

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

April 10, 2019

The Board of Directors (the "Board") of Coastal Water Authority ("CWA") convened its Regular Meeting; open to the public, at the CWA Conference Room, 1801 Main Street, Suite 800, Houston, Texas, with the following in attendance:

Directors

D. Wayne Klotz, P.E., President	Jon M. Sjolander
Tony L. Council, P.E., First Vice-President (<i>Absent</i>)	Joseph G. Soliz
Douglas E. Walker, Second Vice-President (<i>Absent</i>)	Giti Zarinkelk, P.E.
Thomas A. Reiser, Secretary-Treasurer	

CWA Staff

Don Ripley
John Baldwin
Greg Olinger
David Miller
John Sealy
Todd Vu
Mary Caballero

City of Houston Staff

Yvonne Forrest, PW&E

Legal Counsel

Neil Thomas, Norton Rose Fulbright US LLP

With the exceptions of Director Council and Director Walker, all members of the Board were present thus constituting a quorum.

I. CALL TO ORDER – Wayne Klotz

Director Klotz called the meeting to order at 10:00 A.M. and welcomed all guests to the meeting. (The sign-in sheets for those in attendance at the meeting are attached hereto.)

- A. Welcome.**
- B. Pledge of Allegiance.**
- C. Salute to the Texas Flag.**
- D. Moment of Silence.**

II. ITEMS FOR CONSIDERATION – Wayne Klotz

A. Minutes of the March 13, 2019 Board Meeting.

Director Klotz stated that the first item of business was the approval of the Minutes of the Board Meeting of March 13, 2019, as written.

Motion approving the Minutes of the Board Meeting of March 13, 2019.

Motion made by Director Reiser, Seconded by Director Zarinkelk. The Motion carried unanimously.

III. ONGOING PROJECTS – David Miller

A. Luce Bayou Interbasin Transfer Project.

The Directors received a copy of CWA's March 2019 Luce Bayou Interbasin Transfer Project (LBTP) Monthly Status Report with their Board information.

a. Capers Ridge Pump Station.

Mr. Miller stated that Renda/Johnson Brothers JV (RJB) made significant progress in March and are currently at 65% complete. RJB was able to pour the mezzanine deck at elevation +35 across the entire pump station and begin rebar and form work for the walls to a final elevation of +45. H-piles for electrical manholes located south of the electrical building were installed and backfill/compaction continued. Mr. Miller noted that the river levels have not yet returned to normal levels and has caused delays in demucking. Deep well points were installed west of the pump station which should help to draw water levels down and allow completion of demucking. Major work planned for April includes pouring the pump station walls to elevation +45, pouring the grade beams and structural slab at electrical building and continuing backfill/compaction. Progress photos taken at the CRPS site were provided to the Board.

b. Canal System.

Mr. Miller stated CWA, Triple B Services (Canal Contractor for Segments 1, 2 and 3), Principal Services Limited (Canal Contractor for Segments 4 and 5), Parsons, Aviles Engineering (Canal CMT), and the Canal Design Firms conducted the monthly project meetings on March 5, 2019. Mr. Miller stated that Triple B Services is approximately 68% complete on Segment 1, and 91% complete on Segments 2 and 3. Major activities on Canal Segments 1, 2 and 3 performed by Triple B Services in March 2019 included:

- Continued headwall construction at the Entergy easement
- Continued Water Level Gate 1 foundation
- Continued Water Level Gate 2 foundation

Major work activities planned for April 2019 include:

- Q136 siphon headwalls on Segment 1
- Continue Scott Road siphon
- Begin FM2100 siphon

Mr. Miller stated Principal Services Limited (Principal) is the Canal Contractor for Segments 4 and 5. Segment 4 is 89% complete, and Segment 5 is 92% complete. Major activities on Canal Segments 4 and 5 performed by Principal in March 2019 included:

- Completed Siphon B and C headwalls on Segment 4
- Completed Water Level Gate 6 foundation
- Continued FM1008 siphon headwalls on Segment 5
- Continued articulated concrete block installation on Segment 5

Major work activities planned for April 2019 include:

- Install Water Level Gate 6
- Continue Water Level Gate 5

Mr. Miller briefly identified and highlighted the current schedule status of significant structures at each of the Canal Segments, which included, FM2100 siphon and Pipeline Corridor 1 siphon at Segment 1; Grand Parkway siphon by TxDOT; drainage Siphon A and Water Level Gate 5 at Segment 4; and, FM1008 siphon at Segment 5. Progress photos taken across all of the canal segments were provided to the Board.

Mr. Miller noted that, as previously discussed with the Board, the Segment 4 Contractor, Principal Services Limited, required additional reinforced concrete to complete the Segment 4 structures. CWA and Principal completed negotiations for this work in March and reviewed this information with the Professional Engineering Services Review Committee on April 4, 2019. The Committee recommended bringing forward for the Board's consideration today. Director Klotz asked what the percentage was over the total contract.

Mr. Miller stated, 4%. There were no further questions and Mr. Miller recommended the motion as presented.

Motion authorizing the Executive Director to issue a change order to Principal Services Ltd. in the amount of \$889,367.00 for additional reinforced concrete at the siphon headwalls on Canal Segment 4 as part of the Luce Bayou Interbasin Transfer Project.

Motion made by Director Reiser Seconded by Director Zarinkelk. The Motion carried unanimously.

c. Canal Maintenance Facility.

Mr. Miller stated the Contractor for the Canal Maintenance Facility (CMF), Teal Construction (Teal), is approximately 99% complete. Activities performed by Teal in March 2019 included:

- Continued clean up and punch list corrections

Mr. Miller stated work planned for April 2019 includes completion of punch list corrections. Mr. Miller presented progress photos taken at the site.

d. Dual 96-Inch Diameter Pipelines.

Mr. Miller stated the Contractor for the Dual 96-inch Diameter Pipeline, Thalle Construction (Thalle), is approximately 69% complete. The monthly progress meeting was conducted on March 20, 2019. Major activities performed by Thalle in March 2019 included:

- Continued pipe welding and joint grouting
- Continued installation of the air/vac assembly vaults

Mr. Miller noted that Thalle indicated during the monthly schedule review meeting that their pipe fittings manufacturer forecasted an additional six-week delay in delivery of the pig retrieval facility fittings. As a result, Thalle is projecting that their completion schedule will push back from August to October 2019. Mr. Miller provided progress photos to the Board.

Mr. Miller presented to the Board a summary of the Minority, Women and Small Business Enterprises (MWSBE) report ending March 29, 2019 that included all construction contractors working on the LBITP. There were no questions from the Board.

At this time Mr. Miller presented to the Board a drone video of all construction projects on the LBITP.

IV. MAINTENANCE & OPERATIONS – Greg Olinger

A. Monthly Operations Report/Project Updates.

The Monthly Operations Report for March 2019 was included in the Board Members' Agenda packets.

As an update on the Bayport 12-inch Waterline Replacement Project, Mr. Olinger stated the Contractor, Carter Construction, has mobilized and completed 94% of the open cut installation and 57% of the trenchless bore and jack construction. This project is half-way into the 150 day contract period. The remaining pipeline installation will take place later this month. The pressure testing is scheduled for the first week of May. Final completion has been identified as May 22, 2019. Mr. Olinger presented progress photos taken at the site. Mr. Olinger stated the project is going well and is projected to be completed ahead of schedule.

As an update on the Lake Houston Dam Rehabilitation Project, Mr. Olinger stated a Notice to Proceed was issued to Thalle Construction on February 25, 2019. Thalle is completing site mobilization including the setup of jobsite trailers, preparation of a material lay-down yard and receipt of steel conex boxes that will

make up the cofferdam structures. Mr. Olinger stated the submittal review and responses is ongoing and involves the completion of the Contractor's Diversion of Water Plan, which will describe how the contractor will cofferdam and handle water coming across the dam that could go through the work site. Mr. Olinger noted that a first draft of the plan has been reviewed and sent back to the contractor for their response to the comments. Director Klotz asked for an assessment of the cofferdam capability to withstand certain sized storm events. Mr. Olinger stated it will be equated. Mr. Olinger stated the following schedule, as it stands to date, is:

- Install cofferdams – first week in May 2019
- Install right training wall – mid May 2019
- Splinter wall/lower hearth/ogee weir Section 1 – end of June 2019
- Sluice gate abandonment – end of June 2019
- Splitter wall/lower hearth/ogee weir Section 2 – December 2019
- Splitter wall/lower hearth/ogee weir Section 3 – end of March 2020
- Closeout and completion – end of June 2020

Director Klotz asked if any of this work would affect the ability of CWA opening/closing the gates during rain events. Mr. Olinger stated, depending on where the contractor is working, it could have an effect on gates that could be opened. CWA's preference would be to not operate gates upstream of the contractor's active work areas. Mr. Olinger noted CWA takes direction from the City with regard to gate operations. Mr. Olinger stated that CWA has worked closely with the City on instituting a buffer in the lake during this construction of one-foot to give the contractor some cushion in the event of a moderate storm. Director Klotz asked Ms. Yvonne Forrest, City of Houston/Houston Public Works, if everyone associated with the City has been apprised of the impact this project may have on the ability to raise and lower the lake level. Ms. Forrest stated that they have all been made aware; the City is on its second survey to the community to see how it would like to address seasonal lowering or pre-releases. The surveys should close by the end of this week. Mr. Olinger presented project site photos. There were no further questions from the Board.

V. BUSINESS REVIEW – John Baldwin

A. Monthly Financial Statements for the Previous Month.

Mr. Baldwin presented to the Board the Financial Statements for the month ending March 31, 2019. Mr. Baldwin stated all five Operating Funds are performing as expected and in good shape. There were no questions from the Board.

B. Financial Statements Audit Report – 2018.

Mr. Baldwin presented to the Board the Final Draft of the Audit Report for the Financial Statements for the year ending December 31, 2018. The Auditors, Weaver and Tidwell, presented the report to the Finance and Audit Committee on April 2, 2019. Mr. Baldwin stated the report reflects an "unmodified opinion." The Committee recommended bringing the report forward for the Board's consideration today. At this time, Mr. Brent Young with Weaver and Tidwell gave a brief presentation to the Board. There were no questions and Mr. Baldwin recommended the Motion as presented.

Motion approving the Coastal Water Authority Audit Report for the Year ending December 31, 2018.

Motion made by Director Reiser Seconded by Director Sjolander. The Motion carried unanimously.

C. Rebtable Arbitrage Liability Report – 2018.

Mr. Baldwin presented the Board with a summary of CWA's annual Rebtable Arbitrage Liability Report as of December 31, 2018. Mr. Baldwin stated a rebatable arbitrage and yield restriction analysis is required on the Authority's applicable outstanding Contract Revenue Bonds and the State Funding

Agreements. The analysis for 2018 was conducted by the financial services firm of First Southwest. The analysis indicated that no rebatable arbitrage liability exists on any of the Authority's applicable Contract Revenue Bonds, Contract Refunding Bonds and the State Participation Funding with the Texas Water Development Board. This report was reviewed by the Finance and Audit Committee on April 2, 2019. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion accepting the Arbitrage Report for the Coastal Water Authority Contract Revenue Bonds and the Texas Water Development Board Contract Fundings as of December 31, 2018.

Motion made by Director Reiser Seconded by Director Sjolander. The Motion carried unanimously.

D. Internal Management Report – December 2018.

Mr. Baldwin presented the Board with the Internal Management Report ending December 31, 2018. Mr. Baldwin stated this report details the investment activities on all of the Authorities' funds as required by the Texas Public Funds Investment Act. The report reflects the investment yields available in the market place during that time frame. Mr. Baldwin stated that interest rates inched up a little on interest earnings due to the current market conditions. Since the Fed stated it would not raise rates this year, this will plateau out and drop slightly because the interest rates dropping several "basis" points; CWA is at about 2.4% monthly on investments. All investments were held to maturity. This report was reviewed by the Finance and Audit Committee on April 2, 2019. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving the Coastal Water Authority's Internal Management Report for the quarter ending December 31, 2018.

Motion made by Director Reiser Seconded by Director Soliz. The Motion carried unanimously.

VI. DISBURSEMENTS – John Baldwin

Mr. Baldwin presented to the Board the summary of disbursements for the month on the various construction funds. The disbursements to be approved by the Board included: the Bayport Capital Improvement Fund – in the amount of \$197,460.03; the Special Project Equity Fund – in the amount of \$111,528.06; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$84,9366.70; the Construction Fund – Series 2015 (Luce Bayou Project) – in the amount of \$372,795.92; the Construction Fund – Series 2016 (Luce Bayou Project) – in the amount of \$2,688,354.20; the Construction Fund – Series 2017 Loan (Luce Bayou Project) – in the amount of \$691.312.81.

Motion approving the Disbursement of Funds as presented.

Motion made by Director Reiser, Seconded by Director Soliz. The Motion carried unanimously.

VII. OLD BUSINESS – Don Ripley

There were no Old Business items to discuss.

VIII. NEW BUSINESS – Don Ripley

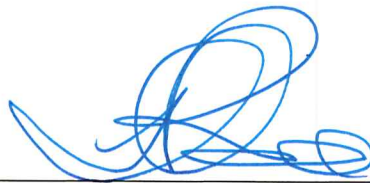
Mr. Ripley stated that he wanted to make the Board aware that CWA is currently chasing a leak in the Bayport Industrial system that has a small possibility of requiring expenditures that may require the Board to reconvene in the next couple of weeks to make emergency repairs.

IX. EXECUTIVE SESSION

There was no Executive Session.

X. ADJORNMENT – Wayne Klotz

The Meeting was adjourned at 10:58 A.M.



Thomas A. Reiser, Secretary-Treasurer