

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

December 11, 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
Tony L. Council, P.E., First Vice-President
Alan D. Conner, Second Vice-President
Zebulun Nash, Secretary-Treasurer

John Odis Cobb, P.E.
Douglas E. Walker
Giti Zarinkelk, P.E.

CWA Staff

Donald R. Ripley
John J. Baldwin
Greg Olinger
David Miller
James Lewis
Jonathan Marks
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 LLP

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 November 13, 2013 Board Meeting.

Director Klotz stated that the first item of business was the approval of the Minutes of the Board Meeting of November 13, 2013 as written.

MOTION approving the Minutes of the Board Meeting of November 13, 2013.

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

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

A. Luce Bayou Project.

a. EIS.

Mr. Ripley stated that the Environmental Impact Study (EIS) comment period closed on November 18, 2013. The Environmental Protection Agency (EPA) was the only entity to submit comments. AECOM submitted the Record of Decisions (ROD) for the USACE review on December 10, 2013. The ROD included responses to the EPA's comments. Mr. Stephen

Berckenhoff (AECOM) concurred and added that the permit should be expected approximately 30-days after the ROD.

b. Archeology Memorandum Of Agreement (MOA).

Mr. Ripley stated that a teleconference was held on December 6, 2013 with the Indian Tribes with all of the outstanding issues being resolved. Once the MOA is finalized, it will be submitted to the three Indian Tribes for formal approval. It was noted by the Indian Tribes that their signature approval is not expected to be a lengthy process. Mr. Ripley stated that once the MOA is finalized the final scope of the work for the archeological investigation will be known and a final work order with Moore Archeological will be presented to the Board for consideration.

Mr. Ripley stated that on the Luce Bayou property, Commissioner hearings are scheduled for the last two property acquisition issues; one of those is property with thirty-four owners and the other property being a mineral rights owner on the mitigation tract. Commissioner hearings are set on both of them. The first one is scheduled for next week, and the last one is scheduled for January 7, 2014. CWA's property attorney anticipates the completion of the acquisition process on both properties sometime in late January 2014 or early February 2014.

c. Sam Houston Electric Cooperative.

Mr. Ripley stated that the content of the Letter of Agreement with the Sam Houston Electric Cooperative (SHECO) for power supply into the Capers Ridge Pump Station has been approved by CWA's legal council. It is anticipated that the Board will be presented with the Letter of Agreement at its next Board Meeting (January 8, 2014) for review.

d. Capers Ridge Pump Station.

Mr. Ripley stated that the Professional Engineer Services Review Committee met on December 4, 2013 and selected firms for short list interviews. These interviews will occur later this week.

B. Gillette Street Property Project.

Mr. Olinger stated that in terms of the Municipal Setting Designation (MSD) the Texas Commission on Environmental Quality's coordinator (TCEQ) is requiring confirmation of receipts of thirty-two notifications letters sent to the well property owners. In compliance, CWA has re-sent the notification letters via return receipt (this is the third notification sent to the well owners). After a sixty-day comment period from water well owners, the TCEQ coordinator is indicating she will certify the MSD and approve the Affected Property Assessment Report (APAR) and the Response Action Plan (RAP). This latest request from the TCEQ has now moved the approval schedule to the end of February 2014 to early March 2014. The City of Houston Mayor's Office has been made aware of this new schedule.

a. Remediation Contract Procurement.

With reference to the Slip Ramp Construction on Allen Parkway, the City of Houston's Public Works and Engineering Department (COH) has offered to complete the construction of the slip-ramp as part of an on-going drainage and paving projects located in this area. As this will be a less costly approach, CWA provided the COH with the design of the slip ramp which they added to their bid package. The bid opening for this project was last week and as such, CWA anticipates the slip ramp will be completed in April 2014 by the COH. In response to a question from Director Klotz, Mr. Olinger stated that the agreement with the COH is that CWA will pay for the initial construction and the COH will pay for the restoration of the slip ramp back to the original configuration. Director Nash asked how long CWA has been working on this project. Mr. Olinger stated that in keeping with TCEQ's compliance it has been three years

now. Director Klotz stated that the City of Houston is moving forward and has sent CWA the marketing plan for the property which Mr. Neil Thomas has reviewed. Mr. Olinger then went on to state that following the review of the City's Marketing Plan and schedule, the City is interested in pursuing the marketing of the property ahead of the VCP certificate of completion. The COH has contacted CWA about posting signage on the property in accordance with the marketing plan.

With reference to the Site Remediation Contracts, Mr. Olinger stated that CWA has completed the final design on site remediation. For cost saving purposes CWA is now proposing to move forward with procurement of separate contracts for both the site remediation and disposal of the waste materials with the two bid opening dates occurring in January 2014 receiving the disposal facility first to make the potential contractors aware of the disposal facility that CWA will use to allow them to factor in their transportation costs. (Handouts on both the Engineer's Cost Estimate with Hazardous Waste and a schedule, dated 12/3/13, on the Gillette Street Project were provided in the Board member's packet.) Mr. Olinger noted that the O&M Oversight Committee was briefed on this plan last week. Mr. Olinger then recommended the motion as presented.

MOTION authorizing the Executive Director to Advertise and Procure a Contractor and Disposal Facility for the Remediation and Site Restoration of the Gillette Street Property.

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

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

Mr. Liles stated that as of this date, there is only one outstanding application.

V. MAINTENANCE & OPERATIONS - Donald R. Ripley / Greg Olinger

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

A. Monthly Report

	Water Production November 2013 30 DAYS (gallons)	DAILY AVG (MGD) INDUSTRIAL & TREATMENT
Trinity River Pump Station	16.5 billion	Hwy 225 Plants (Incl. CWA WTP) 108
Main Canal	15.5 billion	SEWPP 109
Cedar Point Lateral	1021.2 million	EWPP 230
San Jacinto Transfer Station	308.8 million	Deer Park WTP 5
Lynchburg Pump Station	14.7 billion	Bayport Plants 30
Water Treatment Plant	136.5million	BAWA 16
Bayport Pump Station	901.3 million	CPL 34
		SJRA <u>10</u>
		Trinity River Total 541 MGD

SAN JACINTO RIVER

Lake Houston Pump Station	1.1 billion	Indus. Customers 23
		EWPP <u>15</u>
		San Jacinto River Total 38 MGD

Operations

Mr. Olinger stated that Lake Houston was at 44.44 ft (msl) and all the gates were closed (normal pool is 44.5 ft) up .25 ft. Lake Conroe was at 199.48 ft and there were no releases (normal pool is 201 ft) up 2.1 ft. Lake Livingston was at 131.27 ft. and was releasing 1,000 cfs (normal pool is 131 ft) up 2.1 ft. The Trinity River Pump Station (TRPS) November production was 16.5 billion

gallons with an average daily production of 549 MGD which is 103% of the projected demand of 16 billion. The Lake Houston Pump Station (LHPS) November production was 1.1 billion gallons with an average daily production of 38.3 MGD. This is below CWA's projected demand of 1.2 billion gallons.

Maintenance

Mr. Olinger reported that a few highlights of maintenance activities included the completion of the annual Variable Frequency Drive maintenance at the LPS. At Lake Houston, Atkins completed one day of aquatic vegetation spraying. An additional assessment before the end of the year will be performed by Atkins and then a full report will be presented to the Board members at the next Board meeting. At the Red Bluff WTP, Westech removed the air release valve and installed a vent on filter 109's "A" and "B" sides. And, all surge relief valves were purged at the Distribution System and the audible alarms for both the tainter and flashboard were repaired at the Lake Houston Dam.

B. Lynchburg Pump Station P-208 and P-209 Variable Frequency Drive Replacement.

Mr. Olinger stated that the final design and the bid package have been completed. The Engineer's estimate is within the 2014 budgeted amount (\$1.69M vs. \$1.96M). The replacements are planned to commence in the fall of 2014 in a phased approach. Pump P-209 VFD being the first, and once back on-line, Pump P-208 VFD would be next. This approach will ensure that only one pump is down at any given time. (Copies of the Engineer's Estimate and the Project Schedule were included in the Board member's packets.) Mr. Olinger then recommended the motion as presented.

Motion authorizing the Executive Director to Advertise and Procure a Contractor for the Replacement of P-208 and P-209 Variable Frequency Drives at Lynchburg Pump Station.

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

C. Asset Management System Update.

At this time Mr. Ripley introduced CWA staff member, Mr. Jonathan Marks, to the Board for an update on modernizing CWA's Asset Management System.

Mr. Marks provided the Board members with a presentation and gave the Board members a quick overview of CWA's Asset Management (AM) including defining AM, highlighting CWA's assets and the project growth in the next five years particularly with the new Luce Bayou Interbasin Project, describing the need to improve AM, the benefits of an effective AM program and the AM implementation plan. It was noted that this AM System project has been included in CWA's 2014 budget.

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 November 30, 2013. Mr. Baldwin stated that all four operating budgets are doing well both in revenues and expenditures with expenditures slightly below budget going into the end of the year.

B. Internal Management Report – September 30, 2013

Mr. Baldwin provided the Board with a copy of CWA's Quarterly Internal Management Report detailing the investment activities on all of the Authorities' funds for the period ending September 30, 2013. There were no questions from the Board. Mr. Baldwin recommended the motion as presented.

MOTION approving the Coastal Water Authority's Internal Management Report for the Quarter ending September 30, 2013.

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

C. Amended Coastal Water Authority Investment Policy.

Mr. Baldwin provided the Board with an Amended Coastal Water Authority Investment Policy and noted the Public Funds Investment Act (PFIA) requires the annual review and updating of the Authority's Investment Policy. Accordingly, the Investment Policy for 2013 has been amended to accommodate the addition of two new funds that were established with the closing of the loan with the Texas Water Development Board on March 1, 2013. Mr. Baldwin noted that the Texas Legislature did not pass any legislation in its 2013 session that requires any changes to the PFIA, therefore, no legislative directed changes were required in the Investment Policy. There were no questions and Mr. Baldwin recommended the motion as presented.

MOTION approving a Resolution adopting an Amended Investment Policy, Cash and Investment Management Procedure and the List of Qualified Broker/Dealers of the Coastal Water Authority.

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

VII. DISBURSEMENTS – John J. Baldwin

Mr. Baldwin stated that the disbursements to be approved by the Board included: the Bayport Capital Improvement Fund – in the amount of \$20,069.46, the Construction Fund – Series 2009 (Luce Bayou Project) – in the amount of \$710.17, the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$15,395.64 the Luce Bayou – Land & Mitigation Fund – in the amount of \$11,315.25 the Special Project Equity Fund - in the amount of \$25,346.13.

MOTION to Approve the Disbursements as Presented.

Motion made by Director Nash, Seconded by Director Conner. 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]

A handwritten signature in blue ink, appearing to read "Z. Nash", written over a horizontal line.

Zebulun Nash, Secretary-Treasurer