORTION OF SAN JACINTO RIVER AUTHORITY CALLED 366.68 ACRES RECORDED IN VOL. 690, PG. 497 OF THE DEED RECORDS OF MONTGOMERY COUNTY, TEXAS.

CLIENT: JEFFREY HOY
 ADDRESS: 181 LA COSTA DRIVE
 www.survey1inc.com
 survey1@survey1inc.com

FIELD CREW: BM
 DRAFTER: RK
 TECH: RK
 FINAL CHECK: SB
 DATE: APR. 15, 2026
 JOB#: 4-164043-26

Survey 1, Inc.
 Your Land Survey Company

Richard Fussell
 4146 Professional
 Land Survey

CURVE	RADIUS	LENGTH	CHORD BEARING	CHORD
CT	600.00'	78.05'	S 55°39'58" E	78.00'

TRACT 2
DESCRIPTION OF A
0.158 ACRES (6,882 SQUARE FEET) PORTION OF
SAN JACINTO RIVER AUTHORITY CALLED 366.68 ACRES
MONTGOMERY COUNTY, TEXAS

Being a tract of land containing 0.158 acres (6,882 square feet), situated in the San Jacinto River Authority called 366.68 acres recorded in the Deed Records of Montgomery County, Texas. Said 0.158-acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a set 1/2-inch iron rod with cap marked "SURVEY 1" for the south corner of Lot 1, Block 1 of Partial Replat of Del Lago Subdivision, Section 3, an addition in Montgomery county, Texas, according to the map or plat records in Cabinet Z, Sheet 8581 of the Map Records of Montgomery County, Texas and for the most westerly southeast corner of the said tract herein described;

THENCE South 47°49'26" West, a distance of 29.75 feet to south corner of the said tract herein described;

THENCE North 60°03'13" West, a distance of 38.57 feet to a point in the west property line of the said tract herein described;

THENCE North 12°05'07" West, a distance of 72.25 feet to the northwest corner of the said tract herein described;

THENCE North 55°03'22" East, a distance of 46.03 feet to the north corner of the said tract herein described;

THENCE South 78°49'38" East, a distance of 42.04 feet to a set 1/2-inch iron rod with cap marked "SURVEY 1" for the northeast corner of the said tract herein described;

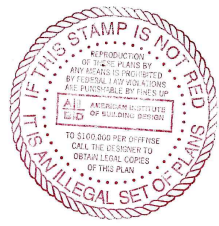
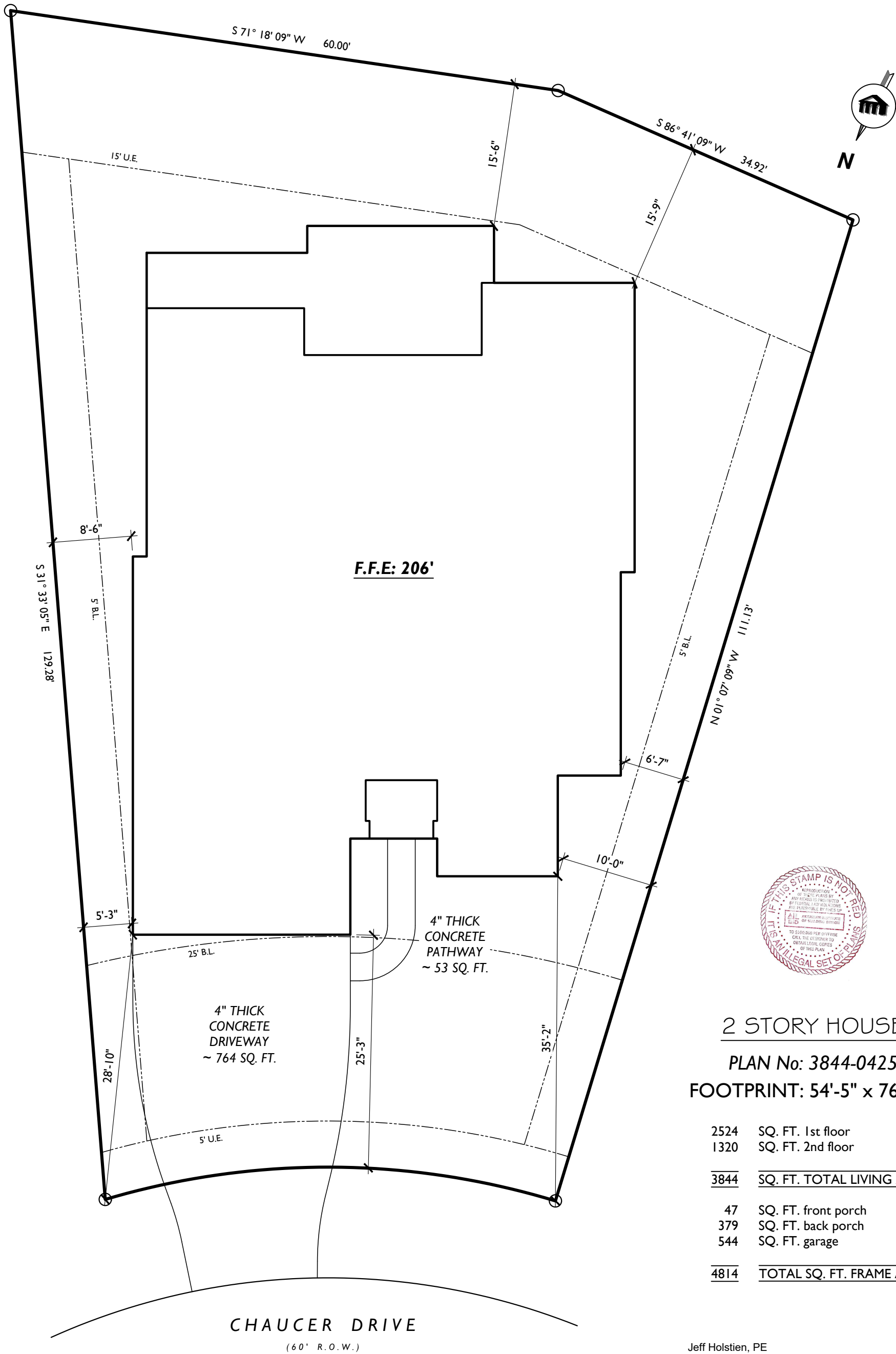
THENCE South 30°38'48" East, a distance of 39.11 feet to a set 1/2-inch iron rod with cap marked "SURVEY 1" for the east corner of the said tract herein described;

THENCE South 52°40'56" West, a distance of 65.88 feet to a found 5/8-inch iron rod for an interior corner of the said tract herein described;

THENCE South 01°16'40" West, a distance of 32.91 feet to the POINT OF BEGINNING and containing 0.158 acres (6,882 square feet), more or less.

Note: This metes and bounds description is referenced to a survey drawing prepared by Survey 1, Inc. (Firm Registration No. 100758-00) dated Mar. 26, 2026, job number 3-163051-26.





2 STORY HOUSE
PLAN No: 3844-0425
FOOTPRINT: 54'-5" x 76'-10"

2524	SQ. FT. 1st floor
1320	SQ. FT. 2nd floor
3844	SQ. FT. TOTAL LIVING AREA
47	SQ. FT. front porch
379	SQ. FT. back porch
544	SQ. FT. garage
4814	TOTAL SQ. FT. FRAME AREA

Jeff Holstien, PE
 F12470 #62727
 5402 Schumacher Ln.
 Houston, TX 77056-6810
 713-628-5289



2806 CHAUCER DR
 LOT 46 BLOCK 18 SECTION 6
 WALDEN ON LAKE CONROE
 MONTGOMERY, TX 77356

PLAT PLAN
PLAN No: 3844-0425

MONTE SMITH DESIGNS
 COPYRIGHT 2025
 3/32" = 1'-0": 12 x 18

234702

THE STATE OF TEXAS }
 |
COUNTY OF MONTGOMERY }

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DEEDS

EASEMENT

KNOW ALL MEN BY THESE PRESENTS:

THAT we, C. E. STANLEY, and wife, LILLIAN V. STANLEY, JAMES V. BLACKLOCK, and wife MORIEL STANLEY BLACKLOCK of the County of Montgomery, State of Texas, will hereinafter be designated as "GRANTOR", whether one or more and to include both the singular and the plural.

THAT, SAN JACINTO RIVER AUTHORITY, a body politic and corporate existing under and by virtue of the laws of the State of Texas, and having its principal offices in Conroe, Montgomery County, Texas, will hereinafter be designated as "GRANTEE".

THAT in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good, valuable and sufficient consideration, this day in cash paid to GRANTOR by GRANTEE, the receipt and sufficiency of which is hereby acknowledged, and for which no lien, either express or implied, is retained or shall exist.

GRANTOR has GRANTED, SOLD and CONVEYED, and by these presents does GRANT, SELL and CONVEY, unto GRANTEE permanent easement rights, for the uses and purposes hereinafter stated, in, upon and over all that certain land lying and being situated within the Wm. Atkins Survey, Abstract No. 3 and the Jno. Corner Survey, Abstract No. 8, Montgomery County, Texas, as hereinafter more particularly described as follows:

TRACT # 1

Beginning at a point in the most southerly southeast corner of the C. E. Stanley 887.45 (called) acre tract and the southwest corner of the S. W. Bilsing 479.00 (called) acre tract;

Thence N. 44° 01' E. along a southeast boundary line of said C. E. Stanley tract and the northwest

boundary line of said S. W. Bilsing tract a distance of 653.00 feet to point for corner;

Thence N. 45° 53' E. continuing along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract a distance of 913.30 feet to point for corner;

Thence N. 46° 26' E. continuing along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract a distance of 1,136.22 feet to point for corner, said point being the place of beginning of the following described tract of land, said point also being on contour 207.00;

Thence along contour 207.00 as follows:

Thence	Direction	Distance	Unit
"	N. 62° 17' W.	8.70	feet
"	N. 84° 03' W.	145.27	"
"	S. 73° 58' W.	166.84	"
"	S. 84° 42' W.	141.91	"
"	S. 62° 24' W.	108.43	"
"	S. 58° 45' W.	59.30	"
"	N. 62° 46' W.	123.38	"
"	S. 87° 00' W.	108.91	"
"	N. 00° 45' E.	85.18	"
"	N. 07° 00' E.	213.57	"
"	N. 12° 38' W.	103.38	"
"	N. 68° 35' W.	220.80	"
"	N. 78° 04' W.	126.00	"
"	S. 89° 27' W.	142.62	"
"	S. 70° 48' W.	176.15	"
"	S. 58° 55' W.	154.81	"
"	S. 85° 30' W.	103.33	"
"	S. 88° 42' W.	169.13	"
"	S. 58° 11' W.	119.22	"
"	S. 84° 06' W.	45.91	"
"	N. 38° 31' W.	653.55	"
"	N. 18° 34' W.	117.21	"
"	N. 57° 59' W.	77.02	"
"	N. 70° 05' W.	162.99	"
"	N. 63° 15' W.	92.63	"
"	N. 81° 10' W.	145.16	"

Thence N. 63° 41' W. continuing along contour 207.00 a distance of 144.63 feet to point for corner, said point being in the west boundary line of said C. E. Stanley tract;

Thence N. 09° 46' W. along the west boundary line of said C. E. Stanley tract a distance of 151.46 feet to point for corner, said point being on contour 201.00;

Thence along contour 201.00 as follows:

Thence	S. 53° 19' E.	150.79	feet
"	S. 51° 51' E.	96.90	"
"	S. 65° 47' E.	103.05	"
"	S. 68° 43' E.	420.50	"
"	S. 52° 13' E.	71.28	"
"	S. 15° 55' E.	237.73	"
"	S. 36° 59' E.	225.10	"
"	S. 47° 21' E.	110.36	"
"	N. 79° 40' E.	174.20	"
"	N. 75° 12' E.	127.04	"
"	N. 82° 10' E.	89.10	"
"	S. 80° 58' E.	52.10	"
"	N. 77° 05' E.	292.88	"
"	N. 83° 30' E.	122.92	"
"	S. 80° 25' E.	81.82	"
"	S. 76° 50' E.	279.35	"
"	S. 48° 29' E.	102.32	"
"	S. 20° 10' E.	141.07	"
"	S. 29° 38' E.	133.70	"
"	S. 18° 57' E.	93.82	"
"	N. 68° 24' E.	104.43	"
"	N. 85° 04' E.	205.36	"
"	N. 86° 43' E.	129.26	"
"	S. 82° 34' E.	216.68	"

Thence S. 70° 05' E. continuing along contour 201.00 a distance of 15.39 feet to point for corner, said point being in a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said Mrs. S. W. Bilsing tract;

Thence S. 46° 26' W. along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said Mrs. S. W. Bilsing tract a distance of 58.05 feet to the place of beginning containing 6.93 acres of land, more or less.

TRACT # 2

Beginning at a point in the west boundary line of the C. E. Stanley 887.45 (called) acre tract and the east boundary line of the Clara B. Stewart Est. 564.60 (called) acre tract, said point being N. 09° 16' W. a distance of 998.63 feet from the most northerly northwest corner of Tract No. 1 described above, said point also being on contour 201.00, said point also being the place of beginning of the following described tract;

Thence N. 9° 21' W. along the west boundary line of said C. E. Stanley tract and the east boundary line of said Clara B. Stewart Est. tract a distance of 202.18 feet to point for corner, said point being on contour 207.00;

Thence along contour 207.00 as follows:

Thence	S. 69° 30' E.	2.89	feet
"	S. 82° 00' E.	219.74	"
"	S. 89° 36' E.	172.15	"
"	S. 76° 02' E.	236.02	"

Thence			Feet
"	S. 00° 10' E.	62.04	"
"	S. 31° 43' E.	172.03	"
"	S. 70° 43' E.	256.67	"
"	N. 89° 06' E.	116.78	"
"	N. 34° 53' W.	139.35	"
"	N. 65° 03' W.	102.13	"
"	N. 44° 06' E.	114.04	"
"	S. 84° 49' E.	149.77	"
"	N. 80° 43' E.	85.65	"
"	N. 64° 40' E.	276.32	"
"	N. 71° 38' E.	181.83	"
"	N. 26° 54' E.	150.00	"
"	N. 03° 07' E.	113.66	"
"	N. 09° 15' W.	224.33	"
"	N. 19° 42' W.	173.82	"
"	N. 42° 53' W.	151.07	"
"	N. 54° 39' W.	173.65	"
"	N. 38° 37' W.	123.82	"
"	N. 25° 37' W.	201.43	"
"	N. 46° 14' W.	173.64	"
"	N. 71° 33' W.	100.44	"
"	N. 86° 06' W.	101.58	"
"	S. 68° 06' W.	114.30	"
"	S. 54° 41' W.	342.55	"
"	S. 70° 06' W.	130.54	"
"	N. 88° 50' W.	150.11	"
"	N. 58° 26' W.	115.55	"
"	N. 27° 36' W.	98.75	"
"	N. 13° 47' W.	481.00	"
"	N. 30° 43' W.	173.42	"

Thence N. 45° 55' W. continuing along contour 207.00 a distance of 288.80 feet to point for corner, said point being in the west boundary line of said C. E. Stanley tract and the east boundary line of said Clara B. Stewart Est. tract;

Thence N. 09° 21' W. along the west boundary line of said C. E. Stanley tract a distance of 208.04 feet to point for corner, said point being on contour 201.00;

Thence along contour 201.00 as follows:

Thence			feet
"	S. 47° 15' E.	135.32	"
"	S. 42° 52' E.	116.65	"
"	S. 37° 33' E.	177.97	"
"	S. 32° 04' E.	145.40	"
"	S. 27° 26' E.	87.12	"
"	S. 19° 44' E.	258.98	"
"	S. 10° 11' E.	137.00	"
"	S. 12° 23' E.	73.30	"
"	S. 36° 37' E.	60.60	"
"	S. 71° 23' E.	133.70	"
"	N. 81° 53' E.	129.10	"
"	N. 56° 02' E.	348.40	"
"	N. 70° 09' E.	139.80	"
"	S. 81° 44' E.	158.63	"
"	S. 64° 12' E.	121.35	"
"	S. 42° 15' E.	164.06	"
"	S. 30° 42' E.	223.45	"
"	S. 43° 52' E.	360.12	"
"	S. 28° 28' E.	152.82	"
"	S. 14° 39' E.	383.16	"
"	S. 05° 10' E.	184.62	"

Thence	S. 22° 09' W.	124.87	feet
"	S. 52° 28' W.	169.52	"
"	S. 63° 32' W.	362.72	"
"	S. 13° 17' W.	114.46	"
"	S. 23° 55' W.	129.38	"
"	S. 80° 02' W.	156.80	"
"	N. 69° 31' W.	481.65	"
"	N. 50° 31' W.	178.54	"
"	N. 25° 04' W.	62.22	"
"	S. 72° 44' W.	86.90	"
"	N. 82° 20' W.	235.37	"

Thence N. 79° 46' W. continuing along contour 201.00 a distance of 161.65 feet to the place of beginning containing 16.64 acres of land, more or less.

Tract #3.

Beginning at a point in the most easterly southeast corner of the C. E. Stanley 887.45 (called) acre tract;

Thence S. 45° 57' W. along a southeast boundary line of said C. E. Stanley tract and a northwest boundary line of the Dan H. Madeley tract a distance of 995.24 feet to point for corner;

Thence S. 00° 31' W. along an east boundary line of said C. E. Stanley tract and a west boundary line of said Dan H. Madeley tract a distance of 21.97 feet to point for corner, said point being the place of beginning of the following described tract, said point also being on contour 207.00;

Thence S. 00° 31' W. continuing along said east boundary line of said C. E. Stanley tract a distance of 140.00 feet to point for corner, said point being on contour 201.00;

Thence along contour 201.00 as follows:

Thence	N. 64° 50' W.	115.05	feet
"	N. 56° 44' W.	178.35	"
"	N. 60° 44' W.	141.88	"
"	N. 67° 44' W.	101.45	"
"	N. 58° 04' W.	187.52	"
"	N. 46° 52' W.	166.10	"
"	N. 63° 41' W.	183.03	"
"	N. 83° 18' W.	408.78	"
"	S. 33° 50' W.	84.23	"
"	S. 20° 49' W.	79.85	"
"	S. 04° 11' W.	62.31	"
"	S. 06° 55' E.	114.05	"
"	S. 56° 59' E.	66.20	"
"	S. 33° 36' E.	93.55	"
"	S. 21° 26' E.	233.35	"
"	S. 51° 44' W.	134.50	"
"	N. 74° 43' W.	120.37	"
"	S. 34° 03' W.	136.40	"

Thence			feet
"	S. 11° 10' E.	176.78	"
"	S. 73° 05' W.	88.20	"
"	N. 69° 12' W.	105.73	"
"	S. 69° 17' W.	77.15	"
"	N. 75° 02' W.	80.80	"
"	N. 17° 43' W.	146.80	"
"	N. 42° 10' W.	61.40	"
"	N. 47° 36' W.	73.60	"
"	N. 58° 26' W.	42.70	"
"	N. 31° 35' W.	119.84	"
"	N. 71° 31' W.	77.50	"
"	N. 84° 41' W.	194.78	"
"	N. 36° 15' W.	169.20	"
"	N. 05° 06' W.	99.74	"
"	N. 26° 51' E.	105.36	"
"	N. 07° 22' E.	150.00	"
"	N. 47° 51' E.	193.00	"
"	N. 25° 55' E.	190.78	"
"	N. 12° 58' E.	206.78	"
"	N. 04° 25' W.	99.60	"
"	N. 35° 06' W.	94.52	"
"	N. 23° 37' W.	76.31	"
"	S. 04° 56' E.	80.18	"
"	S. 26° 33' E.	98.44	"
"	S. 29° 17' W.	135.80	"
"	S. 44° 20' W.	368.05	"
"	S. 54° 44' W.	176.70	"
"	S. 76° 58' W.	101.10	"
"	S. 68° 13' W.	173.75	"
"	N. 86° 07' W.	139.70	"
"	N. 18° 47' W.	127.78	"
"	N. 21° 32' W.	143.50	"
"	N. 12° 45' W.	169.58	"
"	N. 43° 58' W.	144.50	"
"	S. 81° 18' W.	142.10	"
"	N. 53° 46' W.	246.55	"
"	N. 24° 16' W.	159.50	"
"	N. 12° 55' W.	80.10	"
"	N. 58° 36' W.	91.25	"
"	N. 68° 33' W.	147.55	"
"	N. 54° 14' W.	78.30	"
"	N. 42° 44' W.	89.30	"
"	N. 27° 26' E.	70.36	"
"	N. 02° 51' E.	69.38	"
"	N. 16° 23' E.	154.68	"
"	N. 18° 31' E.	138.78	"
"	N. 40° 36' E.	51.80	"
"	N. 25° 24' W.	35.65	"
"	N. 65° 04' W.	83.92	"
"	N. 60° 12' W.	80.90	"
"	N. 50° 57' W.	61.57	"
"	N. 61° 07' W.	63.84	"
"	S. 81° 35' W.	187.18	"
"	S. 89° 39' W.	121.95	"
"	S. 79° 36' W.	95.82	"
"	N. 81° 17' W.	72.28	"
"	N. 59° 02' W.	132.30	"
"	S. 86° 07' W.	144.75	"
"	N. 89° 42' W.	100.05	"
"	N. 48° 48' W.	58.65	"
"	N. 04° 55' E.	37.70	"

Thence	N. 55° 56' E.	65.77	feet
"	N. 27° 35' W.	39.20	"
"	N. 75° 38' W.	85.65	"
"	N. 43° 24' W.	111.46	"
"	N. 16° 31' W.	88.50	"
"	N. 13° 21' W.	86.37	"
"	N. 29° 39' W.	94.79	"
"	N. 43° 29' W.	69.38	"
"	N. 53° 21' W.	106.56	"
"	N. 58° 49' W.	108.41	"
"	S. 26° 32' W.	52.06	"
"	S. 78° 08' W.	38.06	"
"	N. 72° 11' W.	84.75	"
"	N. 36° 25' W.	71.62	"
"	N. 55° 15' W.	127.13	"
"	N. 60° 59' W.	89.67	"
"	N. 25° 06' W.	77.60	"
"	N. 11° 53' E.	86.70	"
"	N. 25° 50' W.	162.28	"
"	S. 78° 15' W.	66.09	"
"	S. 54° 44' W.	77.07	"
"	N. 66° 41' W.	89.00	"
"	N. 69° 11' W.	177.13	"
"	N. 78° 22' W.	115.55	"
"	N. 83° 37' W.	119.57	"

Thence N. 27° 09' W. continuing along contour 201.00 a distance of 346.41 feet to point for corner, said point being in the north boundary line of said C. E. Stanley tract and the south boundary line of the W. J. Smith 600.00 (called) acre tract;

Thence S. 87° 58' E. along said north boundary line of said C. E. Stanley tract and the south boundary line of said W. J. Smith tract a distance of 213.85 feet to point for corner, said point being on contour 207.00;

Thence along contour 207.00 as follows:

Thence	S. 05° 45' W.	181.40	feet
"	S. 77° 04' E.	71.02	"
"	N. 43° 13' E.	116.18	"
"	S. 77° 42' E.	146.32	"
"	S. 69° 44' E.	115.55	"
"	N. 82° 21' E.	212.05	"
"	N. 58° 11' E.	100.52	"
"	N. 37° 08' E.	105.85	"
"	S. 08° 30' W.	91.10	"
"	S. 20° 39' E.	82.55	"
"	S. 37° 54' E.	103.07	"
"	S. 56° 36' E.	142.96	"
"	S. 52° 56' E.	92.51	"
"	S. 46° 49' E.	75.34	"
"	S. 08° 15' E.	77.23	"
"	S. 24° 42' W.	105.74	"
"	S. 30° 45' E.	87.16	"
"	S. 46° 59' E.	59.70	"
"	S. 59° 09' E.	105.04	"
"	S. 43° 06' E.	116.90	"
"	S. 34° 08' E.	120.18	"
"	S. 15° 39' E.	148.51	"
"	S. 30° 50' E.	96.10	"

Thence	N. 83° 42' E.	62.33	feet
"	N. 51° 28' E.	67.22	"
"	N. 25° 23' E.	85.80	"
"	N. 86° 30' E.	33.55	"
"	S. 11° 14' W.	77.92	"
"	S. 09° 15' E.	79.11	"
"	S. 36° 29' E.	93.08	"
"	N. 77° 00' E.	218.40	"
"	N. 67° 45' E.	116.20	"
"	N. 80° 13' E.	106.62	"
"	S. 88° 39' E.	127.73	"
"	S. 84° 30' E.	116.40	"
"	S. 35° 50' E.	202.98	"
"	S. 62° 59' E.	144.17	"
"	N. 54° 06' E.	93.88	"
"	S. 85° 40' E.	87.12	"
"	S. 69° 35' E.	71.57	"
"	S. 32° 29' E.	109.78	"
"	S. 10° 57' E.	134.60	"
"	S. 45° 24' W.	150.32	"
"	S. 00° 56' E.	152.80	"
"	N. 80° 21' E.	104.67	"
"	N. 87° 32' E.	97.96	"
"	S. 70° 06' E.	63.55	"
"	S. 15° 25' W.	73.90	"
"	S. 83° 28' W.	91.52	"
"	S. 12° 41' E.	204.25	"
"	S. 05° 32' E.	159.97	"
"	S. 33° 28' W.	109.75	"
"	S. 65° 04' E.	95.90	"
"	N. 38° 53' E.	79.60	"
"	N. 81° 22' E.	135.14	"
"	S. 79° 56' E.	100.70	"
"	S. 60° 15' E.	152.47	"
"	N. 07° 10' W.	164.55	"
"	N. 65° 53' E.	145.56	"
"	S. 21° 01' E.	140.61	"
"	S. 68° 39' E.	217.51	"
"	N. 04° 42' W.	73.70	"
"	N. 32° 43' W.	118.21	"
"	N. 13° 28' W.	210.86	"
"	N. 11° 37' E.	122.02	"
"	N. 88° 13' E.	108.23	"
"	S. 73° 47' E.	148.68	"
"	S. 05° 09' W.	73.58	"
"	S. 80° 26' E.	160.22	"
"	S. 60° 25' E.	141.71	"
"	S. 42° 33' E.	164.57	"
"	S. 74° 10' E.	85.73	"
"	N. 74° 11' E.	136.33	"
"	S. 59° 44' E.	153.20	"
"	S. 71° 10' E.	177.92	"
"	S. 62° 13' E.	110.53	"
"	S. 42° 59' E.	231.77	"
"	S. 65° 33' E.	402.90	"
"	S. 38° 46' E.	194.30	"
"	S. 50° 34' E.	524.94	"
"	S. 44° 12' E.	322.91	"

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Thence S. 59° 57' E. continuing along contour
207.00 a distance of 137.14 feet to the place
of beginning containing 92.66 acres of land,
more or less.

It is understood and agreed by GRANTOR and GRANTEE that whether specifically described above or not, this conveyance of easement covers all land below elevation 207.00 feet, mean sea level, and all of the land on any island or islands created by the inundation, by water, of the land owned by GRANTOR in the survey or surveys above referred to, and no further claim shall be made for payment for land situated below said elevation 207.00 feet, mean sea level, contour and such islands as may be created.

The permanent easement rights herein granted are for the following uses and purposes, to-wit;

(a) The right to overflow, flood or cover such land, at any time or times hereafter, with floodwater, slack water or back-water created by the construction, maintenance and operation by GRANTEE of a dam, and the reservoir for the storage of water created by the construction of such dam with all appurtenant works, across the San Jacinto River in Montgomery County, Texas;

(b) The right to enter upon said land, at any time or times hereafter, and clear, destroy or dispose of any timber, brush, obstruction, accumulation, trash, filth or any other thing which would in any way interfere with the construction, maintenance and operation of such dam and reservoir or tend to render the same inaccessible, unsafe or unsanitary;

(c) The right to enter upon said land, at any time or times hereafter, and do whatever is reasonably necessary in the sole discretion of GRANTEE, to prevent the draining or dumping of refuse, sewage or other material into such reservoir and to carry out an effective program of pollution control; and ,

(d) The right to prevent the construction of or to remove any building, structure, improvement or any other thing located or to be located on such land, the erection or construction of which has not been approved under the terms of this instrument.

It is understood and agreed by GRANTOR and GRANTEE that no building, wharf, pier or structure of any kind shall hereafter be erected, placed or constructed on the above-described land, nor any excavation made thereon or therein, by GRANTOR without the written consent of GRANTEE, and it is further agreed that this covenant shall attach to and run with the land. It is further understood and agreed by GRANTOR and GRANTEE that certain buildings, excavations and other structures will be approved by GRANTEE if, in the sole discretion of GRANTEE, the construction of same would not in any way interfere with the construction, maintenance or operation of such dam or reservoir or tend to render the same or any other properties inaccessible, unsafe, or unsanitary. GRANTEE will issue rules and regulations regarding the approved type of buildings, excavations and other structures that may be permitted, and said rules and regulations that apply under this agreement will be the same as applied generally to other areas around the reservoir between the 201.00 and 207.00 elevation.

TO HAVE AND TO HOLD the above-described property and rights, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said GRANTEE, its successors and assigns, forever; and GRANTOR does hereby bind themselves, their heirs, executors, administrators, successors and assigns, to WARRANT and FOREVER DEFEND, all and singular, the said property and rights unto the said GRANTEE, its successors and assigns, against every person whomsöever lawfully claiming

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or to claim the same or any part thereof.

Except as herein expressly prohibited, GRANTOR shall have the right to use the above-described land jointly with GRANTEE as set forth herein, but it is especially understood and agreed that GRANTOR assumes all risks of loss or damage to GRANTOR's crops, structures or property thereon in any way arising or resulting from the construction, maintenance or operation of the above-mentioned dam and reservoir

This conveyance is made to consummate a negotiated disposition of the above described property and rights in lieu of condemnation proceedings and the consideration paid to GRANTOR includes and covers all damages and claims which GRANTOR might have asserted in condemnation proceedings.

EXECUTED this 22nd day of July 1969


C. E. STANLEY


LILLIAN V. STANLEY


JAMES V. BLACKLOCK


MORIEL STANLEY BLACKLOCK

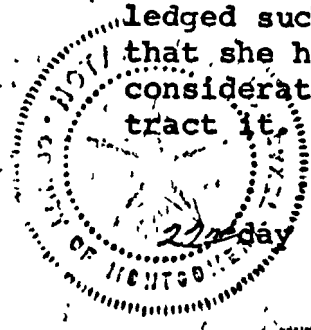
6

STATE OF TEXAS

VOL 690 PAGE 496

COUNTY OF MONTGOMERY

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared JAMES V. BLACKLOCK and MORIEL STANLEY BLACKLOCK, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said MORIEL STANLEY BLACKLOCK, wife of the said JAMES V. BLACKLOCK, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said MORIEL STANLEY BLACKLOCK acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.



GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 22nd day of July, A. D. 1969.

Harold E. Barrett
 Notary Public in and for
 Montgomery County, Texas

STATE OF TEXAS

COUNTY OF MONTGOMERY

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared C. E. STANLEY and LILLIAN V. STANLEY, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said LILLIAN V. STANLEY, wife of the said C. E. STANLEY, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said LILLIAN V. STANLEY acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.



GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 22nd day of July, A. D. 1969

Harold E. Barrett
 Notary Public in and for
 Montgomery County, Texas

FILED FOR RECORD
 AT 4 O'CLOCK P. M.

AUG 4 1969

ROY HARRIS, Clerk
 County Court, Montgomery Co., Tex.
 By *W. W. Harrison* Deputy

234703

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DEEDS

THE STATE OF TEXAS }
 } }
COUNTY OF MONTGOMERY }

GENERAL WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS:

THAT we, C. E. STANLEY, and wife LILLIAN V. STANLEY, JAMES V. BLACKLOCK, and wife MORIEL STANLEY BLACKLOCK, of the County of Montgomery, State of Texas, will hereinafter be designated as "GRANTOR", whether one or more and to include both the singular and the plural.

THAT, SAN JACINTO RIVER AUTHORITY, a body politic and corporate existing under and by virtue of the laws of the State of Texas, and having its principal offices in Conroe, Montgomery County, Texas, will hereinafter be designated as "GRANTEE".

THAT in consideration of the sum of TEN and NO/100 DOLLARS (\$10.00) and other good, valuable and sufficient consideration, this day in cash paid to GRANTOR by GRANTEE, the receipt and sufficiency of which is hereby acknowledged, and for which no lien, either express or implied, is retained or shall exist.

GRANTOR has GRANTED, BARGAINED, SOLD and CONVEYED, and by these presents does GRANT, BARGAIN, SELL and CONVEY unto GRANTEE the fee simple title to the tracts or parcels of land, together with all improvements thereon, lying and being situated within the Wm. Atkins Survey, Abstract No. A-3, and the Jno. Corner Survey, Abstract No. A-8, Montgomery County, Texas, as hereinafter more particularly described as follows:

Beginning at a point in the most southerly southeast corner of the C. E. Stanley 887.45 (called) acre tract and the southwest corner of the S. W. Bilsing 479.00 (called) acre tract;

Thence N. 44° 01' E. along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract a distance of 653.00 feet to point for corner;

Thence N. 45° 53' E. continuing along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract a distance of 913.30 feet to point for corner;

Thence N. 46° 26' E. continuing along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract a distance of 1,194.27 feet to point for corner, said point being the place of beginning of the following described tract of land, said point also being on contour 201.0;

Thence along contour 201.0 as follows:

Thence	Direction	Distance	Unit
	N. 70° 05' W.	15.39	feet
"	N. 82° 34' W.	216.68	"
"	S. 86° 43' W.	129.26	"
"	S. 85° 04' W.	205.36	"
"	S. 68° 24' W.	104.43	"
"	N. 18° 57' W.	93.82	"
"	N. 29° 38' W.	133.70	"
"	N. 20° 10' W.	141.07	"
"	N. 48° 29' W.	102.32	"
"	N. 76° 50' W.	279.35	"
"	N. 80° 25' W.	81.82	"
"	S. 83° 30' W.	122.92	"
"	S. 77° 05' W.	292.88	"
"	N. 80° 58' W.	52.10	"
"	S. 82° 10' W.	89.10	"
"	S. 75° 12' W.	127.04	"
"	S. 79° 40' W.	174.20	"
"	N. 47° 21' W.	110.36	"
"	N. 36° 59' W.	225.10	"
"	N. 15° 55' W.	237.73	"
"	N. 52° 13' W.	71.28	"
"	N. 68° 43' W.	420.50	"
"	N. 65° 47' W.	103.05	"
"	N. 51° 51' W.	96.90	"

Thence N. 53° 19' W. continuing along contour 201.0 a distance of 150.79 feet to point for corner, said point being in the west boundary line of said C. E. Stanley tract and the east boundary line of the Clara B. Stewart Est. 564.60 (called) acre tract;

Thence N. 9° 21' W. along the west boundary line of said C. E. Stanley tract and the east boundary line of said Clara B. Stewart Est. tract, and along the fence thereon a distance of 356.13 feet to point for corner;

Thence N. 9° 14' W. continuing along the west boundary line of said C. E. Stanley tract and the east boundary line of said Clara B. Stewart Est. tract and along the fence thereon a distance of 642.50 feet to point for corner, said point being on contour 201.00;

Thence along contour 201.0 as follows:

Thence	S.	79° 46' E.	161.65	feet
"	S.	82° 20' E.	235.37	"
"	N.	72° 44' E.	86.90	"
"	S.	25° 04' E.	62.22	"
"	S.	50° 31' E.	178.54	"
"	S.	69° 31' E.	481.65	"
"	N.	80° 02' E.	156.80	"
"	N.	23° 55' E.	129.38	"
"	N.	13° 17' W.	114.46	"
"	N.	63° 32' E.	362.72	"
"	N.	52° 28' E.	169.52	"
"	N.	22° 09' E.	124.87	"
"	N.	5° 10' W.	184.62	"
"	N.	14° 39' W.	383.16	"
"	N.	28° 28' W.	152.82	"
"	N.	43° 52' W.	360.12	"
"	N.	30° 42' W.	223.45	"
"	N.	42° 15' W.	164.06	"
"	N.	64° 12' W.	121.35	"
"	N.	81° 44' W.	158.63	"
"	S.	70° 09' W.	139.80	"
"	S.	56° 02' W.	348.4040	"
"	S.	81° 53' W.	129.10	"
"	N.	71° 23' W.	133.70	"
"	N.	36° 37' W.	60.60	"
"	N.	12° 23' W.	73.30	"
"	N.	10° 11' W.	137.00	"
"	N.	19° 44' W.	258.98	"
"	N.	27° 26' W.	87.12	"
"	N.	32° 04' W.	145.40	"
"	N.	37° 33' W.	177.97	"
"	N.	42° 52' W.	116.65	"

Thence N. 47° 15' W. continuing along contour 201.0 a distance of 135.32 feet to point for corner, said point being in the west boundary line of said Clara B. Stewart Est. tract;

Thence N. 9° 21' W. along the west boundary line of said C. E. Stanley tract and the east boundary line of said Clara B. Stewart Est. tract and along the fence thereon a distance of 1,842.84 feet to point for corner, said point being the northwest corner of said C. E. Stanley Tract, said point also being in the south boundary line of the Wesley J. Smith Hrs. 600.00 (called) acre tract;

Thence S. 86° 45' E. along the north boundary line of said C. E. Stanley tract and the south boundary line of said Wesley J. Smith Hrs. tract, and along the fence thereon a distance of 78.18 feet to point for corner, said point being on contour 201.0;

Thence along contour 201.0 as follows:

Thence	S. 24° 54' W.	53.66	feet
"	S. 28° 32' E.	66.22	"
"	N. 76° 20' E.	56.40	"

Thence N. 40° 10' E. continuing along contour 201.0 a distance of 111.90 feet to point for corner, said point being in the north boundary line of said C. E. Stanley tract and the south boundary line of said Wesley J. Smith Hrs. tract;

Thence S. 86° 45' E. along the north boundary line of said C. E. Stanley tract and the south boundary line of said Wesley J. Smith Hrs. tract, and along the fence thereon a distance of 37.49 feet to point for corner, said point being on contour 201.0;

Thence along contour 201.0 as follows:

Thence	S. 27° 09' E.	346.41	feet
"	S. 83° 37' E.	119.57	"
"	S. 78° 22' E.	115.55	"
"	S. 69° 11' E.	177.13	"
"	S. 66° 41' E.	89.00	"
"	N. 54° 44' E.	77.07	"
"	N. 78° 15' E.	66.09	"
"	S. 25° 50' E.	162.28	"
"	S. 11° 53' W.	86.70	"
"	S. 25° 06' E.	77.60	"
"	S. 60° 59' E.	89.67	"
"	S. 55° 15' E.	127.13	"
"	S. 36° 25' E.	71.62	"
"	S. 72° 11' E.	84.75	"
"	N. 78° 08' E.	38.06	"
"	N. 26° 32' E.	52.06	"
"	S. 58° 49' E.	108.41	"
"	S. 53° 21' E.	106.56	"
"	S. 43° 29' E.	69.38	"
"	S. 29° 39' E.	94.79	"
"	S. 13° 21' E.	86.37	"
"	S. 16° 31' E.	88.50	"
"	S. 43° 24' E.	111.46	"
"	S. 75° 38' E.	85.65	"
"	S. 27° 35' E.	39.20	"
"	S. 55° 56' W.	65.77	"
"	S. 4° 55' W.	37.70	"
"	S. 48° 48' E.	58.65	"
"	S. 89° 42' E.	100.05	"
"	N. 86° 07' E.	144.75	"
"	S. 59° 02' E.	132.30	"
"	S. 81° 17' E.	72.28	"
"	N. 79° 36' E.	95.82	"
"	N. 89° 39' E.	121.95	"

Thence	N.	81° 35'	E.	187.18	Feet
"	S.	61° 07'	E.	63.84	"
"	S.	50° 57'	E.	61.57	"
"	S.	60° 12'	E.	80.90	"
"	S.	65° 04'	E.	83.92	"
"	S.	25° 24'	E.	35.65	"
"	S.	40° 36'	W.	51.80	"
"	S.	18° 31'	W.	138.78	"
"	S.	16° 23'	W.	154.68	"
"	S.	2° 51'	W.	69.38	"
"	S.	27° 26'	W.	70.36	"
"	S.	42° 44'	E.	89.30	"
"	S.	54° 14'	E.	78.30	"
"	S.	68° 33'	E.	147.55	"
"	S.	58° 36'	E.	91.25	"
"	S.	12° 55'	E.	80.10	"
"	S.	24° 16'	E.	159.50	"
"	S.	53° 46'	E.	246.55	"
"	N.	81° 18'	E.	142.10	"
"	S.	43° 58'	E.	144.50	"
"	S.	12° 45'	E.	169.58	"
"	S.	21° 32'	E.	143.50	"
"	S.	18° 47'	E.	127.78	"
"	S.	86° 07'	E.	139.70	"
"	N.	68° 13'	E.	173.75	"
"	N.	76° 58'	E.	101.10	"
"	N.	54° 44'	E.	176.70	"
"	N.	44° 20'	E.	368.05	"
"	N.	29° 17'	E.	135.80	"
"	N.	26° 33'	W.	98.44	"
"	N.	4° 56'	W.	80.18	"
"	S.	23° 37'	E.	76.31	"
"	S.	35° 06'	E.	94.52	"
"	S.	4° 25'	E.	99.60	"
"	S.	12° 58'	W.	206.78	"
"	S.	25° 55'	W.	190.78	"
"	S.	47° 51'	W.	193.00	"
"	S.	7° 22'	W.	150.00	"
"	S.	26° 51'	W.	105.36	"
"	S.	5° 06'	E.	99.74	"
"	S.	36° 15'	E.	169.20	"
"	S.	84° 41'	E.	194.78	"
"	S.	71° 31'	E.	77.50	"
"	S.	31° 35'	E.	119.84	"
"	S.	58° 26'	E.	42.70	"
"	S.	47° 36'	E.	73.60	"
"	S.	42° 10'	E.	61.40	"
"	S.	17° 43'	E.	146.80	"
"	S.	75° 02'	E.	80.80	"
"	N.	69° 17'	E.	77.15	"
"	S.	69° 12'	E.	105.73	"
"	N.	73° 05'	E.	88.20	"
"	N.	11° 10'	W.	116.78	"
"	N.	34° 03'	E.	136.40	"
"	S.	74° 43'	E.	120.37	"
"	N.	51° 44'	E.	134.50	"
"	N.	21° 26'	W.	233.35	"
"	N.	36° 33'	W.	93.55	"
"	N.	56° 59'	W.	66.20	"
"	N.	6° 55'	W.	114.05	"
"	N.	4° 11'	E.	62.31	"
"	N.	20° 49'	E.	79.85	"

Thence	N. 33° 50' E.	84.23	feet
"	S. 83° 18' E.	408.78	"
"	S. 63° 41' E.	183.03	"
"	S. 46° 52' E.	166.10	"
"	S. 58° 04' E.	187.52	"
"	S. 67° 44' E.	101.45	"
"	S. 60° 44' E.	141.88	"
"	S. 56° 44' E.	178.35	"

Thence S. 64° 50' E. continuing along contour 201.0 a distance of 115.05 feet to point for corner, said point being in an east boundary line of said C. E. Stanley tract and a west boundary line of the Dan H. Madeley 3,562.43 (called) acre tract, said point also being S. 0° 31' W. a distance of 161.97 feet from a northwest corner of said Dan H. Madeley tract;

Thence S. 0° 02' E. along an east boundary line of said C. E. Stanley tract and a west boundary line of said Dan H. Madeley tract, and along the fence thereon a distance of 1,282.20 feet to point for corner, said point being in the north boundary line of said S. W. Bilsing tract;

Thence N. 74° 51' W. along a south boundary line of said C. E. Stanley tract and the north boundary line of said S. W. Bilsing tract, and along the fence thereon, a distance of 538.61 feet to point for corner;

Thence N. 73° 55' W. continuing along a south boundary line of said C. E. Stanley tract and the north boundary line of said S. W. Bilsing tract, and along the fence thereon, a distance of 673.62 feet to point for corner;

Thence S. 46° 42' W. along a southeast Boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract, and along the fence thereon, a distance of 1,015.85 feet to point for corner;

Thence S. 45° 21' W. continuing along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract and along the fence thereon, a distance of 619.35 feet to point for corner;

Thence S. 46° 40' W. continuing along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract a distance of 388.50 feet to point for corner;

Thence S. 46° 26' W. continuing along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract, and along the fence thereon, a distance of 382.13 feet to the place of beginning containing 386.68 acres of land, more or less.

It is especially understood and agreed that while there are not conveyed and there are not included within the foregoing description of the lands hereby conveyed certain gullies, low areas, arms or inlets which extend inwardly from the lands conveyed hereby back into the remaining lands of GRANTOR not conveyed hereby; that is, while it appears from the foregoing field notes that the boundary separating the lands hereby conveyed from the GRANTOR'S remaining lands not hereby conveyed, is in general along the 201.0 contour above mean sea level, there are certain points at which instead of following such contour toward the source or upper end of such gullies, low areas, arms or inlets, the boundary or "severance" line extends across such gullies, low areas, arms, or inlets. A consideration of this conveyance and of the purchase by the GRANTEE evidenced hereby is that the GRANTEE shall have the right and authority and a permanent easement to overflow, flood and back water from a reservoir to be constructed by GRANTEE into said gullies, low areas, arms or inlets. Development for and production of oil, gas or other minerals upon and under the inundated portions of such gullies, low areas, arms and inlets shall be subject to the same provisions with reference to the manner of drilling, exploration and production as is provided herein for the surface of such lands hereby conveyed.

There is reserved from the conveyance hereby made all of the timber on the above described lands which is removed therefrom by GRANTOR within a period of three (3) months from date of execution of this deed; provided nevertheless, that the within and foregoing reserved estate in the timber, whether cut or uncut, shall absolutely cease and terminate as to all of such timber which is not removed from said lands within the time above

provided; and by virtue of this conveyance the title to any of the timber not removed within such time shall at the expiration of such time vest in GRANTEE.

There is also reserved from the conveyance hereby made all the oil, gas and other minerals underneath or underlying the lands hereby conveyed, subject and subordinate however to the right of GRANTEE to construct, maintain and operate on and over the above-described lands, or adjacent thereto, a reservoir for impounding water; provided, further, that GRANTOR, their heirs, successors and assigns shall not have the right by virtue of this reservation to drill upon or explore for, develop or produce any oil, gas or other minerals on or above the surface of the lands hereby conveyed. In the event GRANTOR, their heirs, successors and assigns, desire to undertake angle or directional drilling upon any lands other than the lands conveyed hereby, that are owned or retained by them, such drilling exploration and production shall be performed and conducted so as not to endanger, damage, contaminate or pollute the said reservoir or water supply created thereby. In such event, and during any such angle or directional drilling, exploration or production of oil, gas or other minerals, GRANTOR, their heirs, successors, and assigns shall dispose of any and all materials, waste matter, or otherwise so that it shall in no way drain off, flow into or be deposited, in any manner, into the said reservoir; and GRANTOR, their heirs, successors and assigns shall be liable in damages to GRANTEE for any pollution, damage or injury to the said reservoir and water supply created thereby resulting from the drilling, exploration or production of oil, gas or other minerals.

GRANTOR does hereby further grant and convey to GRANTEE, and GRANTEE, its agents and representatives, shall have along the entire border of the reservoir where it touches upon or abuts the retained or remaining lands of GRANTOR, their heirs, successors and assigns, and within the aforesaid gullies, low areas, arms or inlets, the right (but not the duty nor obligation) to enter upon any of said lands at any time or times hereafter to clear, remove, destroy or dispose of any trees, underbrush, trash, obstructions, debris or any other thing which would in any way pollute the said reservoir or interfere with the construction, maintenance and operation of the reservoir or tend to render the same inaccessible, unsafe or unsanitary; including the right, but not limited thereto, to prevent pollution or contamination of the said reservoir up to the level to which the waters thereof may actually from time to time wash or rise and the right to prevent the construction of or to remove any building, structure, improvement or any other thing located or to be located on said lands.

TO HAVE AND TO HOLD the above-described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said GRANTEE, its successors and assigns forever; and GRANTOR does hereby bind themselves, their heirs, assigns, successors, executors and administrators to WARRANT and FOREVER DEFEND, all and singular, the said premises unto the said GRANTEE, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof whatsoever.

This conveyance is made to consummate a negotiated sale of the above-described lands in lieu of condemnation proceedings and the consideration paid to GRANTOR includes and covers all damages

and claims which GRANTOR might have asserted in condemnation proceedings.

EXECUTED this 22nd day of July 1969

C. E. Stanley
C. E. STANLEY

Lillian V. Stanley
LILLIAN V. STANLEY

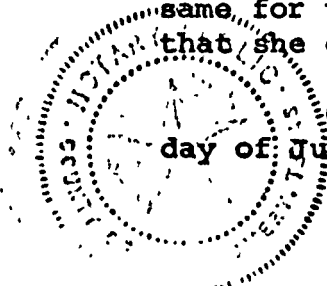
James V. Blacklock
JAMES V. BLACKLOCK

Moriel Stanley Blacklock
MORIEL STANLEY BLACKLOCK

STATE OF TEXAS X
 X
COUNTY OF MONTGOMERY X

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared C. E. STANLEY and LILLIAN V. STANLEY, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said LILLIAN V. STANLEY, wife of the said C. E. STANLEY, having been examined by me privily and apart from her husband, and having the same fully explained to her, she the said LILLIAN V. STANLEY acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 22nd day of July, A. D. 1969.



Harold E. Barrett
Notary Public in and for
Montgomery County, Texas

STATE OF TEXAS

X
X
X

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COUNTY OF MONTGOMERY

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared JAMES V. BLACKLOCK and MORIEL STANLEY BLACKLOCK, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said MORIEL STANLEY BLACKLOCK, wife of the said JAMES V. BLACKLOCK having been examined by me privily and apart from her husband, and having the same fully explained to her, she the said MORIEL STANLEY BLACKLOCK acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 22nd day of July, A. D. 1969.


Harold E. Barrett
Notary Public in and for
Montgomery County, Texas

FILED FOR RECORD
AT 4 O'CLOCK P. M.

AUG 4 1969

ROY HARRIS, Clerk
County Court, Montgomery Co., Tex.
By M. W. Wetherington Deputy

Item No.	Agenda Item	Date
11	Consider authorizing the General Manager to execute an Irrevocable Encroachment Agreement and a Revocable Encroachment Agreement with J Hoy Construction, LLC, on a San Jacinto River Authority permanent easement in the Del Lago Subdivision, John Corner Survey, A-08, Montgomery County, Texas	05/28/2026

BACKGROUND INFORMATION

Mr. Jeff Hoy, owner of J Hoy Construction, LLC requested permission for an Irrevocable Encroachment to construct a residence with fill on the San Jacinto River Authority's (SJRA's) permanent easement. The proposed Irrevocable Encroachment is in the Del Lago Subdivision, Section 03 Partial Replat, Block 01, Lot 01, Montgomery County, Texas.

Additionally, Mr. Hoy requested permission for a Revocable Encroachment to construct a pool, hardscape, and sidewalks as improvements on SJRA's permanent easement on the forementioned lot.

The proposed requests conform with the Easement and Encroachment Policy as amended at the July 24, 2025, Board of Directors meeting. Mr. Hoy has provided required documentation for the two requested encroachment agreements.

Applicant: J Hoy Construction, Jeff Hoy - Owner

Physical Address: 181 La Costa Dr Montgomery, TX 77356

Location: Del Lago Subdivision Section 03 Partial Replat, Block 01 Lot 01

Irrevocable and Revocable Easement Encroachment:

Total Irrevocable Easement Reimbursement Amount: \$ 2,970.00

Total Revocable Easement Reimbursement Amount: \$ 300.00

Total Amount of Reimbursement: \$ 3,270.00

** Because the applicant applied for an irrevocable easement and a revocable easement, staff time and resources included in the reimbursement amounts were applied only once for both applications.*

FUNDING SOURCE: N/A

ATTACHMENTS: Written Request by Applicant, Location Map, Survey, Site plan depicting encroachments, Easement

RECOMMENDED ACTION

Authorize the General Manager to execute an Irrevocable Encroachment Agreement and a Revocable Encroachment Agreement between the San Jacinto River Authority and J Hoy Construction, LLC, to encroach upon the San Jacinto River Authority's permanent easement in the Del Lago Subdivision, John Corner Survey, A-08, Montgomery, Texas.

J Hoy Construction LLC
Jefferey Hoy - Owner
13434 Greenbrier Dr Montgomery, TX 77356
j.hoy@hoyscapes.com
March 2, 2026

Mr. Aubrey A. Spear
General Manager
San Jacinto River Authority
PO Box 329
Conroe, Texas 77305

Re: Request to Purchase SJRA Property
Directly Behind 181 La Coast Dr Montgomery, TX 77356

Dear Mr. Spear,

I own the property at the above-mentioned address, being more specifically described by Del Lago Subdivision, Section 03 Partial Replat, Block 01 and Lot 01. There is a tract of land between our private property and the bulkhead that appears to be titled to the San Jacinto River Authority (the "Authority"). I am interested in purchasing the property.

I had a conversation with Meagan Lee, from your office, about what is involved in determining if the property is available for sale, the documents I need to provide and the potential expenses that the Authority may incur. I also spoke with Mrs. Lee about the additional improvements that would be placed to the permanent easement and am now aware that I will need a Revocable and Irrevocable Encroachment Agreement for these improvements. I am requesting permission to also build a residence on the property, pool with decking and additional walkways and sidewalks. Mrs. Lee has provided me with a copy of the Board resolution and policy for the purchase of the property and the Encroachment Policy.

Thank you for your favorable consideration, assistance and cooperation. My contact information is j.hoy@hoyscapes.com and 254-368-5221 should you need to contact me.

Sincerely,

J Hoy Construction LLC
Jeffrey Hoy



Enclosures:

1. Copy of Deed & Title Policy for Location

2. Copy of Planned/Existing Improvements
3. Boundary Survey for both Private & Authority Property
4. Metes & Bounds for both Private & Authority Property
5. Copy of any Permanent Easement Deed
6. Check for Property Purchase & Deed without Warranty



TRACT 2
DESCRIPTION OF A
0.158 ACRES (6,882 SQUARE FEET) PORTION OF
SAN JACINTO RIVER AUTHORITY CALLED 366.68 ACRES
MONTGOMERY COUNTY, TEXAS

Being a tract of land containing 0.158 acres (6,882 square feet), situated in the San Jacinto River Authority called 366.68 acres recorded in the Deed Records of Montgomery County, Texas. Said 0.158-acre tract being more particularly described by metes and bounds as follows:

BEGINNING at a set 1/2-inch iron rod with cap marked "SURVEY 1" for the south corner of Lot 1, Block 1 of Partial Replat of Del Lago Subdivision, Section 3, an addition in Montgomery county, Texas, according to the map or plat records in Cabinet Z, Sheet 8581 of the Map Records of Montgomery County, Texas and for the most westerly southeast corner of the said tract herein described;

THENCE South 47°49'26" West, a distance of 29.75 feet to south corner of the said tract herein described;

THENCE North 60°03'13" West, a distance of 38.57 feet to a point in the west property line of the said tract herein described;

THENCE North 12°05'07" West, a distance of 72.25 feet to the northwest corner of the said tract herein described;

THENCE North 55°03'22" East, a distance of 46.03 feet to the north corner of the said tract herein described;

THENCE South 78°49'38" East, a distance of 42.04 feet to a set 1/2-inch iron rod with cap marked "SURVEY 1" for the northeast corner of the said tract herein described;

THENCE South 30°38'48" East, a distance of 39.11 feet to a set 1/2-inch iron rod with cap marked "SURVEY 1" for the east corner of the said tract herein described;

THENCE South 52°40'56" West, a distance of 65.88 feet to a found 5/8-inch iron rod for an interior corner of the said tract herein described;

THENCE South 01°16'40" West, a distance of 32.91 feet to the POINT OF BEGINNING and containing 0.158 acres (6,882 square feet), more or less.

Note: This metes and bounds description is referenced to a survey drawing prepared by Survey 1, Inc. (Firm Registration No. 100758-00) dated Mar. 26, 2026, job number 3-163051-26.



234702

THE STATE OF TEXAS }
 }
COUNTY OF MONTGOMERY }

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DEEDS

EASEMENT

KNOW ALL MEN BY THESE PRESENTS:

THAT we, C. E. STANLEY, and wife, LILLIAN V. STANLEY, JAMES V. BLACKLOCK, and wife MORIEL STANLEY BLACKLOCK of the County of Montgomery, State of Texas, will hereinafter be designated as "GRANTOR", whether one or more and to include both the singular and the plural.

THAT, SAN JACINTO RIVER AUTHORITY, a body politic and corporate existing under and by virtue of the laws of the State of Texas, and having its principal offices in Conroe, Montgomery County, Texas, will hereinafter be designated as "GRANTEE".

THAT in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good, valuable and sufficient consideration, this day in cash paid to GRANTOR by GRANTEE, the receipt and sufficiency of which is hereby acknowledged, and for which no lien, either express or implied, is retained or shall exist.

GRANTOR has GRANTED, SOLD and CONVEYED, and by these presents does GRANT, SELL and CONVEY, unto GRANTEE permanent easement rights, for the uses and purposes hereinafter stated, in, upon and over all that certain land lying and being situated within the Wm. Atkins Survey, Abstract No. 3 and the Jno. Corner Survey, Abstract No. 8, Montgomery County, Texas, as hereinafter more particularly described as follows:

TRACT # 1

Beginning at a point in the most southerly southeast corner of the C. E. Stanley 887.45 (called) acre tract and the southwest corner of the S. W. Bilsing 479.00 (called) acre tract;

Thence N. 44° 01' E. along a southeast boundary line of said C. E. Stanley tract and the northwest

boundary line of said S. W. Bilsing tract a distance of 653.00 feet to point for corner;

Thence N. 45° 53' E. continuing along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract a distance of 913.30 feet to point for corner;

Thence N. 46° 26' E. continuing along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract a distance of 1,136.22 feet to point for corner, said point being the place of beginning of the following described tract of land, said point also being on contour 207.00;

Thence along contour 207.00 as follows:

Thence	Direction	Distance	Unit
"	N. 62° 17' W.	8.70	feet
"	N. 84° 03' W.	145.27	"
"	S. 73° 58' W.	166.84	"
"	S. 84° 42' W.	141.91	"
"	S. 62° 24' W.	108.43	"
"	S. 58° 45' W.	59.30	"
"	N. 62° 46' W.	123.38	"
"	S. 87° 00' W.	108.91	"
"	N. 00° 45' E.	85.18	"
"	N. 07° 00' E.	213.57	"
"	N. 12° 38' W.	103.38	"
"	N. 68° 35' W.	220.80	"
"	N. 78° 04' W.	126.00	"
"	S. 89° 27' W.	142.62	"
"	S. 70° 48' W.	176.15	"
"	S. 58° 55' W.	154.81	"
"	S. 85° 30' W.	103.33	"
"	S. 88° 42' W.	169.13	"
"	S. 58° 11' W.	119.22	"
"	S. 84° 06' W.	45.91	"
"	N. 38° 31' W.	653.55	"
"	N. 18° 34' W.	117.21	"
"	N. 57° 59' W.	77.02	"
"	N. 70° 05' W.	162.99	"
"	N. 63° 15' W.	92.63	"
"	N. 81° 10' W.	145.16	"

Thence N. 63° 41' W. continuing along contour 207.00 a distance of 144.63 feet to point for corner, said point being in the west boundary line of said C. E. Stanley tract;

Thence N. 09° 46' W. along the west boundary line of said C. E. Stanley tract a distance of 151.46 feet to point for corner, said point being on contour 201.00;

Thence along contour 201.00 as follows:

Thence	S. 53° 19' E.	150.79	feet
"	S. 51° 51' E.	96.90	"
"	S. 65° 47' E.	103.05	"
"	S. 68° 43' E.	420.50	"
"	S. 52° 13' E.	71.28	"
"	S. 15° 55' E.	237.73	"
"	S. 36° 59' E.	225.10	"
"	S. 47° 21' E.	110.36	"
"	N. 79° 40' E.	174.20	"
"	N. 75° 12' E.	127.04	"
"	N. 82° 10' E.	89.10	"
"	S. 80° 58' E.	52.10	"
"	N. 77° 05' E.	292.88	"
"	N. 83° 30' E.	122.92	"
"	S. 80° 25' E.	81.82	"
"	S. 76° 50' E.	279.35	"
"	S. 48° 29' E.	102.32	"
"	S. 20° 10' E.	141.07	"
"	S. 29° 38' E.	133.70	"
"	S. 18° 57' E.	93.82	"
"	N. 68° 24' E.	104.43	"
"	N. 85° 04' E.	205.36	"
"	N. 86° 43' E.	129.26	"
"	S. 82° 34' E.	216.68	"

Thence S. 70° 05' E. continuing along contour 201.00 a distance of 15.39 feet to point for corner, said point being in a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said Mrs. S. W. Bilsing tract;

Thence S. 46° 26' W. along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said Mrs. S. W. Bilsing tract a distance of 58.05 feet to the place of beginning containing 6.93 acres of land, more or less.

TRACT # 2

Beginning at a point in the west boundary line of the C. E. Stanley 887.45 (called) acre tract and the east boundary line of the Clara B. Stewart Est. 564.60 (called) acre tract, said point being N. 09° 16' W. a distance of 998.63 feet from the most northerly northwest corner of Tract No. 1 described above, said point also being on contour 201.00, said point also being the place of beginning of the following described tract;

Thence N. 9° 21' W. along the west boundary line of said C. E. Stanley tract and the east boundary line of said Clara B. Stewart Est. tract a distance of 202.18 feet to point for corner, said point being on contour 207.00;

Thence along contour 207.00 as follows:

Thence	S. 69° 30' E.	2.89	feet
"	S. 82° 00' E.	219.74	"
"	S. 89° 36' E.	172.15	"
"	S. 76° 02' E.	236.02	"

Thence			Feet
"	S. 00° 10' E.	62.04	"
"	S. 31° 43' E.	172.03	"
"	S. 70° 43' E.	256.67	"
"	N. 89° 06' E.	116.78	"
"	N. 34° 53' W.	139.35	"
"	N. 65° 03' W.	102.13	"
"	N. 44° 06' E.	114.04	"
"	S. 84° 49' E.	149.77	"
"	N. 80° 43' E.	85.65	"
"	N. 64° 40' E.	276.32	"
"	N. 71° 38' E.	181.83	"
"	N. 26° 54' E.	150.00	"
"	N. 03° 07' E.	113.66	"
"	N. 09° 15' W.	224.33	"
"	N. 19° 42' W.	173.82	"
"	N. 42° 53' W.	151.07	"
"	N. 54° 39' W.	173.65	"
"	N. 38° 37' W.	123.82	"
"	N. 25° 37' W.	201.43	"
"	N. 46° 14' W.	173.64	"
"	N. 71° 33' W.	100.44	"
"	N. 86° 06' W.	101.58	"
"	S. 68° 06' W.	114.30	"
"	S. 54° 41' W.	342.55	"
"	S. 70° 06' W.	130.54	"
"	N. 88° 50' W.	150.11	"
"	N. 58° 26' W.	115.55	"
"	N. 27° 36' W.	98.75	"
"	N. 13° 47' W.	481.00	"
"	N. 30° 43' W.	173.42	"

Thence N. 45° 55' W. continuing along contour 207.00 a distance of 288.80 feet to point for corner, said point being in the west boundary line of said C. E. Stanley tract and the east boundary line of said Clara B. Stewart Est. tract;

Thence N. 09° 21' W. along the west boundary line of said C. E. Stanley tract a distance of 208.04 feet to point for corner, said point being on contour 201.00;

Thence along contour 201.00 as follows:

Thence			feet
"	S. 47° 15' E.	135.32	"
"	S. 42° 52' E.	116.65	"
"	S. 37° 33' E.	177.97	"
"	S. 32° 04' E.	145.40	"
"	S. 27° 26' E.	87.12	"
"	S. 19° 44' E.	258.98	"
"	S. 10° 11' E.	137.00	"
"	S. 12° 23' E.	73.30	"
"	S. 36° 37' E.	60.60	"
"	S. 71° 23' E.	133.70	"
"	N. 81° 53' E.	129.10	"
"	N. 56° 02' E.	348.40	"
"	N. 70° 09' E.	139.80	"
"	S. 81° 44' E.	158.63	"
"	S. 64° 12' E.	121.35	"
"	S. 42° 15' E.	164.06	"
"	S. 30° 42' E.	223.45	"
"	S. 43° 52' E.	360.12	"
"	S. 28° 28' E.	152.82	"
"	S. 14° 39' E.	383.16	"
"	S. 05° 10' E.	184.62	"

Thence	S. 22° 09' W.	124.87	feet
"	S. 52° 28' W.	169.52	"
"	S. 63° 32' W.	362.72	"
"	S. 13° 17' W.	114.46	"
"	S. 23° 55' W.	129.38	"
"	S. 80° 02' W.	156.80	"
"	N. 69° 31' W.	481.65	"
"	N. 50° 31' W.	178.54	"
"	N. 25° 04' W.	62.22	"
"	S. 72° 44' W.	86.90	"
"	N. 82° 20' W.	235.37	"

Thence N. 79° 46' W. continuing along contour 201.00 a distance of 161.65 feet to the place of beginning containing 16.64 acres of land, more or less.

Tract #3.

Beginning at a point in the most easterly southeast corner of the C. E. Stanley 887.45 (called) acre tract;

Thence S. 45° 57' W. along a southeast boundary line of said C. E. Stanley tract and a northwest boundary line of the Dan H. Madeley tract a distance of 995.24 feet to point for corner;

Thence S. 00° 31' W. along an east boundary line of said C. E. Stanley tract and a west boundary line of said Dan H. Madeley tract a distance of 21.97 feet to point for corner, said point being the place of beginning of the following described tract, said point also being on contour 207.00;

Thence S. 00° 31' W. continuing along said east boundary line of said C. E. Stanley tract a distance of 140.00 feet to point for corner, said point being on contour 201.00;

Thence along contour 201.00 as follows:

Thence	N. 64° 50' W.	115.05	feet
"	N. 56° 44' W.	178.35	"
"	N. 60° 44' W.	141.88	"
"	N. 67° 44' W.	101.45	"
"	N. 58° 04' W.	187.52	"
"	N. 46° 52' W.	166.10	"
"	N. 63° 41' W.	183.03	"
"	N. 83° 18' W.	408.78	"
"	S. 33° 50' W.	84.23	"
"	S. 20° 49' W.	79.85	"
"	S. 04° 11' W.	62.31	"
"	S. 06° 55' E.	114.05	"
"	S. 56° 59' E.	66.20	"
"	S. 33° 36' E.	93.55	"
"	S. 21° 26' E.	233.35	"
"	S. 51° 44' W.	134.50	"
"	N. 74° 43' W.	120.37	"
"	S. 34° 03' W.	136.40	"

Thence			feet
"	S. 11° 10' E.	176.78	"
"	S. 73° 05' W.	88.20	"
"	N. 69° 12' W.	105.73	"
"	S. 69° 17' W.	77.15	"
"	N. 75° 02' W.	80.80	"
"	N. 17° 43' W.	146.80	"
"	N. 42° 10' W.	61.40	"
"	N. 47° 36' W.	73.60	"
"	N. 58° 26' W.	42.70	"
"	N. 31° 35' W.	119.84	"
"	N. 71° 31' W.	77.50	"
"	N. 84° 41' W.	194.78	"
"	N. 36° 15' W.	169.20	"
"	N. 05° 06' W.	99.74	"
"	N. 26° 51' E.	105.36	"
"	N. 07° 22' E.	150.00	"
"	N. 47° 51' E.	193.00	"
"	N. 25° 55' E.	190.78	"
"	N. 12° 58' E.	206.78	"
"	N. 04° 25' W.	99.60	"
"	N. 35° 06' W.	94.52	"
"	N. 23° 37' W.	76.31	"
"	S. 04° 56' E.	80.18	"
"	S. 26° 33' E.	98.44	"
"	S. 29° 17' W.	135.80	"
"	S. 44° 20' W.	368.05	"
"	S. 54° 44' W.	176.70	"
"	S. 76° 58' W.	101.10	"
"	S. 68° 13' W.	173.75	"
"	N. 86° 07' W.	139.70	"
"	N. 18° 47' W.	127.78	"
"	N. 21° 32' W.	143.50	"
"	N. 12° 45' W.	169.58	"
"	N. 43° 58' W.	144.50	"
"	S. 81° 18' W.	142.10	"
"	N. 53° 46' W.	246.55	"
"	N. 24° 16' W.	159.50	"
"	N. 12° 55' W.	80.10	"
"	N. 58° 36' W.	91.25	"
"	N. 68° 33' W.	147.55	"
"	N. 54° 14' W.	78.30	"
"	N. 42° 44' W.	89.30	"
"	N. 27° 26' E.	70.36	"
"	N. 02° 51' E.	69.38	"
"	N. 16° 23' E.	154.68	"
"	N. 18° 31' E.	138.78	"
"	N. 40° 36' E.	51.80	"
"	N. 25° 24' W.	35.65	"
"	N. 65° 04' W.	83.92	"
"	N. 60° 12' W.	80.90	"
"	N. 50° 57' W.	61.57	"
"	N. 61° 07' W.	63.84	"
"	S. 81° 35' W.	187.18	"
"	S. 89° 39' W.	121.95	"
"	S. 79° 36' W.	95.82	"
"	N. 81° 17' W.	72.28	"
"	N. 59° 02' W.	132.30	"
"	S. 86° 07' W.	144.75	"
"	N. 89° 42' W.	100.05	"
"	N. 48° 48' W.	58.65	"
"	N. 04° 55' E.	37.70	"

Thence	N. 55° 56' E.	65.77	feet
"	N. 27° 35' W.	39.20	"
"	N. 75° 38' W.	85.65	"
"	N. 43° 24' W.	111.46	"
"	N. 16° 31' W.	88.50	"
"	N. 13° 21' W.	86.37	"
"	N. 29° 39' W.	94.79	"
"	N. 43° 29' W.	69.38	"
"	N. 53° 21' W.	106.56	"
"	N. 58° 49' W.	108.41	"
"	S. 26° 32' W.	52.06	"
"	S. 78° 08' W.	38.06	"
"	N. 72° 11' W.	84.75	"
"	N. 36° 25' W.	71.62	"
"	N. 55° 15' W.	127.13	"
"	N. 60° 59' W.	89.67	"
"	N. 25° 06' W.	77.60	"
"	N. 11° 53' E.	86.70	"
"	N. 25° 50' W.	162.28	"
"	S. 78° 15' W.	66.09	"
"	S. 54° 44' W.	77.07	"
"	N. 66° 41' W.	89.00	"
"	N. 69° 11' W.	177.13	"
"	N. 78° 22' W.	115.55	"
"	N. 83° 37' W.	119.57	"

Thence N. 27° 09' W. continuing along contour 201.00 a distance of 346.41 feet to point for corner, said point being in the north boundary line of said C. E. Stanley tract and the south boundary line of the W. J. Smith 600.00 (called) acre tract;

Thence S. 87° 58' E. along said north boundary line of said C. E. Stanley tract and the south boundary line of said W. J. Smith tract a distance of 213.85 feet to point for corner, said point being on contour 207.00;

Thence along contour 207.00 as follows:

Thence	S. 05° 45' W.	181.40	feet
"	S. 77° 04' E.	71.02	"
"	N. 43° 13' E.	116.18	"
"	S. 77° 42' E.	146.32	"
"	S. 69° 44' E.	115.55	"
"	N. 82° 21' E.	212.05	"
"	N. 58° 11' E.	100.52	"
"	N. 37° 08' E.	105.85	"
"	S. 08° 30' W.	91.10	"
"	S. 20° 39' E.	82.55	"
"	S. 37° 54' E.	103.07	"
"	S. 56° 36' E.	142.96	"
"	S. 52° 56' E.	92.51	"
"	S. 46° 49' E.	75.34	"
"	S. 08° 15' E.	77.23	"
"	S. 24° 42' W.	105.74	"
"	S. 30° 45' E.	87.16	"
"	S. 46° 59' E.	59.70	"
"	S. 59° 09' E.	105.04	"
"	S. 43° 06' E.	116.90	"
"	S. 34° 08' E.	120.18	"
"	S. 15° 39' E.	148.51	"
"	S. 30° 50' E.	96.10	"

Thence	N. 83° 42' E.	62.33	feet
"	N. 51° 28' E.	67.22	"
"	N. 25° 23' E.	85.80	"
"	N. 86° 30' E.	33.55	"
"	S. 11° 14' W.	77.92	"
"	S. 09° 15' E.	79.11	"
"	S. 36° 29' E.	93.08	"
"	N. 77° 00' E.	218.40	"
"	N. 67° 45' E.	116.20	"
"	N. 80° 13' E.	106.62	"
"	S. 88° 39' E.	127.73	"
"	S. 84° 30' E.	116.40	"
"	S. 35° 50' E.	202.98	"
"	S. 62° 59' E.	144.17	"
"	N. 54° 06' E.	93.88	"
"	S. 85° 40' E.	87.12	"
"	S. 69° 35' E.	71.57	"
"	S. 32° 29' E.	109.78	"
"	S. 10° 57' E.	134.60	"
"	S. 45° 24' W.	150.32	"
"	S. 00° 56' E.	152.80	"
"	N. 80° 21' E.	104.67	"
"	N. 87° 32' E.	97.96	"
"	S. 70° 06' E.	63.55	"
"	S. 15° 25' W.	73.90	"
"	S. 83° 28' W.	91.52	"
"	S. 12° 41' E.	204.25	"
"	S. 05° 32' E.	159.97	"
"	S. 33° 28' W.	109.75	"
"	S. 65° 04' E.	95.90	"
"	N. 38° 53' E.	79.60	"
"	N. 81° 22' E.	135.14	"
"	S. 79° 56' E.	100.70	"
"	S. 60° 15' E.	152.47	"
"	N. 07° 10' W.	164.55	"
"	N. 65° 53' E.	145.56	"
"	S. 21° 01' E.	140.61	"
"	S. 68° 39' E.	217.51	"
"	N. 04° 42' W.	73.70	"
"	N. 32° 43' W.	118.21	"
"	N. 13° 28' W.	210.86	"
"	N. 11° 37' E.	122.02	"
"	N. 88° 13' E.	108.23	"
"	S. 73° 47' E.	148.68	"
"	S. 05° 09' W.	73.58	"
"	S. 80° 26' E.	160.22	"
"	S. 60° 25' E.	141.71	"
"	S. 42° 33' E.	164.57	"
"	S. 74° 10' E.	85.73	"
"	N. 74° 11' E.	136.33	"
"	S. 59° 44' E.	153.20	"
"	S. 71° 10' E.	177.92	"
"	S. 62° 13' E.	110.53	"
"	S. 42° 59' E.	231.77	"
"	S. 65° 33' E.	402.90	"
"	S. 38° 46' E.	194.30	"
"	S. 50° 34' E.	524.94	"
"	S. 44° 12' E.	322.91	"

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Thence S. 59° 57' E. continuing along contour
207.00 a distance of 137.14 feet to the place
of beginning containing 92.66 acres of land,
more or less.

It is understood and agreed by GRANTOR and GRANTEE that whether specifically described above or not, this conveyance of easement covers all land below elevation 207.00 feet, mean sea level, and all of the land on any island or islands created by the inundation, by water, of the land owned by GRANTOR in the survey or surveys above referred to, and no further claim shall be made for payment for land situated below said elevation 207.00 feet, mean sea level, contour and such islands as may be created.

The permanent easement rights herein granted are for the following uses and purposes, to-wit;

(a) The right to overflow, flood or cover such land, at any time or times hereafter, with floodwater, slack water or back-water created by the construction, maintenance and operation by GRANTEE of a dam, and the reservoir for the storage of water created by the construction of such dam with all appurtenant works, across the San Jacinto River in Montgomery County, Texas;

(b) The right to enter upon said land, at any time or times hereafter, and clear, destroy or dispose of any timber, brush, obstruction, accumulation, trash, filth or any other thing which would in any way interfere with the construction, maintenance and operation of such dam and reservoir or tend to render the same inaccessible, unsafe or unsanitary;

(c) The right to enter upon said land, at any time or times hereafter, and do whatever is reasonably necessary in the sole discretion of GRANTEE, to prevent the draining or dumping of refuse, sewage or other material into such reservoir and to carry out an effective program of pollution control; and ,

(d) The right to prevent the construction of or to remove any building, structure, improvement or any other thing located or to be located on such land, the erection or construction of which has not been approved under the terms of this instrument.

It is understood and agreed by GRANTOR and GRANTEE that no building, wharf, pier or structure of any kind shall hereafter be erected, placed or constructed on the above-described land, nor any excavation made thereon or therein, by GRANTOR without the written consent of GRANTEE, and it is further agreed that this covenant shall attach to and run with the land. It is further understood and agreed by GRANTOR and GRANTEE that certain buildings, excavations and other structures will be approved by GRANTEE if, in the sole discretion of GRANTEE, the construction of same would not in any way interfere with the construction, maintenance or operation of such dam or reservoir or tend to render the same or any other properties inaccessible, unsafe, or unsanitary. GRANTEE will issue rules and regulations regarding the approved type of buildings, excavations and other structures that may be permitted, and said rules and regulations that apply under this agreement will be the same as applied generally to other areas around the reservoir between the 201.00 and 207.00 elevation.

TO HAVE AND TO HOLD the above-described property and rights, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said GRANTEE, its successors and assigns, forever; and GRANTOR does hereby bind themselves, their heirs, executors, administrators, successors and assigns, to WARRANT and FOREVER DEFEND, all and singular, the said property and rights unto the said GRANTEE, its successors and assigns, against every person whomsöever lawfully claiming

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or to claim the same or any part thereof.

Except as herein expressly prohibited, GRANTOR shall have the right to use the above-described land jointly with GRANTEE as set forth herein, but it is especially understood and agreed that GRANTOR assumes all risks of loss or damage to GRANTOR's crops, structures or property thereon in any way arising or resulting from the construction, maintenance or operation of the above-mentioned dam and reservoir

This conveyance is made to consummate a negotiated disposition of the above described property and rights in lieu of condemnation proceedings and the consideration paid to GRANTOR includes and covers all damages and claims which GRANTOR might have asserted in condemnation proceedings.

EXECUTED this 22nd day of July 1969


C. E. STANLEY


LILLIAN V. STANLEY


JAMES V. BLACKLOCK


MORIEL STANLEY BLACKLOCK

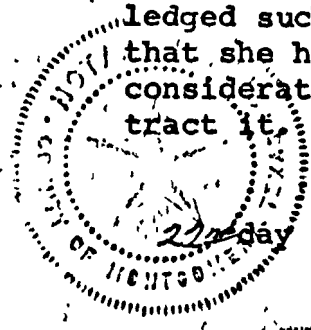
6

STATE OF TEXAS

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COUNTY OF MONTGOMERY

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared JAMES V. BLACKLOCK and MORIEL STANLEY BLACKLOCK, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said MORIEL STANLEY BLACKLOCK, wife of the said JAMES V. BLACKLOCK, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said MORIEL STANLEY BLACKLOCK acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.



GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 22nd day of July, A. D. 1969.

Harold E. Barrett
 Notary Public in and for
 Montgomery County, Texas

STATE OF TEXAS

COUNTY OF MONTGOMERY

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared C. E. STANLEY and LILLIAN V. STANLEY, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said LILLIAN V. STANLEY, wife of the said C. E. STANLEY, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said LILLIAN V. STANLEY acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.



GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 22nd day of July, A. D. 1969

Harold E. Barrett
 Notary Public in and for
 Montgomery County, Texas

FILED FOR RECORD
 AT 4 O'CLOCK P. M.

AUG 4 1969

ROY HARRIS, Clerk
 County Court, Montgomery Co., Tex.
 By *W. W. Harrison* Deputy

234703

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DEEDS

THE STATE OF TEXAS }
 }
COUNTY OF MONTGOMERY }

GENERAL WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS:

THAT we, C. E. STANLEY, and wife LILLIAN V. STANLEY, JAMES V. BLACKLOCK, and wife MORIEL STANLEY BLACKLOCK, of the County of Montgomery, State of Texas, will hereinafter be designated as "GRANTOR", whether one or more and to include both the singular and the plural.

THAT, SAN JACINTO RIVER AUTHORITY, a body politic and corporate existing under and by virtue of the laws of the State of Texas, and having its principal offices in Conroe, Montgomery County, Texas, will hereinafter be designated as "GRANTEE".

THAT in consideration of the sum of TEN and NO/100 DOLLARS (\$10.00) and other good, valuable and sufficient consideration, this day in cash paid to GRANTOR by GRANTEE, the receipt and sufficiency of which is hereby acknowledged, and for which no lien, either express or implied, is retained or shall exist.

GRANTOR has GRANTED, BARGAINED, SOLD and CONVEYED, and by these presents does GRANT, BARGAIN, SELL and CONVEY unto GRANTEE the fee simple title to the tracts or parcels of land, together with all improvements thereon, lying and being situated within the Wm. Atkins Survey, Abstract No. A-3, and the Jno. Corner Survey, Abstract No. A-8, Montgomery County, Texas, as hereinafter more particularly described as follows:

Beginning at a point in the most southerly southeast corner of the C. E. Stanley 887.45 (called) acre tract and the southwest corner of the S. W. Bilsing 479.00 (called) acre tract;

Thence N. 44° 01' E. along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract a distance of 653.00 feet to point for corner;

Thence N. 45° 53' E. continuing along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract a distance of 913.30 feet to point for corner;

Thence N. 46° 26' E. continuing along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract a distance of 1,194.27 feet to point for corner, said point being the place of beginning of the following described tract of land, said point also being on contour 201.0;

Thence along contour 201.0 as follows:

Thence	Direction	Distance	Unit
	N. 70° 05' W.	15.39	feet
"	N. 82° 34' W.	216.68	"
"	S. 86° 43' W.	129.26	"
"	S. 85° 04' W.	205.36	"
"	S. 68° 24' W.	104.43	"
"	N. 18° 57' W.	93.82	"
"	N. 29° 38' W.	133.70	"
"	N. 20° 10' W.	141.07	"
"	N. 48° 29' W.	102.32	"
"	N. 76° 50' W.	279.35	"
"	N. 80° 25' W.	81.82	"
"	S. 83° 30' W.	122.92	"
"	S. 77° 05' W.	292.88	"
"	N. 80° 58' W.	52.10	"
"	S. 82° 10' W.	89.10	"
"	S. 75° 12' W.	127.04	"
"	S. 79° 40' W.	174.20	"
"	N. 47° 21' W.	110.36	"
"	N. 36° 59' W.	225.10	"
"	N. 15° 55' W.	237.73	"
"	N. 52° 13' W.	71.28	"
"	N. 68° 43' W.	420.50	"
"	N. 65° 47' W.	103.05	"
"	N. 51° 51' W.	96.90	"

Thence N. 53° 19' W. continuing along contour 201.0 a distance of 150.79 feet to point for corner, said point being in the west boundary line of said C. E. Stanley tract and the east boundary line of the Clara B. Stewart Est. 564.60 (called) acre tract;

Thence N. 9° 21' W. along the west boundary line of said C. E. Stanley tract and the east boundary line of said Clara B. Stewart Est. tract, and along the fence thereon a distance of 356.13 feet to point for corner;

Thence N. 9° 14' W. continuing along the west boundary line of said C. E. Stanley tract and the east boundary line of said Clara B. Stewart Est. tract and along the fence thereon a distance of 642.50 feet to point for corner, said point being on contour 201.00;

Thence along contour 201.0 as follows:

Thence	S.	79° 46' E.	161.65	feet
"	S.	82° 20' E.	235.37	"
"	N.	72° 44' E.	86.90	"
"	S.	25° 04' E.	62.22	"
"	S.	50° 31' E.	178.54	"
"	S.	69° 31' E.	481.65	"
"	N.	80° 02' E.	156.80	"
"	N.	23° 55' E.	129.38	"
"	N.	13° 17' W.	114.46	"
"	N.	63° 32' E.	362.72	"
"	N.	52° 28' E.	169.52	"
"	N.	22° 09' E.	124.87	"
"	N.	5° 10' W.	184.62	"
"	N.	14° 39' W.	383.16	"
"	N.	28° 28' W.	152.82	"
"	N.	43° 52' W.	360.12	"
"	N.	30° 42' W.	223.45	"
"	N.	42° 15' W.	164.06	"
"	N.	64° 12' W.	121.35	"
"	N.	81° 44' W.	158.63	"
"	S.	70° 09' W.	139.80	"
"	S.	56° 02' W.	348.4040	"
"	S.	81° 53' W.	129.10	"
"	N.	71° 23' W.	133.70	"
"	N.	36° 37' W.	60.60	"
"	N.	12° 23' W.	73.30	"
"	N.	10° 11' W.	137.00	"
"	N.	19° 44' W.	258.98	"
"	N.	27° 26' W.	87.12	"
"	N.	32° 04' W.	145.40	"
"	N.	37° 33' W.	177.97	"
"	N.	42° 52' W.	116.65	"

Thence N. 47° 15' W. continuing along contour 201.0 a distance of 135.32 feet to point for corner, said point being in the west boundary line of said Clara B. Stewart Est. tract;

Thence N. 9° 21' W. along the west boundary line of said C. E. Stanley tract and the east boundary line of said Clara B. Stewart Est. tract and along the fence thereon a distance of 1,842.84 feet to point for corner, said point being the northwest corner of said C. E. Stanley Tract, said point also being in the south boundary line of the Wesley J. Smith Hrs. 600.00 (called) acre tract;

Thence S. 86° 45' E. along the north boundary line of said C. E. Stanley tract and the south boundary line of said Wesley J. Smith Hrs. tract, and along the fence thereon a distance of 78.18 feet to point for corner, said point being on contour 201.0;

Thence along contour 201.0 as follows:

Thence	S. 24° 54' W.	53.66	feet
"	S. 28° 32' E.	66.22	"
"	N. 76° 20' E.	56.40	"

Thence N. 40° 10' E. continuing along contour 201.0 a distance of 111.90 feet to point for corner, said point being in the north boundary line of said C. E. Stanley tract and the south boundary line of said Wesley J. Smith Hrs. tract;

Thence S. 86° 45' E. along the north boundary line of said C. E. Stanley tract and the south boundary line of said Wesley J. Smith Hrs. tract, and along the fence thereon a distance of 37.49 feet to point for corner, said point being on contour 201.0;

Thence along contour 201.0 as follows:

Thence	S. 27° 09' E.	346.41	feet
"	S. 83° 37' E.	119.57	"
"	S. 78° 22' E.	115.55	"
"	S. 69° 11' E.	177.13	"
"	S. 66° 41' E.	89.00	"
"	N. 54° 44' E.	77.07	"
"	N. 78° 15' E.	66.09	"
"	S. 25° 50' E.	162.28	"
"	S. 11° 53' W.	86.70	"
"	S. 25° 06' E.	77.60	"
"	S. 60° 59' E.	89.67	"
"	S. 55° 15' E.	127.13	"
"	S. 36° 25' E.	71.62	"
"	S. 72° 11' E.	84.75	"
"	N. 78° 08' E.	38.06	"
"	N. 26° 32' E.	52.06	"
"	S. 58° 49' E.	108.41	"
"	S. 53° 21' E.	106.56	"
"	S. 43° 29' E.	69.38	"
"	S. 29° 39' E.	94.79	"
"	S. 13° 21' E.	86.37	"
"	S. 16° 31' E.	88.50	"
"	S. 43° 24' E.	111.46	"
"	S. 75° 38' E.	85.65	"
"	S. 27° 35' E.	39.20	"
"	S. 55° 56' W.	65.77	"
"	S. 4° 55' W.	37.70	"
"	S. 48° 48' E.	58.65	"
"	S. 89° 42' E.	100.05	"
"	N. 86° 07' E.	144.75	"
"	S. 59° 02' E.	132.30	"
"	S. 81° 17' E.	72.28	"
"	N. 79° 36' E.	95.82	"
"	N. 89° 39' E.	121.95	"

Thence	N.	81° 35'	E.	187.18	Feet
"	S.	61° 07'	E.	63.84	"
"	S.	50° 57'	E.	61.57	"
"	S.	60° 12'	E.	80.90	"
"	S.	65° 04'	E.	83.92	"
"	S.	25° 24'	E.	35.65	"
"	S.	40° 36'	W.	51.80	"
"	S.	18° 31'	W.	138.78	"
"	S.	16° 23'	W.	154.68	"
"	S.	2° 51'	W.	69.38	"
"	S.	27° 26'	W.	70.36	"
"	S.	42° 44'	E.	89.30	"
"	S.	54° 14'	E.	78.30	"
"	S.	68° 33'	E.	147.55	"
"	S.	58° 36'	E.	91.25	"
"	S.	12° 55'	E.	80.10	"
"	S.	24° 16'	E.	159.50	"
"	S.	53° 46'	E.	246.55	"
"	N.	81° 18'	E.	142.10	"
"	S.	43° 58'	E.	144.50	"
"	S.	12° 45'	E.	169.58	"
"	S.	21° 32'	E.	143.50	"
"	S.	18° 47'	E.	127.78	"
"	S.	86° 07'	E.	139.70	"
"	N.	68° 13'	E.	173.75	"
"	N.	76° 58'	E.	101.10	"
"	N.	54° 44'	E.	176.70	"
"	N.	44° 20'	E.	368.05	"
"	N.	29° 17'	E.	135.80	"
"	N.	26° 33'	W.	98.44	"
"	N.	4° 56'	W.	80.18	"
"	S.	23° 37'	E.	76.31	"
"	S.	35° 06'	E.	94.52	"
"	S.	4° 25'	E.	99.60	"
"	S.	12° 58'	W.	206.78	"
"	S.	25° 55'	W.	190.78	"
"	S.	47° 51'	W.	193.00	"
"	S.	7° 22'	W.	150.00	"
"	S.	26° 51'	W.	105.36	"
"	S.	5° 06'	E.	99.74	"
"	S.	36° 15'	E.	169.20	"
"	S.	84° 41'	E.	194.78	"
"	S.	71° 31'	E.	77.50	"
"	S.	31° 35'	E.	119.84	"
"	S.	58° 26'	E.	42.70	"
"	S.	47° 36'	E.	73.60	"
"	S.	42° 10'	E.	61.40	"
"	S.	17° 43'	E.	146.80	"
"	S.	75° 02'	E.	80.80	"
"	N.	69° 17'	E.	77.15	"
"	S.	69° 12'	E.	105.73	"
"	N.	73° 05'	E.	88.20	"
"	N.	11° 10'	W.	116.78	"
"	N.	34° 03'	E.	136.40	"
"	S.	74° 43'	E.	120.37	"
"	N.	51° 44'	E.	134.50	"
"	N.	21° 26'	W.	233.35	"
"	N.	36° 33'	W.	93.55	"
"	N.	56° 59'	W.	66.20	"
"	N.	6° 55'	W.	114.05	"
"	N.	4° 11'	E.	62.31	"
"	N.	20° 49'	E.	79.85	"

Thence	N. 33° 50' E.	84.23	feet
"	S. 83° 18' E.	408.78	"
"	S. 63° 41' E.	183.03	"
"	S. 46° 52' E.	166.10	"
"	S. 58° 04' E.	187.52	"
"	S. 67° 44' E.	101.45	"
"	S. 60° 44' E.	141.88	"
"	S. 56° 44' E.	178.35	"

Thence S. 64° 50' E. continuing along contour 201.0 a distance of 115.05 feet to point for corner, said point being in an east boundary line of said C. E. Stanley tract and a west boundary line of the Dan H. Madeley 3,562.43 (called) acre tract, said point also being S. 0° 31' W. a distance of 161.97 feet from a northwest corner of said Dan H. Madeley tract;

Thence S. 0° 02' E. along an east boundary line of said C. E. Stanley tract and a west boundary line of said Dan H. Madeley tract, and along the fence thereon a distance of 1,282.20 feet to point for corner, said point being in the north boundary line of said S. W. Bilsing tract;

Thence N. 74° 51' W. along a south boundary line of said C. E. Stanley tract and the north boundary line of said S. W. Bilsing tract, and along the fence thereon, a distance of 538.61 feet to point for corner;

Thence N. 73° 55' W. continuing along a south boundary line of said C. E. Stanley tract and the north boundary line of said S. W. Bilsing tract, and along the fence thereon, a distance of 673.62 feet to point for corner;

Thence S. 46° 42' W. along a southeast Boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract, and along the fence thereon, a distance of 1,015.85 feet to point for corner;

Thence S. 45° 21' W. continuing along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract and along the fence thereon, a distance of 619.35 feet to point for corner;

Thence S. 46° 40' W. continuing along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract a distance of 388.50 feet to point for corner;

Thence S. 46° 26' W. continuing along a southeast boundary line of said C. E. Stanley tract and the northwest boundary line of said S. W. Bilsing tract, and along the fence thereon, a distance of 382.13 feet to the place of beginning containing 386.68 acres of land, more or less.

It is especially understood and agreed that while there are not conveyed and there are not included within the foregoing description of the lands hereby conveyed certain gullies, low areas, arms or inlets which extend inwardly from the lands conveyed hereby back into the remaining lands of GRANTOR not conveyed hereby; that is, while it appears from the foregoing field notes that the boundary separating the lands hereby conveyed from the GRANTOR'S remaining lands not hereby conveyed, is in general along the 201.0 contour above mean sea level, there are certain points at which instead of following such contour toward the source or upper end of such gullies, low areas, arms or inlets, the boundary or "severance" line extends across such gullies, low areas, arms, or inlets. A consideration of this conveyance and of the purchase by the GRANTEE evidenced hereby is that the GRANTEE shall have the right and authority and a permanent easement to overflow, flood and back water from a reservoir to be constructed by GRANTEE into said gullies, low areas, arms or inlets. Development for and production of oil, gas or other minerals upon and under the inundated portions of such gullies, low areas, arms and inlets shall be subject to the same provisions with reference to the manner of drilling, exploration and production as is provided herein for the surface of such lands hereby conveyed.

There is reserved from the conveyance hereby made all of the timber on the above described lands which is removed therefrom by GRANTOR within a period of three (3) months from date of execution of this deed; provided nevertheless, that the within and foregoing reserved estate in the timber, whether cut or uncut, shall absolutely cease and terminate as to all of such timber which is not removed from said lands within the time above

provided; and by virtue of this conveyance the title to any of the timber not removed within such time shall at the expiration of such time vest in GRANTEE.

There is also reserved from the conveyance hereby made all the oil, gas and other minerals underneath or underlying the lands hereby conveyed, subject and subordinate however to the right of GRANTEE to construct, maintain and operate on and over the above-described lands, or adjacent thereto, a reservoir for impounding water; provided, further, that GRANTOR, their heirs, successors and assigns shall not have the right by virtue of this reservation to drill upon or explore for, develop or produce any oil, gas or other minerals on or above the surface of the lands hereby conveyed. In the event GRANTOR, their heirs, successors and assigns, desire to undertake angle or directional drilling upon any lands other than the lands conveyed hereby, that are owned or retained by them, such drilling exploration and production shall be performed and conducted so as not to endanger, damage, contaminate or pollute the said reservoir or water supply created thereby. In such event, and during any such angle or directional drilling, exploration or production of oil, gas or other minerals, GRANTOR, their heirs, successors, and assigns shall dispose of any and all materials, waste matter, or otherwise so that it shall in no way drain off, flow into or be deposited, in any manner, into the said reservoir; and GRANTOR, their heirs, successors and assigns shall be liable in damages to GRANTEE for any pollution, damage or injury to the said reservoir and water supply created thereby resulting from the drilling, exploration or production of oil, gas or other minerals.

GRANTOR does hereby further grant and convey to GRANTEE, and GRANTEE, its agents and representatives, shall have along the entire border of the reservoir where it touches upon or abuts the retained or remaining lands of GRANTOR, their heirs, successors and assigns, and within the aforesaid gullies, low areas, arms or inlets, the right (but not the duty nor obligation) to enter upon any of said lands at any time or times hereafter to clear, remove, destroy or dispose of any trees, underbrush, trash, obstructions, debris or any other thing which would in any way pollute the said reservoir or interfere with the construction, maintenance and operation of the reservoir or tend to render the same inaccessible, unsafe or unsanitary; including the right, but not limited thereto, to prevent pollution or contamination of the said reservoir up to the level to which the waters thereof may actually from time to time wash or rise and the right to prevent the construction of or to remove any building, structure, improvement or any other thing located or to be located on said lands.

TO HAVE AND TO HOLD the above-described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said GRANTEE, its successors and assigns forever; and GRANTOR does hereby bind themselves, their heirs, assigns, successors, executors and administrators to WARRANT and FOREVER DEFEND, all and singular, the said premises unto the said GRANTEE, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof whatsoever.

This conveyance is made to consummate a negotiated sale of the above-described lands in lieu of condemnation proceedings and the consideration paid to GRANTOR includes and covers all damages

and claims which GRANTOR might have asserted in condemnation proceedings.

EXECUTED this 22nd day of July 1969

C. E. Stanley
C. E. STANLEY

Lillian V. Stanley
LILLIAN V. STANLEY

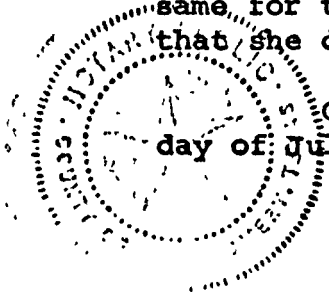
James V. Blacklock
JAMES V. BLACKLOCK

Moriel Stanley Blacklock
MORIEL STANLEY BLACKLOCK

STATE OF TEXAS X
 X
COUNTY OF MONTGOMERY X

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared C. E. STANLEY and LILLIAN V. STANLEY, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said LILLIAN V. STANLEY, wife of the said C. E. STANLEY, having been examined by me privily and apart from her husband, and having the same fully explained to her, she the said LILLIAN V. STANLEY acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 22nd day of July, A. D. 1969.



Harold E. Barrett
Notary Public in and for
Montgomery County, Texas

STATE OF TEXAS

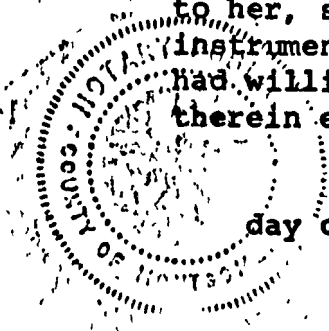
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COUNTY OF MONTGOMERY

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared JAMES V. BLACKLOCK and MORIEL STANLEY BLACKLOCK, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said MORIEL STANLEY BLACKLOCK, wife of the said JAMES V. BLACKLOCK having been examined by me privily and apart from her husband, and having the same fully explained to her, she the said MORIEL STANLEY BLACKLOCK acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 22nd day of July, A. D. 1969.


Harold E. Barrett
Notary Public in and for
Montgomery County, Texas

FILED FOR RECORD
AT 4 O'CLOCK P. M.

AUG 4 1969

ROY HARRIS, Clerk
County Court, Montgomery Co., Tex.
By M. W. Wetherington Deputy