

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

August 27, 2009

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 a.m., August 27, 2009, at the San Jacinto River Authority General Administrative Offices, 1577 Dam Site 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, 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; Shane Porter, Woodlands Associate Engineer; Blake Kellum, Lake Conroe Division Manager; Bret Raley, Aquatic

Plant Management 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; Mitchell 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; and numerous other guests.

Mr. Montgomery called the meeting to order at 8:10 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. Ken Conatser spoke briefly to the Board regarding water issues.

Mr. Montgomery then indicated that the minutes of the Board Meeting of July 23, 2009, were before the Board for consideration. Upon motion by Ms. Rummell, seconded by Mr. Kleimann, and unanimously carried, the minutes of the Board Meeting of July 23, 2009, were approved as presented.

Mr. Montgomery then stated that the Board would take up the item on the agenda to review and act upon the unaudited financial statements for the month of July, 2009. Mr. Jackson 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 unaudited financial statements as presented.

Mr. Montgomery announced that there would be an executive session later in the meeting. He then laid out the item to receive an update on surface water issues. Mr. Kelling provided an update.

Mr. Montgomery then moved to the item to consider and act upon approval of the Fiscal Year 2010 operating budgets. Mr. Sarich discussed The Woodlands Division budget and Mr. Jackson discussed the General Fund operating budget. After discussion, motion was made by Mr. Tisdale, seconded by Mr. Turner, and unanimously carried to approve the Fiscal Year 2010 operating budgets.

Mr. Montgomery then proceeded to the next item to receive an update on the status of campus improvements. Mr. Kelling gave the Board an update.

Mr. Montgomery then indicated the item to consider authorizing the General Manager to execute an agreement for a time and attendance system. Mr. Eichelberger and Mr. Houston briefly discussed the item. After discussion, motion was made by Mr. Stunja, seconded by Ms. Rummell, and unanimously carried to authorize the General Manager to execute an agreement for a time and attendance system, with Stromberg for an amount not to exceed \$35,000.

Mr. Montgomery moved to the item to receive an update regarding aquatic plant management efforts. Mr. Eichelberger and Mr. Kellum gave the Board an update.

Mr. Montgomery then proceeded to the item to consider and act upon a letter of agreement with the U.S. Army Corps of Engineers related to the Planning Assistance to States Program for the Lake Conroe Hydrographic Survey. Mr. Eichelberger discussed the item. He indicated that the Authority's portion was \$31,139. After a brief discussion, motion was made by Mr. Stunja, seconded by Ms. Rummell, and unanimously carried to approve a letter of agreement with the U.S. Army Corps of Engineers related to the Planning Assistance to States Program for the Lake Conroe Hydrographic Survey.

Mr. Montgomery then proceeded to the item to consider authorizing the General Manager to execute Work Order No. 7 to Dam Consulting Professional Services Agreement. Mr. Houston discussed the item with the Board. After discussion, motion was made by Mr. Kleimann, seconded by Ms. Rummell, and unanimously carried to authorize the General Manager to execute Work Order No. 7 with Freese and Nichols, Inc., in the amount of \$49,500.

Mr. Montgomery then laid out the item to consider authorizing the General Manager to execute Amendment No. 1 to a Professional Services Agreement related to GIS Mapping of Lake Conroe Division Permitted Facilities. Mr. Eichelberger asked Mr. Kelling to discuss the item. After Mr. Kelling briefly discussed the item, motion was made by Ms. Rummell, seconded by Mr. Stunja, and unanimously carried to authorize the General Manager to execute

Amendment No. 1 to the Professional Services Agreement with Brown & Gay Engineers, Inc., for the amount of \$70,000.

Mr. Montgomery then moved to the item to receive an update on Wastewater Discharge Permit for Wastewater Treatment Plant No. 1. Mr. Eichelberger and Ms. Cooper update the Board on the project. Mr. Eichelberger then drew the Board's attention to the related item to consider authorizing the General Manager to execute Amendment No. 9 to an existing Professional Services Agreement related to NPDES Permit Support for The Woodlands Wastewater Treatment Plant No. 1. After a further brief discussion, motion was made by Mr. Turner, seconded by Mr. Tisdale, and unanimously carried to authorize the General Manager to execute Amendment No. 9 to an existing Professional Services Agreement with Alan Plummer Associates, Inc., in the amount of \$75,000.

Mr. Montgomery then indicated the item to consider authorizing the General Manager to execute a Professional Services Agreement for Wastewater Treatment Plant No. 1 Trunk Sewer Rehabilitation. Ms. Cooper discussed the item. After discussion, motion was made by Mr. Tisdale, seconded by Mr. Stunja, and unanimously carried to authorize the General Manager to execute a Professional Services Agreement for Wastewater Treatment Plant No. 1 Trunk Sewer Rehabilitation with AECOM, for a lump sum amount of \$37,950.

Mr. Montgomery then laid out the next item to consider authorizing the General Manager to execute a construction contract for motor control center improvements at Water Well Nos. 15 and 16 and Water Well Nos. 21 and 22 in The Woodlands and any change orders up to \$50,000 as may be necessary. Mr. Eichelberger briefly discussed the item. After discussion, motion was made by Mr. Turner, seconded by Mr. Tisdale, and unanimously carried to authorize the General Manager to execute a construction contract with the low bidder, W.W. Payton, for the total amount bid of \$478,000, for motor control center improvements at Water Well Nos. 15 and 16 and Water Well Nos. 21 and 22 in The Woodlands and any change orders up to \$50,000 as may be necessary.

Mr. Montgomery then proceeded to the item to consider authorizing the General Manager to execute Amendment No. 2 to a Professional Services Agreement for Construction Inspection Services for Motor Control Center Replacement at Water Well Nos. 15 and 16 and Water Well Nos. 21 and 22. Mr. Eichelberger discussed the item. After discussion, motion was made by Mr. Turner, seconded by Mr. Tisdale, and unanimously carried to authorize the General Manager to execute Amendment No. 2 to a Professional Services Agreement with Brown & Gay Engineers, Inc., in the amount of \$29,500, for Construction Inspection Services for Motor Control Center Replacement at Water Well Nos. 15 and 16 and Water Well Nos. 21 and 22.

Mr. Montgomery then moved to the item to consider authorizing the General Manager to execute a Professional Services Agreement regarding modification to Lift Station No. 5. Mr. Sarich discussed the item with the Board. After discussion, motion was made by Mr. Tisdale, seconded by Mr. Turner, and unanimously carried to authorize the General Manager to execute a Professional Services Agreement with Brown & Gay Engineers, Inc., for a lump sum amount of \$77,700, related to modifications to Lift Station No. 5.

Mr. Montgomery then took up the item to consider authorizing the General Manager to execute Change Order Nos. 1, 2, and 3 to a construction contract with Weisinger Water Well, Inc. for Water Well No. 33. Mr. Sarich briefly discussed the item. After discussion, motion was made by Mr. Stunja, seconded by Ms. Rummell, and unanimously carried to authorize the General Manager to execute Change Order Nos. 1, 2, and 3 to a construction contract with Weisinger Water Well, Inc., for a cumulative credit amount of \$30,983.

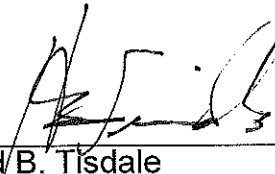
Mr. Montgomery then indicated the item to consider and act upon a staff proposal regarding the disposition of surplus real property. Mr. Eichelberger and Mr. Houston discussed the item briefly.

At 9:15 a.m., Mr. Montgomery announced that the Board would recess into executive session to deliberate regarding real property, pursuant to Texas Government Code 551.072 and to consult with the Authority's attorney, pursuant to Texas Government Code 551.071.

The Board reconvened at 10:30 a.m. Mr. Montgomery then took up the item to consider and act upon an earnest money contract for purchase of real property. Motion was made by Ms. Rummell, seconded by Mr. Kleimann, and unanimously carried to authorize the General Manager to complete negotiations with the property owner and to execute the earnest money contract.

Mr. Montgomery then indicated the need for a Building Committee. He appointed Ms. Turner, Mr. Kleimann, and Mr. Stunja to the Building Committee with Mr. Turner serving as the chairman.

There being no further business, the meeting was adjourned at 10:35 a.m.



Lloyd B. Tisdale
Secretary
San Jacinto River Authority