

COPY

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

September 22, 2011

A regular meeting of the Board of Directors of the San Jacinto River Authority was held at 7:30 A.M., September 22, 2011, at the San Jacinto River Authority General and Administration Building, 1577 Dam Site Road, Conroe, Texas 77304. The roll was called of the duly constituted members of the Board as follows:

Lloyd B. Tisdale	President
Joseph V. Turner	Vice-President
Mary L. Rummell	Secretary
Joseph L. Stunja	Treasurer
David C. Kleimann	Member
Fredrick Koetting	Member
R. Gary Montgomery	Member

Present were Joseph V. Turner, Mary L. Rummell, David C. Kleimann, Fredrick Koetting, and R. Gary Montgomery, thus constituting a quorum. Also present were Reed Eichelberger, General Manager; Ron Kelling, Deputy General Manager, Operations; Jace Houston, Deputy General Manager, Administration; Michael Jackson, Controller; Jodi Chaney, Records Management Specialist; Mark Smith, GRP Administrator; Jennie Almerico, Woodlands Division Technical

Services Manager; Blake Kellum, Lake Conroe Division Manager; Michael and Mitchell Page, Schwartz, Page & Harding, LLP (SPH), General Counsel and Bond Counsel; Jan Bartholomew with Dan Rauscher, Inc.; and numerous other guests.

Mr. Turner called the meeting to order at 7:51 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. Eichelberger then recognized and thanked Gary Montgomery for his support and guidance during the past twelve years as board president and presented him with a ceremonial gavel.

Mr. Turner recognized Rigby Owen. He then continued the meeting by inviting comments from the public; there were none.

Mr. Turner proceeded to the next item on the agenda to receive updates from Operational Divisions and General & Administration Division related to ongoing projects, staff reports, or items on the consent agenda.

Ms. Almerico provided a brief update of the Woodlands Division, discussing the wastewater treatment plant permit renewal item on the consent agenda and noting the successful completion of several projects, including: Emergency Water Well No. 9 Rehabilitation; 16-inch Well Collection Line from Elevated Tank 5 to Water Plant No. 4; and Sanitary Sewer Collection Line Rehabilitation.

Mr. Kelling discussed the emergency repairs to Pump No. 1 at the Lake Houston Pump Station and credited Division Manager Larry Gregory and staff for meeting the demands of the Highlands with the remaining equipment until Pump No. 1 was returned to service on September 9th.

Mr. Kelling then provided a report on the Highlands Bond Program and stated the structure replacement at Siphon 10 was completed in July, and that a natural gas generator was added to the Lake Houston Pump Station prior to the hurricane season deadline. Mr. Kelling then discussed consent agenda items regarding the replacement of structures at Siphons 11 and 13, and engineering authorizations for the relocation of fuel facilities at the Highlands Division and Lake Houston Pump Station. Mr. Kelling showed a graphic of the Highlands Reservoir from the 2009 Dam Safety Study and explained that modifications will need to be made to the north canal system in order to comply with the new TCEQ rules and regulations.

Mr. Kelling provided an update on Siphon 38, stating the project was completed at the end of August and included the construction of a new siphon underneath the railroad leading into the Exxon refinery, as well as rehabilitation of the old siphon. He reported the project was completed without interruption to the flow of water or to rail car traffic.

Mr. Kelling and Mr. Koetting briefly discussed the Authority's on-site fuel storage operations.

Mr. Smith provided an update of the GRP Program, to include anticipated annual expenditures as the water plant and water lines are being developed, current expenditures and contractual obligations, and predominant activity by fiscal year. Mr. Montgomery thanked Mr. Smith for the GRP Program summary and asked that it be provided on a regular basis in the future. Mr. Smith stated he would plan to provide an update to the board on a monthly basis. Ms. Bartholomew affirmed that the information provided in the GRP Program update is in line with projected bond sales.

Mr. Turner then continued on to the consent agenda. Mr. Houston, Mr. Kelling, and Mr. Mitchell Page briefly presented items on the consent agenda for consideration. Motion was then made by Mr. Montgomery, seconded by Ms. Rummell, and carried unanimously, to (i) approve the minutes of Board of Directors meeting on August 25, 2011, (ii) approve the unaudited financial statements for the months of July, 2011, and August, 2011, (iii) approve the quarterly investment report for the quarter ended August 31, 2011, (iv) authorize the General Manager to execute Work Order No. 5 with Freese and Nichols, Inc., in the amount of \$70,000.00, for Engineering Services related to Improvements to North Levee of South Highlands Reservoir, (v) authorize the General Manager to execute Construction Contract with Boyer, Inc., in the amount of \$1,380,100.00 and up to \$50,000.00 in change orders, for improvements to Siphon No. 11 in the Highlands, (vi) authorize the General Manager to execute Work Order No. 9 with Cobb Fendley & Associates, Inc., in an amount not to

exceed \$40,595.00, for Professional Engineering Construction Phase Services related to improvements to Siphon No. 11 in the Highlands, (vii) authorize the General Manager to execute Work Order No. 4 for with Aviles Engineering Corporation, in an amount not to exceed \$30,557.60, for Construction Materials Testing related to Improvements to Siphon No. 11 in the Highlands, (viii) authorize the General Manager to execute Construction Contract with Boyer, Inc., in the amount of \$1,259,440.00 and up to \$50,000 in change orders, for improvements to Siphon No. 13 in the Highlands, (ix) authorize the General Manager to execute Work Order No. 10 with Cobb Fendley & Associates, Inc., in an amount not to exceed \$40,595.00, for Professional Engineering Construction Phase Services related to improvements to Siphon No. 13 in the Highlands, (x) authorize the General Manager to execute Work Order No. 5 with Aviles Engineering Corporation, in an amount not to exceed \$37,313.60, for Construction Materials Testing related to Improvements to Siphon No. 13 in the Highlands, (xi) authorize the General Manager to execute Emergency Bypass Pumping Contract with Godwin Pumps, in the amount of \$400,000.00, for standby pump rentals in the Highlands, (xii) authorize the General Manager to execute Work Order No. 6 for Engineering Services related to the Fuel Facility at Highlands Division Office and Work Order No. 7 for Engineering Services related to the Fuel Facility at Lake Houston Pump Station with Freese and Nichols, Inc., in the amount of \$8,000.000 for Work Order No. 6, and \$8,000.00 for Work Order No. 7, (xiii) authorize the General Manager to execute Work Order No. 15 with

Freese and Nichols, Inc., in the amount of \$32,000.00, for Dam Safety Improvements to Bear Branch Dam, (xiv) authorize the General Manager to execute Professional Services Agreement and Work Order No. 1 for NPDES Permit Renewal for Wastewater Treatment Plant No. 1, Work Order No. 2 for TCEQ Permit Renewal for Wastewater Treatment Plant No. 1, and Work Order No. 3 for TCEQ Permit Renewal for Wastewater Treatment Plant No. 2 in The Woodlands, with Alan Plummer Associates, Inc., in the anticipated amount of \$30,800.00 for Work Order No. 1, \$24,300.00 for Work Order No. 2, and \$26,750.00 for Work Order No. 3, (xv) authorize the General Manager to execute Second Supplemental Agreement between the Authority and Harris-Montgomery Counties Utility District No. 386, relative to the District's purchase of 223 single family residential equivalent connections in and to the Authority's water supply and waste disposal systems, providing for the sale, transfer, assignment, and conveyance by the Authority, and the purchase of and payment by MUD 386 for, capacity in the Authority's water supply and waste disposal systems to serve 223 single family residential equivalent connections, (xvi) authorize the General Manager to execute Work Order No. 6 with Brown & Gay Engineers, Inc., in an amount not to exceed \$332,640.00, for Program Management Consultant Services for the GRP Program, and (xviii) authorize the General Manager to execute Work Order No. 5 with Freese and Nichols, Inc., in the anticipated amount of \$265,000.00, for Hydraulic Modeling Engineering Services for the Raw Water Intake and Pump Station Project.

Continuing to the regular agenda, Mr. Smith discussed the Review Committee's recommendation to amend the GRP Rate Order to provide a penalty provision for GRP Participants who fail to comply with contractual requirements to timely return certificates related to bonds. Mr. Mitchell Page discussed the risks associated with the untimely receipt of participant certificates, including delayed bond closings and possible damages. Motion was made by Mr. Koetting, seconded by Mr. Montgomery and carried with four ayes and one nay, to approve the proposed amended GRP Rate Order. Mr. Kleimann voted nay.

Mr. Turner then proceeded to the next item on the agenda. Mr. Houston and Mr. Kellum provided information and statistics related to current drought conditions and discussed several proposals developed by staff intended to mitigate impacts caused by the drought on lake area businesses and residential property owners. Motion was made by Mr. Montgomery, seconded by Mr. Kleimann and unanimously approved, to authorize staff to develop guidelines and take any actions reasonably necessary to implement the recommended items not involving financial matters, and to conduct further analysis on the items related to financial assistance for commercial users.


At 9:11 A.M., Mr. Turner announced that the Board would recess into executive session. The Board reconvened at 9:38 A.M.

Mr. Turner presented the last item for consideration. Motion was made by Mr. Montgomery, seconded by Ms. Rummell and unanimously approved, to

authorize the General Manager to negotiate and execute an interlocal agreement with Montgomery County, consistent with the terms discussed in Closed Session, relative to acquisition of certain rights-of-way along McCaleb Road, the Fish Creek thoroughfare, and Honea-Egypt Road, for surface water line facilities and the sharing of communications facilities.

Mr. Houston introduced the new Public Relations Manager, Ronda Trow.

In closing, Mr. Turner announced that the next regular Board meeting would be November 10, 2011. There being no further business to come before the Board, the meeting adjourned at 9:40 A.M.


Mary L. Rummell)
Secretary
San Jacinto River Authority