

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

December 11, 2008

---

A special meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 a.m., December 11, 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
Mary L. Rummell	Treasurer
David C. Kleimann	Member
John H. Stibbs	Member
Joseph L. Stunja	Member

Present were R. Gary Montgomery, Joseph V. Turner, Lloyd B. Tisdale, Mary L. Rummell, David C. Kleimann, John H. Stibbs, and Joseph L. Stunja 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; John Davidson, Construction Manager; Jennie Almerico, Woodlands Division Engineer; Tina

Wienecke, Safety and Industrial Relations Specialist; Michael Jackson, Controller; Paulette Sokoya, Accountant; Judy Walker, Accounting Assistant; Janelle May, Human Resources; Kim Wright, Office Manager; Mike Page, Schwartz, Page & Harding, LLP, General Counsel; Dave Scholler, P.E., Brown & Gay Engineering, Program Manager, Montgomery County Alternative Water Supply Program; John Knox, Sandersen, Knox & Co., LLP; Janis Murphy, P.E., Freese and Nichols, Inc.; Richard M. Spurlock, P.E., Espey Consultants, Inc.; and numerous other guests.

Mr. Montgomery called the meeting to order at 8:00 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 November 12, 2008, meeting which were before the Board for consideration. Upon motion by Mr. Stibbs, seconded by Mr. Kleimann, and unanimously carried, the minutes of the November 12, 2008, board meeting were approved as presented.

Mr. Montgomery then indicated that the next item to review and act upon was the unaudited financial statements for the month of October, 2008. Mr. Jackson briefly discussed the unaudited financial statements with the Board.

After discussion, motion was made by Mr. Stunja, seconded by Ms. Rummell, and unanimously carried to approve the unaudited financial statements for the month of October, 2008, as presented.

Mr. Montgomery then indicated the next item to review and act upon the Annual Financial Report for the fiscal year ended August 31, 2008. Mr. Jackson introduced Mr. Knox with Sandersen, Knox and Co., LLP. Mr. Knox discussed the Annual Financial Report with the Board and indicated that Mr. Jackson had requested a couple of minor changes. Mr. Jackson briefly outlined the changes. After discussion, motion was made by Mr. Kleimann, seconded by Ms. Rummell and unanimously carried to approve the Annual Financial Report for the fiscal year ended August 31, 2008, with the changes that were indicated by Mr. Jackson.

Mr. Montgomery then proceeded to the next item to receive a presentation from John Knox, Sanderson, Knox & Co., LLP, regarding options for reporting of other post-employment benefits as it relates to HB 2365 and standards adopted by the Governmental Accounting Standards Board. Mr. Jackson briefly discussed the item before asking Mr. Knox to speak. Mr. Knox then discussed the options with the Board. Mr. Houston stated that this item was presented for informational purposes only at this time, and no board action was being requested by staff.

Mr. Eichelberger then explained that the Authority needed to renew an existing interlocal agreement with Harris County for security services at the

Highlands Division. He stated that the agreement needed to be renewed prior to the next Board meeting and that he would present the agreement to the Board for ratification at the January Board meeting.

Mr. Montgomery then moved to the next item to discuss surface water issues and an update on the status of the Joint WRAP. Mr. Eichelberger, Mr. Houston, and Mr. Kelling gave an update on the surface water issues and an update on the Joint WRAP.

Mr. Montgomery then laid out the next item to consider and act upon approval of an Interlocal Agreement with the City of Houston regarding amending COA 10-4963. Mr. Eichelberger discussed the item with the Board and explained that the City of Houston was also interested in pursuing a similar amendment to their water right in Lake Conroe and that it would make sense to work on these together. After discussion, motion was made by Mr. Turner, seconded by Mr. Tisdale and unanimously carried to approve an Interlocal Agreement with the City of Houston regarding amending COA 10-4963.

Mr. Montgomery then moved to the next item to consider and approve a professional services agreement related to GIS Mapping of properties and facilities permitted by the Lake Conroe Division. Mr. Eichelberger and Mr. Kelling briefly discussed the agreement with the Board. After discussion, motion was made by Mr. Stibbs, seconded by Mr. Kleimann and unanimously carried to approve a professional services agreement with Brown & Gay Engineers, Inc. for GIS mapping of properties and facilities permitted by the Lake Conroe Division for

a lump sum amount of \$60,000 and to authorize the General Manager to execute such agreement.

Mr. Montgomery then proceeded to the next item to consider and act upon award of a construction contract for the Highlands Wallisville Siphon Repair including an authorization for the General Manager to execute such contract and any change order thereto, up to an amount of \$50,000, as may be necessary. Mr. Eichelberger introduced Mr. Spurlock, P.E., with Espey Consultants, Inc. Mr. Eichelberger and Mr. Spurlock discussed the item with the Board. Mr. Spurlock indicated that the low bidder was Cravens Partners, LTD, with a bid for Base + Alt. 3 in the amount of \$404,007.58. He stated that it was the recommendation of Espey Consultants, Inc., that the Authority accept the bid of Cravens Partners, LTD. After discussion, motion was made by Mr. Tisdale, seconded by Mr. Stunja, and unanimously carried to approve a construction contract with Cravens Partners, LTD, for the Highlands Wallisville Siphon Repair, in the amount of \$404,007.58 and an authorization for the General Manager to execute such contract and any change order thereto, up to an amount of \$50,000, as may be necessary.

Mr. Montgomery then moved forward to the item to consider and act upon authorization for the General Manager to execute a purchase order for a Natural Gas Generator for Lift Station 12 in The Woodlands. Mr. Eichelberger and Mr. Sarich 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 required documents to purchase a natural gas generator for Lift Station 12 in The Woodlands, from Cummins Southern Plains, LLC, in the amount of \$54,150.00.

Mr. Montgomery stated that some of the Board may have not yet visited The Woodlands or the Highlands Divisions. After some discussion, it was determined that staff would work on scheduling future Board meetings at The Woodlands Division and the Highlands Division.

Mr. Montgomery then moved to the item to consider and act upon award of a construction contract for repair to the Lake Conroe Dam including authorization for the General Manager to execute the contract and any change orders up to \$50,000 as may be necessary. Mr. Eichelberger discussed the item and introduced Janis Murphy, P.E., with Freese and Nichols, Inc. Ms. Murphy gave a brief summary of the bids and stated that Freese and Nichols recommended acceptance of the second low bidder Rebel Contractors, Inc., since the low bidder had withdrawn their bid. After a brief discussion, motion was made by Mr. Tisdale, seconded by Mr. Kleimann, and unanimously carried to award a construction contract for repair to the Lake Conroe Dam, to Rebel Contractors, Inc., in the amount of \$978,268.50 and to authorize the General Manager to execute the contract and any change order up to \$50,000 as may be necessary.

Mr. Montgomery then proceeded to the next item to consider and act upon Work Order No. 2 to the existing professional services agreement with Freese and Nichols, Inc., for engineering consulting services related to the dam repair.

Mr. Eichelberger briefly discussed the item with the Board. After discussion, motion was made by Mr. Stibbs, seconded by Mr. Kleimann, and unanimously carried to approve Work Order No. 2 with Freese and Nichols, Inc., in the amount of \$94,800 and to authorize the General Manager to execute such Work Order.

Mr. Montgomery then proceeded to the item to consider and act upon a professional services agreement with AECOM regarding update of the Authority's Water Conservation Plan and Drought Contingency Plan. Mr. Eichelberger and Mr. Kelling discussed the item with the Board. After discussion, motion was made by Ms. Rummell, seconded by Mr. Kleimann, and unanimously carried to approve a professional services agreement with AECOM for services related to an update of the Authority's Water Conservation Plan and Drought Contingency Plan for an amount of \$36,500 and to authorize the General Manager to execute such agreement.

Mr. Montgomery then moved to the next item to consider and act upon approval of Amendment No. 2 to an existing engineering agreement for Well Nos. 35 and 36. Mr. Eichelberger and Mr. Kelling discussed the item. After discussion, motion was made by Ms. Rummell, seconded by Mr. Stibbs, and unanimously carried to approve Amendment No. 2 to an existing engineering agreement with JNS Consulting Engineers, Inc., in the amount of \$56,358.96, for services related to Well Nos. 35 and 36 and to authorize the General Manager to execute the required documents.

Mr. Montgomery then proceeded to the next item to consider and act upon the award of a construction contract for the rehabilitation of Well Nos. 6, 19, and 20. Mr. Eichelberger indicated that the project engineer recommended acceptance of the low bidder, Weisinger Water Well, Inc., in the amount of \$787,555. After a brief discussion, motion was made by Mr. Turner, seconded by Mr. Stibbs, and unanimously carried to approve a construction contract for the rehabilitation of Well Nos. 6, 19, and 20 with Weisinger Water Well, Inc., in the amount of \$787,555 and to authorize the General Manager to execute such construction contract and any change orders up to \$50,000 as may be necessary.

Mr. Montgomery then proceeded to the next item to consider and act upon authorization for the General Manager to finalize negotiations and execute a Reclaimed Water Supply Contract with Sequoia Golf Woodlands, LLC. Mr. Eichelberger and Mr. Sarich discussed the item with the Board. After discussion, motion was made by Mr. Stibbs, seconded by Mr. Kleimann, and unanimously carried to authorize the General Manager to finalize negotiations and to execute a Reclaimed Water Supply Contract with Sequoia Golf Woodlands, LLC.

Mr. Montgomery then moved to the next item to consider and act upon approval of a professional services agreement, with Brown and Gay Engineers, Inc., for design of effluent reuse facilities at The Woodlands Wastewater Treatment Plant No. 1. Mr. Eichelberger discussed the item with the Board. After discussion, motion was made by Mr. Stibbs, seconded by Ms. Rummell, and unanimously carried to approve a professional services agreement with Brown &

Gay Engineers, Inc., in the amount of \$30,200, for design of effluent reuse facilities at The Woodlands Wastewater Treatment Plant No. 1 and to authorize the General Manager to execute such agreement.

Mr. Montgomery then laid out the next item to consider and act upon approval of a professional services agreement and Work Order Nos. 1 and 2 with EMA, Inc. in relation to SCADA services in The Woodlands. Mr. Eichelberger and Mr. Kelling discussed the item with the Board. After discussion, motion was made by Ms. Rummell, seconded by Mr. Turner, and unanimously carried to approve a professional services agreement and Work Order Nos. 1 and 2 with EMA, Inc., in the amount of \$147,180 and \$29,700 respectively, for SCADA services in The Woodlands and to authorize the General Manager to execute the required documents.

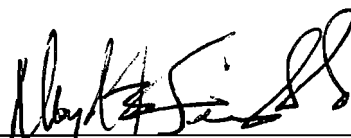
Mr. Montgomery then moved to the item to adopt a resolution entitled "Resolution Authorizing Submittal of a Statement of Interest for Federal Funding under the Texas Environmental Infrastructure Program." Mr. Eichelberger and Mr. Kelling discussed the item with the Board. After discussion, motion was made by Mr. Turner, seconded by Mr. Kleimann, and unanimously carried to adopt a resolution entitled "Resolution Authorizing Submittal of a Statement of Interest for Federal Funding under the Texas Environmental Infrastructure Program," attached hereto as Exhibit "A."

Mr. Montgomery then laid out the item to consider and act upon reappointment of the General Manager to the Board of Directors of the Lone Star

Groundwater Conservation District. Motion was made by Mr. Tisdale, seconded by Mr. Turner, and unanimously carried to approve the reappointment of the General Manager to the Board of Directors of the Lone Star Groundwater Conservation District.

At 9:30 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 10:08 a.m. With no further business to come before the Board, the meeting was dismissed at 10:10 a.m.



---

Lloyd B. Tisdale  
Secretary  
San Jacinto River Authority

# Exhibit “A”

RESOLUTION AUTHORIZING SUBMITTAL OF A STATEMENT OF INTEREST FOR FEDERAL FUNDING UNDER THE TEXAS ENVIRONMENTAL INFRASTRUCTURE PROGRAM

WHEREAS, the San Jacinto River Authority (the "Authority"), is a conservation and reclamation district and a governmental agency and political subdivision of the State of Texas, created and operating under the provisions of a series of statutes compiled as Article 8280-121, Vernon's Texas Civil Statutes Annotated, enacted pursuant to Article XVI, Section 59 of the Constitution of Texas; and

WHEREAS, the Authority was created for the purpose of developing, conserving, and protecting the water resources of the San Jacinto River Basin; and

WHEREAS, the Lone Star Groundwater Conservation District has recently adopted regulations mandating a 30 percent reduction in groundwater withdrawals in Montgomery County by January 1, 2015, which necessitates the development of a regional surface water treatment and transmission system; and

WHEREAS, the Board of Directors of the Authority wishes to develop and oversee a regional surface water conversion program including the planning, permitting, financing, land acquisition, design, construction, and startup of the supply, treatment, storage, transmission, and delivery system; and

WHEREAS, based on the preliminary pre-design planning efforts, the estimated cost of the first phase of the program to be completed in 2015 is approximately \$500,000,000; and

WHEREAS, the Board of Directors of the Authority wishes to pursue all available funding options for the project;

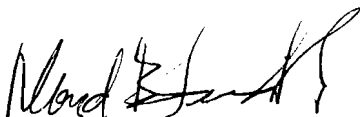
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN JACINTO RIVER AUTHORITY THAT:

Section 1: The Board of Directors hereby approves the attached Statement of Interest for Federal Funding Under the Texas Environmental Infrastructure Program.

Section 2: The Board of Directors hereby expresses its support for the proposed regional surface water conversion project and its commitment to providing the necessary 25 percent cost share required for under the Texas Environmental Infrastructure Program.

PASSED AND APPROVED this 11<sup>th</sup> day of DECEMBER, 2008.

  
\_\_\_\_\_  
President, Board of Directors

  
\_\_\_\_\_  
Secretary, Board of Directors