

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

August 14, 2013

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	John Odis Cobb, P.E.
Tony L. Council, P.E., First Vice-President	Douglas E. Walker
Alan D. Conner, Second Vice-President	Giti Zarinkelk, P.E.
Zebulun Nash, Secretary-Treasurer	

CWA Staff

Donald R. Ripley
John J. Baldwin
Greg Olinger
David Miller
James Lewis
Mary Caballero
Jackie Leong

City of Houston Staff

Jun Chang, P.E., Deputy Director, PW&E
John Liles, Legal

Legal Counsel

Neil Thomas, Fulbright & Jaworski L.L.P.

General Engineering Consultant

Ty Thomas, P.E., Lockwood, Andrews & Newnam, Inc.

All members of the Board were present, thus constituting a quorum.

I. CALL TO ORDER - Wayne Klotz

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

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.

II. ITEMS FOR CONSIDERATION - Wayne Klotz

A. Minutes of the July 10, 2013 Board Meeting.

Director Klotz stated that the first item of business was the approval of the Minutes of the Board Meeting of July 10, 2013 as written.

MOTION approving the Minutes of the Board Meeting of July 10, 2013.

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

III. ONGOING PROJECTS - Donald R. Ripley and Greg Olinger

A. Luce Bayou Project.

Mr. Ripley stated that AECOM has submitted the Final Draft Environmental Statement to the USACE and will start drafting the Record of Decision. With reference to the Luce Bayou Archeological Issues, site 42 field investigation was completed last Friday and a Draft Report is due by August 21, 2013, no human remains were found. The USACE indicated that a draft Memorandum of Understanding has been prepared and agreement was reached on the required Tribal signees. A conference call with the Indian Tribes will follow review of the draft report; however, no date has been set by the USACE for this conference call.

Mr. Ripley reported that Parcel 39.4 is the only remaining parcel to acquire for right-of-way. The condemnation process started about two weeks ago.

B. Gillette Street Project.

Mr. Olinger reported that the Revised Affected Property Assessment Report (APAR) had been submitted to the Texas Commission on Environmental Quality (TCEQ) on July 2, 2013. CWA has completed the Response Action Plan to the State and met with the COH's Mayor's Office prior to the submittal. The State has a 90-day review window for the two documents. CWA also completed the Municipal Setting Designation (MSD) and the third set of well owner notifications. The TCEQ MSD Application will be submitted next week. With reference to the slip ramp permitting on Allen Parkway, CWA completed the drawings and submitted them to the COH on July 17, 2013. It is anticipated to have the review comments back by next week. The re-platting to remove streets and park designations went before the COH's Planning Commission on August 8, 2013. Mr. Olinger noted a few minor corrections were made; the mylars are being printed today for signature. The Gillette Street Project is still on schedule anticipating going out for bid in the fall, September-October 2013, awarding a contract in January 2014, and a certification of completion by the TCEQ in September 2014.

IV. LAND AND RIGHT-OF-WAY - John Liles

Mr. Liles reported that all requests are being handled timely and in a routine manner.

V. MAINTENANCE & OPERATIONS - Don Ripley and Greg Olinger

Mr. Olinger referred the Board to the Monthly Operation Report included in their agenda packets.

Monthly Report

TRINITY RIVER	Water Production	
	July 2013 31 DAYS (gallons)	DAILY AVG (MGD) INDUSTRIAL & TREATMENT
Trinity River Pump Station	19.9 billion	Hwy 225 Plants (incl. CWA WTP) 123
Main Canal	18.4 billion	SEWPP 125
Cedar Point Lateral	1483.6 million	EWPP 239
San Jacinto Transfer Station	328.5 million	Deer Park WTP 5
Lynchburg Pump Station	16.6 billion	Bayport Plants 33
Water Treatment Plant	158.5 million	BAWA 17
Bayport Pump Station	1010.5 million	CPL 48
		SJRA 10
		Trinity River Total 600 MGD
SAN JACINTO RIVER		
Lake Houston Pump Station	1.3 billion	Indus. Customers 27
		EWPP 14
		San Jacinto River Total 41 MGD

Operations

Mr. Olinger stated that Lake Houston was at 41.70 ft (msl) and all gates were closed (normal pool is 44.5 ft). Lake Conroe was at 197.88 ft and there were no releases (normal pool is 201 ft). Lake Livingston was at 130.03 ft. and was releasing 1,500 cfs (normal pool is 131 ft). The Trinity River Pump Station (TRPS) July production was 19.9 billion gallons with an average daily production of 600 MGD and is at 100% of CWA's projected demand. The Lake

Houston Pump Station (LHPS) July production was 1.3 billion gallons with an average daily production of 41 MGD. This is slightly below CWA's projected demand.

Maintenance

Mr. Olinger reported that maintenance activities included the repair of two major leaks on NW Lateral D, the rebuilding of ammonia pumps A3 and B2 at the LPS and the rebuild of pump 210's gland water booster pump also at the LPS, the replacement of the drive cooling fan on SJRA Motor No. 2 VFD, the replacement of the SJRA RTU motherboard at the SJR Pump Station, and the third aquatic vegetation assessment and herbicide application at Lake Houston.

With reference to maintenance at NW Lateral D, Mr. Ripley noted to the Board that CWA is having to devote a lot of time and resources to keep it operable and until CWA determines who owns and is responsible for the adjacent drainage ditch, this will continue to be an ongoing issue.

B. Lake Houston Pump Station Pump No. 1 Rebuild.

Mr. Olinger stated CWA received three bids for this pump rebuild. Pepper-Lawson Water Works was the low bidder. It was noted that the bid tabs had been provided to the Operations and Maintenance Oversight Committee for their review. There were no questions from the Board and Mr. Olinger then recommended the motion as presented.

MOTION authorizing the Executive Director to Execute a Contract with Pepper-Lawson Water Works, LLC for the Rebuild of Lake Houston Pump Station Pump No. 1 in the amount of \$142,000.

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

C. Lake Houston Aquatic Vegetation Control.

Mr. Olinger presented pictures to the Board of the heavy aquatic vegetation on Lake Houston. Mr. Olinger stated that due to this issue it is anticipated that CWA will be spending all of its budgeted allocation to address this year's vegetation control with added "spray days". Mr. Ripley added that as noted previously, this item had been budgeted using the previous forecast of the last two years; however, due to the previous drought conditions and other factors of nature, this year is demanding more spraying. Mr. Olinger then recommended the motion as presented.

MOTION authorizing the Executive Director to issue a Supplemental Work Order to Atkins North America, Inc. for Three Additional Aquatic Vegetation Control Spraying Days in an amount up to \$75,000.00.

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

VI. BUSINESS REVIEW - John J. Baldwin

A. Monthly Financial Statements for the Previous Month.

Mr. Baldwin presented to the Board the financial statements for the month ending July 2013. Mr. Baldwin stated that three of the four operating expenditures and revenues are in-line with our budget forecast for the first seven months. The revenues for the operations of the Red Bluff Treatment Plant are significantly lower due to the lower demand for water from Air Products, L.P. one of the two customers at that facility. That situation will be discussed further later in the Agenda. There were no questions from the Board.

B. Red Bluff Water Treatment Plant Operating Budget.

Mr. Baldwin stated that as mentioned earlier, Air Products, L.P. (A/P) has been using a significantly lower volume of water than they projected. CWA's contract with A/P requires a review of revenues and expenditures at the conclusion of each six month period. As a result of their review a new rate of \$2.532 per 1000 gallons of treated water is required to generate sufficient revenues for the operations of the facility through year-end. Mr. Baldwin presented a worksheet to the Board showing the calculation of the impact on revenues and treatment chemical costs for the lower demand from Air Products. This item was reviewed by the Finance and Audit Committee earlier this morning. There were no questions and Mr. Baldwin recommended the motion as presented.

MOTION approving an Amended Water Treatment Rate of \$2.532 Per 1000 Gallons of Treated Water delivered to Air Products, L.P. through December 31, 2013.

Motion made by Director Nash, Seconded by Director Council. The Motion carried unanimously.

VII. DISBURSEMENTS – John J. Baldwin

Mr. Baldwin stated that the disbursements to be approved by the Board included: the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$75,899.37, the Construction Fund – Series 2009 (Luce Bayou Project) – in the amount of \$426.97, the Construction Fund – Series 2010 (Luce Bayou Project) – in the amount of \$625.95, the Luce Bayou – Land & Mitigation Fund – in the amount of \$15,239.51, the Special Project Equity Fund - in the amount of \$30,391.03.

MOTION to Approve the Disbursements as Presented.

Motion made by Director Nash, Seconded by Director Council. The Motion carried unanimously.

VIII. OLD BUSINESS – Donald R. Ripley

Mr. Ripley stated that there were no Old Business items to discuss.

IX. NEW BUSINESS – Donald R. Ripley

Mr. Ripley stated that there were no New Business items to discuss.

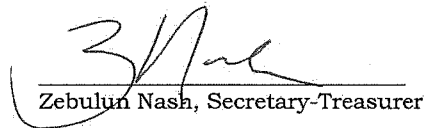
X. EXECUTIVE SESSION

There was no Executive Session.

XI. ADJORNMENT

The Meeting was adjourned at 10:38 A.M.

[Signature Page Follows]



Zebulun Nash, Secretary-Treasurer