

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

September 24, 2009

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 a.m., September 24, 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 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; Shane Porter, Woodlands Associate Engineer; Michael Jackson,

Controller; Paulette Sokoya, Accountant; Judy Walker, Accounting Assistant; Raymond Johnson, Information Technology Manager; Kim Wright, Office Manager; Mike Page and 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 8:15 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. There were no public comments.

Mr. Montgomery then directed the Board's attention to the item on the agenda to review and act upon the unaudited financial statements for the month of August, 2009. Mr. Jackson briefly discussed the unaudited financial statements. He indicated that the financial auditors would present the audited financial report in December. After discussion, motion was made by Ms. Rummell, seconded by Mr. Kleimann, 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 proceeded to the next item to review and act upon approval of the Quarterly Investment Report for the quarter ending August 31,

2009. Mr. Jackson discussed the Quarterly Investment Report with the Board. After discussion, motion was made by Mr. Turner, seconded by Ms. Rummell, and unanimously carried to approve the Quarterly Investment Report for the quarter ending August 31, 2009, as presented.

Mr. Montgomery then proceeded to the next item to receive an update on surface water issues. Mr. Montgomery reported on recent developments. He stated that the City of Houston contract had finally been approved by the Houston City Council. He noted that Senator Tommy Williams played a key role in recent negotiations and expressed his gratitude for the senator's significant contribution toward the timely completion of the contract. He thanked both staff and General Council for their contributions. Mr. Mike Page briefly clarified the contract negotiations and gave an overview of the process. Mr. Turner commended staff for the hard work and requested that a letter be sent to Senator Williams thanking him for his support. Mr. Montgomery also requested that a letter be sent to city staff and the mayor to thank them. Mr. Eichelberger, Mr. Kelling, and Mr. Houston then updated the Board on other ongoing surface water issues.

Mr. Montgomery then proceeded to the next item to consider and act upon a Resolution Requesting Amendment to Texas Water Development Board Resolution No. 08-135, approving financial assistance from the Water Infrastructure Fund related to the Montgomery County Alternative Water Supply Program. Mr. Mitchell Page briefly discussed the item with the Board. After

discussion, motion was made by Mr. Tisdale, seconded by Mr. Stibbs, and unanimously carried to adopt a Resolution Requesting Amendment to Texas Water Development Board Resolution 08-135 and Containing Other Provisions Relating to the Subject, attached hereto as Exhibit "A."

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

Mr. Montgomery then moved on to the item to consider and act upon authorizing the General Manager to execute Work Order No. 8 related to Dam Consulting. Mr. Kelling discussed the item with the Board. After discussion, motion was made by Mr. Stibbs, seconded by Ms. Rummell, and unanimously carried to authorize the General Manager to execute Work Order No. 8 to an existing Professional Services Agreement with Freese and Nichols, Inc., for an anticipated fee amount of \$81,200.

Mr. Montgomery then indicated the item to consider and act upon authorizing the General Manager to execute Change Order No. 1 for Rock Riprap Removal at Lake Conroe Dam. Mr. Kelling discussed the item. After discussion, motion was made by Mr. Turner, seconded by Mr. Stibbs, and unanimously carried to authorize the General Manager to execute Change Order No. 1 to an existing constriction contract with Deep South Construction, for an amount of \$18,612.

Mr. Montgomery directed the Board's attention to the item to consider and act upon authorizing the General Manager to execute Work Order No. 6 for Highlands System Improvements to Siphon 38. Mr. Kelling discussed the item. After discussion, motion was made by Mr. Tisdale, seconded by Ms. Rummell and unanimously carried to authorize the General Manager to execute Work Order No. 6 to an existing Professional Services Agreement with Espey Consultants, Inc. for an anticipated fee amount of \$129,500.

Mr. Montgomery then laid out the item to consider and act upon authorizing the General Manager to execute a Professional Services Agreement and Work Order No. 1 for Rehabilitation of Water Well Nos. 2, 7, 17, and 26 in The Woodlands. Mr. Sarich discussed the item. After discussion, motion was made by Mr. Kleimann, seconded by Ms. Rummell, and unanimously carried to authorize the General Manager to execute a Professional Services Agreement and Work Order No. 1, with LBG-Guyton & Associates, for an anticipated cost of \$49,000, for Rehabilitation of Water Well Nos. 2, 7, 17, and 26 in The Woodlands.

Mr. Montgomery then moved to the item to consider and act upon authorizing the General Manager to execute Amendment No. 1 to Professional Services Agreement for Replacement of Mechanical Bar Screen at Wastewater Treatment Plant No. 2 in The Woodlands. Ms. Cooper discussed the item with the Board. After discussion, motion was made by Mr. Turner, seconded by Mr.

Kleimann, and unanimously carried to authorize the General Manager to execute Amendment No. 1 to a Professional Services Agreement with Langford Engineering, Inc., for a total lump sum fee amount of \$38,997.

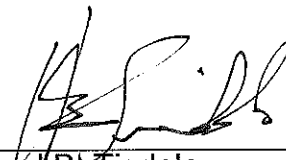
Mr. Montgomery then moved to the item to consider and act upon authorizing the General Manager to execute Change Order No. 1 for Rehabilitation of Water Well Nos. 6, 19, and 20 to finalize construction quantities and remove unused supplemental items. Mr. Sarich discussed the item. After discussion, motion was made by Mr. Turner, seconded by Mr. Kleimann, and unanimously carried to authorize the General Manager to execute Change Order No. 1 to an existing construction contract with Weisinger Water Well, Inc., for a cumulative credit amount of \$82,017.

Mr. Montgomery then moved to the item to consider and act upon authorizing the General Manager to execute Amendment No. 1 to an Engineering Letter Agreement for Water Plant No. 4 in The Woodlands. Mr. Sarich and Mr. Kelling 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 execute Amendment No. 1 to an Engineering Letter Agreement with AECOM, for a total anticipated fee of \$47,000.

At 9:55 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 10:20 a.m. Mr. Montgomery indicated that the item to consider and act upon a staff proposal regarding the disposition of surplus real property would be deferred until the next regular Board Meeting. Mr. Montgomery then noted for the record that he had executed the water supply contract with the City of Houston on this date, pursuant to authorization given at the July 23, 2009 Board meeting. He then announced that there would be a special Board Meeting on October 14, 2009, and the next regular Board Meeting would be October 29, 2009. With there being no further business to come before the Board, motion was made by Mr. Tisdale, seconded by Ms. Rummell, and unanimously carried to adjourn the meeting.



Lloyd B. Tisdale
Secretary
San Jacinto River Authority