

MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS
SAN JACINTO RIVER AUTHORITY

January 24, 2008

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 a.m., January 24, 2008, at the San Jacinto River Authority General Administrative Offices, 1577 Damsite Road, Conroe, Texas 77304. The roll was called of the duly constituted members of the Board as follows:

R. Gary Montgomery	President
Joseph V. Turner	Vice-President
Lloyd B. Tisdale	Secretary
Linda B. Koenig	Treasurer
Mary L. Rummell	Member
John H. Stibbs	Member

Present were R. Gary Montgomery, Joseph V. Turner, Mary L. Rummell, and John H. Stibbs, thus constituting a quorum. Also present were Reed Eichelberger, General Manager; Ron Kelling, Deputy General Manager, Operations; Jace Houston, Deputy General Manager, Administration; Don Sarich, Woodlands Division Manager; Tojuana Cooper, Woodlands Deputy Division Manager; Blake Kellum, Lake Conroe Division Manager; Michael Jackson, Controller; Judy Walker, Accounting Assistant; Tina Wienecke, Safety and Industrial Relations Specialist; Raymond Johnson, Manager of Information

Technology; Linda Johnson, Information Services Technician; Janelle May, Human Resources/Office Manager; Mike Page and Mitchell Page, Schwartz, Page & Harding, LLP, General Counsel; Donald Cutler and Lucia L. Lee, P.E., Camp Dresser & McKee Inc.; William J. Kotlan, P.E., Bleyl & Associates; F. Paul Celauro, P.E., Dannenbaum Engineering Company; Robert B. Higgins, P.E., TCB/AECOM; John W. Nelson, PG, LBG – Guyton Associates; and David Scholler, P.E., Brown & Gay Engineers, Inc.

Mr. Montgomery called the meeting to order at 8:05 a.m. and announced that notice of the meeting had been posted as required by law, that advance notice of the time, place and subject matter of the meeting had been sent to all Directors, and that a quorum was present.

Mr. Montgomery thanked everyone for attending and inquired if there were any public comments. He stated that there would be an executive session later in the meeting.

Mr. Montgomery then proceeded to the minutes of the December 13, 2007 meeting which was before the Board for consideration. Upon motion by Mr. Stibbs, seconded by Mr. Turner, and unanimously carried, the minutes of the December 13, 2007 board meeting was approved as presented.

Mr. Montgomery then indicated that the next item to review and act upon was the unaudited financial statements for the months of November, 2007 and December, 2007. Mr. Jackson briefly discussed the unaudited financial statements with the Board. After discussion, motion was made by Mr. Turner, seconded by Ms. Rummell, and unanimously carried to approve the November, 2007 and December, 2007 unaudited financial statements as presented.

Mr. Montgomery then moved to the next item to review and act upon the Quarterly Investment Report for the quarter ended November, 2007. Mr. Jackson briefly discussed the report with the Board. After discussion, motion was made by Ms. Rummell, seconded by Mr. Stibbs and unanimously carried to approve the Quarterly Investment Report for the quarter ending November, 2007.

Mr. Montgomery then moved to the next item to discuss surface water issues. Mr. Eichelberger and Mr. Houston briefly reported on the status of surface water issues.

Mr. Montgomery then laid out the next item, an update of the Highlands Division emergency erosion repairs. Mr. Kelling made a presentation that showed the status of the repair project.

At 9:15 a.m., Mr. Montgomery announced that the Board would recess into

executive session to consult with the Authority's attorney, pursuant to Texas Government Code 551.071.

The Board reconvened at 9:35 a.m. Mr. Montgomery then took up the next item on the agenda to consider and act upon approval of the proposed Professional Services Agreement between the Authority and Leggette, Brashears & Graham, Inc. dba LBG-Guyton Associates, for The Woodlands Well Production Capacity Study. Mr. Eichelberger and Mr. Kelling briefly discussed the item with the Board. After discussion, motion was made by Mr. Turner, seconded by Mr. Stibbs and unanimously carried to approve the Professional Services Agreement between the Authority and Leggette, Brashears & Graham, Inc. dba LBG-Guyton Associates, for The Woodlands Well Production Capacity Study, in the amount of \$38,500 and an authorization for the General Manager to execute the required documents.

Mr. Montgomery then moved to the next item to consider and act upon approval of a proposed Change Order No. 2 to the Agreement between SJRA and Natgun Corporation for Construction of a 2 MG Ground Storage Tank at WP No. 5. Mr. Sarich briefly discussed the item with the Board. After discussion, motion was made by Mr. Turner, seconded by Ms. Rummell and unanimously carried to approve Change Order No. 2 in the amount of \$36,098.25; to authorize the General Manager to approve additional change orders up to 15% of the

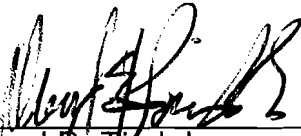
contract amount, if necessary; and to authorize the General Manager to execute the required documents.

Mr. Montgomery then took up the following items: (i) to consider an authorization for the General Manager to execute a land swap for boundary adjustments between the Authority and Bentwater and (ii) to consider an authorization for the General Manager to execute a land swap for boundary adjustments between the Authority and Broussard-Christie, L.P. Mr. Kellum briefly discussed the items with the Board. After discussion, motion was made by Mr. Turner, seconded by Ms. Rummell and unanimously carried to authorize the General Manager to execute a land swap for boundary adjustments between the Authority and Bentwater and to execute a land swap for boundary adjustments between the Authority and Broussard-Christie, L.P.

Mr. Montgomery then proceeded to the item to consider and act upon authorization for the General Manager to execute a proposed Agreement for Joint Development of Water Resources Assessment Plan between SJRA and Water System Owners. Mr. Eichelberger, Mr. Houston, and Mr. Page all discussed the item with the Board. After discussion, motion was made by Mr. Turner, seconded by Mr. Stibbs and unanimously carried to authorize the General Manager to execute the proposed Agreement for Joint Development of Water Resources Assessment Plan between the Authority and Water System Owners.

Mr. Montgomery then moved to the last item to consider and act upon an authorization for the General Manager to negotiate a Professional Services Agreement with the recommended Program Manager. Mr. Eichelberger briefly discussed the item. He stated that it was a difficult decision, as all of the short listed firms brought a wealth of information and experience to the project. He went on to state that after a great deal of consideration, that the recommended selection was Brown & Gay Engineers, Inc. He requested authorization to proceed with negotiations with Brown & Gay Engineers, Inc. for a Professional Services Agreement for Program Management for the Montgomery County Surface Water Conversion Project. After a brief discussion, motion was made by Mr. Stibbs, seconded by Ms. Rummell and unanimously carried to authorize the General Manager to negotiate a Professional Services Agreement for Program Management for the Montgomery County Surface Water Conversion Project with Brown & Gay Engineers, Inc.

With no further business to come before the Board the meeting was dismissed at 10:35 a.m.



Lloyd B. Tisdale
Secretary
San Jacinto River Authority