

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

October 29, 2009

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 a.m., October 29, 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; Tojuana Cooper, Woodlands Division Manager; Jennie Almerico, Woodlands Division Engineer; Shane Porter, Woodlands Associate Engineer; Blake Kellum, Lake Conroe Division Manager; Michael Jackson, Controller;

Paulette Sokoya, Accountant; Raymond Johnson, Information Technology Manager; Janelle May, Human Resource 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 8:05 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. 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 September, 2009. Mr. Jackson asked that this item be deferred until the next meeting.

Mr. Montgomery then indicated the item to receive an update on the surface water program. Mr. Montgomery, Mr. Eichelberger, and Mr. Houston reported on recent developments. Mr. Kleimann inquired about newspaper exposure. A discussion ensued. Mr. Montgomery asked staff to work on a strategy for communicating the program to the public.

Mr. Montgomery then laid out the next item to consider and act upon taking official action declaring intent to reimburse expenditures from bond proceeds. Mr. Page indicated that the Board would need to adopt a resolution declaring its official intent to reimburse itself out of future bond proceeds for the purchase of real property for the anticipated surface water plant. After a brief discussion, motion was made by Mr. Stunja, seconded by Mr. Turner, and unanimously carried to adopt a resolution declaring the Authority's intent to reimburse itself from future bond proceeds for the purchase of real property for the anticipated surface water plant, attached hereto as Exhibit "A."

Mr. Montgomery then proceeded to the items to (i) consider authorizing the General Manager to execute Work Order No. 3 for Program Management Consultant for development of Groundwater Reduction Plan (GRP); (ii) consider authorizing the General Manager to execute Work Order No. 2 for Environmental Consultant to conduct environmental studies in support of the Groundwater Reduction Plan; and (iii) consider authorizing the General Manager to execute Work Order No. 9 for Dam and Reservoir Consultant. Mr. Kelling showed a presentation illustrating the various items related to the scope of work for the GRP. After a brief discussion, motion was made by Mr. Tisdale, seconded by Mr. Turner, and unanimously carried to (i) authorize the General Manager to execute Work Order No. 3 for Program Management Consultant, Brown & Gay Engineers, Inc., for an amount not to exceed \$1,279,500; (ii) authorize the General Manager to execute Work Order No. 2 for Environmental Consultant, Halff Associates, Inc.,

for an amount not to exceed \$213,470; and (iii) authorize the General Manager to execute Work Order No. 9 for Dam and Reservoir Consultant, Freese and Nichols, Inc., for an anticipated fee of \$24,500.

Mr. Montgomery then moved to the next item to consider authorizing the General Manager to execute documents for purchase of real property. After discussion, motion was made by Mr. Kleimann, and seconded by Ms. Rummell, to authorize the General Manager to execute documents related to the purchase of real property associated with the surface water treatment plant. The motion carried with the vote as follows:

Mr. Montgomery	Yes
Mr. Turner	Yes
Mr. Tisdale	Abstain
Ms. Rummell	Yes
Mr. Kleimann	Yes
Mr. Stibbs	Yes
Mr. Stunja	Yes

Mr. Montgomery then moved to the item to consider and act upon acceptance of an assignment to the Authority of a contract for strategic communication and public affairs consulting services. Mr. Page discussed the item with the Board. After discussion, motion was made by Mr. Turner, seconded by Mr. Tisdale, and unanimously carried to accept an assignment to the Authority of a contract for strategic communication and public affairs consulting services with Capitol Alliance Group.

Mr. Montgomery then indicated the next items to (i) received an update on the status of campus improvements and (ii) consider authorizing staff to utilize the

Competitive Sealed Bid process for the campus improvements project. Mr. Eichelberger and Mr. Kelling discussed the item with the Board. Mr. Montgomery requested that staff set up additional meetings with the Building Committee as needed. After discussion, motion was made by Mr. Turner, seconded by Mr. Tisdale, and unanimously carried to authorize staff to utilize the Competitive Sealed Bid process for the campus improvements project.

Mr. Montgomery then moved on to the item to consider and act upon an Addendum to Contract for Financing, Construction and Operation of Water Supply and Waste Disposal Facilities by and between the Authority and each of certain municipal utility districts in The Woodlands. Mr. Page discussed the item with the Board, indicating the districts that have executed such Addenda for approval at the meeting and the status of the execution of Addenda by two remaining districts. After discussion, motion was made by Mr. Tisdale, seconded by Mr. Turner, and unanimously carried to approve such Addenda.

Mr. Montgomery then laid out the next item to consider authorizing the General Manager to execute a construction contract for Replacement of Mechanical Bar Screen at The Woodlands Wastewater Treatment Plant No. 2. Ms. Cooper discussed the item with the Board. After discussion, motion was made by Mr. Turner, seconded by Mr. Stunja, and unanimously carried to authorize the General Manager to execute a construction contract with the low bidder, JTR Constructors, Inc., in the amount of \$171,000 and any change orders

up to \$25,000, for Replacement of Mechanical Bar Screen at The Woodlands Wastewater Treatment Plant No. 2.

Mr. Montgomery then indicated the item to consider authorizing the General Manager to execute a Miscellaneous Services Agreement for Replacement of Manhole at The Woodlands Lift Station No. 13. Ms. Cooper discussed the item with the Board. After discussion, motion was made by Mr. Tisdale, seconded by Mr. Stunja, and unanimously carried to authorize the General Manager to execute a Miscellaneous Services Agreement with the low bidder, Clearwater Utilities, Inc., in the amount of \$37,620 and any change orders up to \$10,000, for Replacement of Manhole at The Woodlands Lift Station No. 13.

Mr. Montgomery then proceeded to the next item to consider authorizing the General Manager to execute a Miscellaneous Services Agreement for an Induction Survey of Water Well No. 2 in The Woodlands. Ms. Cooper discussed the item with the Board. After discussion, motion was made by Ms. Rummell, seconded by Mr. Turner, and unanimously carried to authorize the General Manager to execute a Miscellaneous Services Agreement with the low bidder, Weisinger Water Well, Inc., in the amount of \$43,500, for an Induction Survey of Water Well No. 2 in The Woodlands.

Mr. Montgomery then indicated the next two related items to (i) consider authorizing the General Manager to execute a Miscellaneous Services

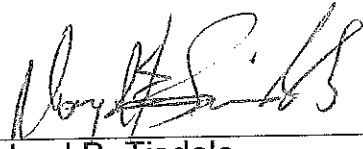
Agreement for construction of a subsurface barrier wall within a 20-foot sanitary sewer easement north of Golden Shadow Circle and (ii) consider authorizing the General Manager to execute a Miscellaneous Services Agreement for the 15-inch sanitary sewer point repair within a 20-foot sanitary sewer easement north of Golden Shadow Circle. Ms. Cooper discussed the item with the Board. After discussion, motion was made by Ms. Rummell, seconded by Mr. Kleimann, and unanimously carried to (i) authorize the General Manager to execute a Miscellaneous Services Agreement, with Pier-A-Mid Rehabilitation, Inc., in the lump sum amount of \$37,524 and any change orders up to \$10,000, for construction of a subsurface barrier wall within a 20-foot sanitary sewer easement north of Golden Shadow Circle and (ii) authorize the General Manager to execute a Miscellaneous Services Agreement with the low bidder, JCF Bridge and Concrete, in the amount of \$49,700 and change orders up to \$10,000, for the 15-inch Sanitary Sewer Point Repair within a 20-foot sanitary sewer easement north of Golden Shadow Circle.

Mr. Montgomery directed the Board's attention to the item to consider a staff proposal regarding the disposition of surplus real property. Mr. Houston passed out a proposed policy. Mr. Houston and Mr. Page then discussed the policy with the Board. After discussion, the Board directed staff to amend the proposed policy and bring it back to the Board for further consideration. Mr. Houston then indicated the next items (i) to declare surplus a 0.457 acre tract of real property located in Kleimann Estates Subdivision and to authorize the

disposal by sale of said 0.457 acre tract and (ii) to declare surplus a 1,000 square foot tract of real property located in Walden Subdivision and to authorize the disposal by sale of said 1,000 square foot tract. Mr. Houston passed out handouts containing specific information regarding the surplus real properties and a discussion ensued. After discussion, motion was made by Mr. Kleimann, seconded by Mr. Turner, and unanimously carried to (i) declare surplus a 0.457 acre tract of real property located in Kleimann Estates Subdivision and to authorize staff to dispose of, by sale, said 0.457 acre tract and (ii) declare surplus a 1,000 square foot tract of real property located in Walden Subdivision and to authorize staff to dispose of, by sale, said 1,000 square foot tract.

Mr. Montgomery then indicated the item to consider amending the Authority's Employee Vacation Policy to allow the roll-over of one week of vacation time from year-to-year. Mr. Eichelberger and Mr. Houston discussed the item with the Board. After discussion, motion was made by Mr. Kleimann, seconded by Ms. Rummell, and unanimously carried to amend the Authority's Employee Vacation Policy to allow the roll-over of one week of vacation time from year-to-year.

Mr. Montgomery announced that the next regular Board meeting would be December 10th. There being no further business to come before the Board, the meeting was adjourned at 9:25 a.m.



Lloyd B. Tisdale
Secretary
San Jacinto River Authority