

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

January 22, 2009

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 a.m., January 22, 2009, at the San Jacinto River Authority Woodlands Offices, 2436 Sawdust Road, The Woodlands, Texas 77380. 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, 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; Jennie Almerico, Woodlands Division Engineer; Tina Wienecke, Safety and Industrial Relations Specialist; Michael Jackson, Controller; Paulette Sokoya,

Accountant; Judy Walker, Accounting Assistant; Raymond Johnson, Information Technology Manager; Janelle May, Human Resource Manager; Kim Wright, Office Manager; Mike Page and Mitch Page, Schwartz, Page & Harding, LLP, General Counsel; Jan Bartholomew, RBC Dain Rauscher, Inc, Financial Advisor; Dave Scholler, P.E., Brown & Gay Engineering, Program Manager, Montgomery County Alternative Water Supply Program; Frank D. Perez, SFile LLC; John W. Petrelli, Jr., Freese and Nichols, Inc.; Richard Spurlock, Espey Consultants; 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. Mr. Eichelberger thanked the Woodlands Division Staff for all their hard work in hosting the January Board Meeting.

Mr. Montgomery then proceeded to the minutes of the December 11, 2008, meeting which were before the Board for consideration. Upon motion by Mr. Stibbs, seconded by Ms. Rummell, and unanimously carried, the minutes of the December 11, 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 months of November and December, 2008. Mr. Jackson briefly discussed the unaudited financial

statements with the Board. After discussion, motion was made by Mr. Tisdale, seconded by Mr. Turner, and unanimously carried to approve the unaudited financial statements for the months of November and December, 2008, as presented.

Mr. Montgomery then laid out the next item to review and act upon approval of the Quarterly Investment Report for the quarter ended November 30, 2008. Mr. Jackson 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 ended November 30, 2008 as presented.

Mr. Montgomery then moved to the next item to consider and act upon ratification of an Interlocal Agreement with Harris County for security services at the Highlands Division. After a brief discussion, motion was made by Mr. Turner, seconded by Mr. Tisdale, and unanimously carried to ratify the Interlocal Agreement with Harris County for security services at the Highlands Division.

Mr. Montgomery then moved to the item to discuss surface water issues and receive an update of the status of the Joint WRAP. Mr. Houston discussed the status of the Joint WRAP with the Board and indicated that a progress meeting would be held on January 26th, at 6:00 p.m. at the Lone Star Convention Center. Mr. Montgomery commented that Mr. Eichelberger and Mr. Houston had recently made a well-received presentation for the North Houston Association.

Mr. Montgomery then proceeded to the next item to consider and act upon approval of a professional services agreement and Work Order No. 1 with SFile, Inc. related to Document Management Consulting Services. Mr. Houston stated that staff was requesting approval for only the professional services agreement at this time. He indicated that Work Order No. 1 would be brought back at the next meeting after additional information was developed by staff and SFile, Inc. He then introduced Mr. Frank Perez with SFile, Inc. Mr. Perez gave the Board an overview of his company and the services provided. After a brief discussion, motion was made by Mr. Tisdale, seconded by Mr. Turner, and unanimously carried to approve the professional services agreement with SFile, Inc. and to authorize the General Manager to execute the required documents.

Mr. Montgomery then moved to the next item to consider and act upon approval of Change Order No. 3 to the R&B Group Contract for Water Plant No. 4. Mr. Kelling 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. 3 to the R&B Group Contract for Water Plant No. 4, in the amount of \$12,389.96 and to authorize the General Manager to execute such change order.

Mr. Montgomery then proceeded to the next item to consider adoption of a resolution supporting the efforts of Montgomery County MUD 8 and Montgomery County MUD 9 to evaluate the potential for a regional reuse project within the Walden area. Mr. Eichelberger discussed the resolution with the Board. After

discussion, motion was made by Mr. Tisdale, seconded by Mr. Stibbs, and unanimously carried to adopt a resolution entitled "RESOLUTION OF SUPPORT FOR THE EVALUATION OF A REGIONAL REUSE PROJECT WITHIN MONTGOMERY COUNTY MUD NO. 8 AND MONTGOMERY COUNTY MUD NO. 9," attached hereto as Exhibit "A."

Mr. Montgomery then proceeded to the next item to receive a presentation regarding Highlands System Facility Assessment and Capital Improvements Plan. Mr. Eichelberger introduced Richard Spurlock with Espey Consultants. Mr. Spurlock presented the Highlands System Facility Assessment and Capital Improvements Plan.

Mr. Montgomery then moved to the next item to receive a presentation regarding the SJRA Strategic Plan. Mr. Kelling presented the SJRA Strategic Plan.

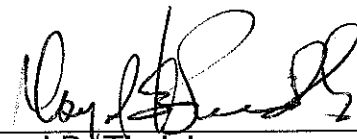
Mr. Eichelberger then introduced Mr. Bill Petrelli with Freese and Nichols, Inc. Mr. Petrelli introduced Mr. Jeff Taylor also with Freese and Nichols, Inc. He then presented the SJRA Campus Master Plan to the Board. After the presentation, a brief discussion ensued. Mr. Kelling indicated that a rate study would be presented at the next Board meeting that should assist in clarifying how the Authority proposed to pay for the projected future facilities.

At 9:35 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 10:15 a.m. Mr. Montgomery asked if it was the Board's pleasure to consider authorization for the General Manager to negotiate and execute Work Order No. 2 for preliminary design services with Freese and Nichols, Inc. After a brief discussion, motion was made by Mr. Tisdale, seconded by Mr. Turner, and unanimously carried to authorize the General Manager to negotiate and execute Work Order No. 2 for preliminary design services with Freese and Nichols, Inc., limited to Phase I of the G&A Building of the Campus Master Plan.

Mr. Eichelberger stated that the next Board meeting needed to be moved up to February 19th to avoid conflict with the Texas Water Conservation Association conference. Motion was made by Mr. Tisdale, seconded by Mr. Stibbs, and unanimously carried to move the February Board meeting up a week to February 19th.

With no further business to come before the Board, the meeting was dismissed at 10:20 a.m.



Lloyd B. Tisdale
Secretary
San Jacinto River Authority

Exhibit “A”

RESOLUTION OF SUPPORT FOR THE EVALUATION OF A REUSE PROJECT WITHIN
MONTGOMERY COUNTY MUD NO. 8 AND MONTGOMERY COUNTY MUD NO. 9

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

WHEREAS, the Authority recognizes the need for accomplishing the reduction of groundwater withdrawals in Montgomery County and believes the use of recycled or reclaimed water is an important tool in achieving the goal of reducing groundwater consumption; and

WHEREAS, the Board of Directors of the Authority is supportive of efforts to fully evaluate the feasibility of reuse projects in Montgomery County;

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

1. The Board of Directors hereby expresses its support for the efforts of Montgomery County MUD No. 8 and Montgomery County MUD No. 9 to evaluate the economic options and feasibility of a regional, direct reuse project within the Walden area.
2. The Board of Directors further supports the efforts of Montgomery County MUD No. 8 and Montgomery County MUD No. 9 to pursue any and all available funding sources, both state and federal, to assist with the proposed feasibility study.

PASSED AND APPROVED this 22nd day of JANUARY, 2009.



President, Board of Directors



Secretary, Board of Directors