

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

January 11, 2023

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	Joseph G. Soliz
Douglas E. Walker, Second Vice-President	Giti Zarinkelk, P.E.
Thomas A. Reiser, Secretary-Treasurer	

CWA Staff

Greg Olinger
John Baldwin
David Miller
James Lewis
Mary Caballero
Todd Vu

City of Houston Staff

Venus Price

General Legal Counsel

Barron Wallace and Mary Buzak, Bracewell LLP

All Members of the Board were present thus constituting a quorum.

Copies of the agenda materials were included in the Board Members' packets.

I. CALL TO ORDER – Wayne Klotz

A. Welcome.

Director Klotz opened the meeting at 10:01 A.M. (The sign-in sheets for those in attendance at the meeting are attached hereto.)

B. Pledge of Allegiance.

C. Salute to the Texas Flag.

D. Moment of Silence.

II. PUBLIC COMMENTS

There were no public comments.

III. ITEMS FOR CONSIDERATION – Wayne Klotz

Director Klotz stated that the first item of business was the approval of the Minutes of the Board Meeting of December 14, 2022.

A. Minutes of the December 14, 2022 Board Meeting.

Motion approving the Minutes of the Board Meeting of December 14, 2022.

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

IV. EXECUTIVE DIRECTOR'S REPORT – Greg Olinger

A. Downtown Office Safety Orientation.

Mr. Olinger stated that CWA has no higher priority than the safety of CWA employees, contractors, visitors and guests. Over the last few months a wholesale review and upgrade of CWA's safety plans for all facilities including the downtown office was completed. Mr. Olinger highlighted the downtown office safety procedures for the Board and visitors in attendance at the meeting. Mr. Olinger noted that CWA's office safety plan is built around guidance provided by the building manager, Transwestern Commercial Services (Transwestern), and the City of Houston (City)'s High-Rise Office Building Safety Plans for various emergency procedures. Both documents provide guidance for tenants in an emergency such as fire, weather events, power failures, evacuation and medical emergencies. Mr. Olinger reported that as required by the City's High-Rise Safety Plan, CWA has designated three staff members, Ms. Sandy Kantor, Ms. Dania Cato and Mr. Seth Deutsch, as emergency fire wardens and each has completed the requisite Houston Fire Department training. Mr. Olinger introduced CWA's fire wardens to the Board. Mr. Olinger stated during an emergency, Transwestern will provide the primary directions over the public address system. CWA's fire wardens will be available to assist and provide any additional directions as needed during emergency situations. Mr. Olinger then presented a map of the 8th floor to show locations of first aid kits, automated external defibrillators and routes to stairwells for evacuation. Mr. Olinger indicated a copy of the CWA Downtown Safety Plan is permanently maintained in the Board Room for anyone who would like to review it. Director Klotz stated that the information presented was helpful and thanked CWA staff for the efforts on this safety item.

B. 2023 Strategic Plan Update.

Mr. Olinger stated CWA has finalized the 2023 Strategic Plan (the Plan) which provides CWA's mission, strategies, goals and objectives for the next five years. Mr. Olinger noted that feedback and comments from the Board and the City have been incorporated into the final Plan. Director Klotz asked Mr. Olinger about CWA staff's expectations of the Board after the Plan is adopted. Mr. Olinger responded that CWA staff will have primary responsibility for executing the Plan and will at times request the Board's support and assistance in coordination with other agencies, participation in workshops, and updating policies/procedures. Director Klotz noted the importance of documenting the Board's responsibilities with regard to the Plan and congratulated Mr. Olinger on the Plan, stating that it is a good Plan. Director Walker concurred. There were no further questions from the Board and Mr. Olinger recommended the motion as presented.

Motion adopting the Final Coastal Water Authority 2023 Strategic Plan effective January 11, 2023.

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

C. Lake Houston Aquatic Vegetation Contract Extension.

Mr. Olinger stated this item is for the annual aquatic vegetation control contract for Lake Houston. The scope includes conducting monthly lake assessments by airboat followed by targeted herbicide spraying of identified invasive species including water hyacinth, water lettuce, Common Salvinia, and Crested Floating Heart. This is the second year of a possible three-year contract term and per the contract, Lake Houston Management Services (LMS) has requested a 1-year extension and a 3% increase, citing the increased cost of herbicide chemicals. Mr. Olinger noted that LMS provided excellent service last year. In response to a question from Director Klotz, Mr. Olinger stated that spraying will occur from March through November 2023. There were no further questions from the Board and Mr. Olinger recommended the motion as presented.

Motion authorizing the Executive Director to issue a one-year contract extension to Lake Management Services in the amount of \$135,555.00 for invasive vegetation control on Lake Houston.

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

D. Trinity River Pump Station Pump P-8 Project Update.

Mr. Olinger stated this item is a project update on the repair and reconditioning of Pump 8 at the Trinity River Pump Station (TRPS). The Board approved the contractor, Alfred Conhagen (Conhagen), in October 2022. Conhagen provided its inspection report on December 14, 2022, identifying additional items outside the work scope that require replacement rather than repair. These parts include a stainless steel impeller, cast steel suction bell, and an aluminum bronze suction bell liner for \$175,000. CWA has reviewed the inspection report and completed its own inspection and concurs with the need to replace these components. CWA's criteria for rehab is largely based on vibrations; however, on this pump, those vibration issues were not seen emerging.

Mr. Olinger noted that Pump 8 has been in continuous service for 23 years and ran for 80,000 hours. The need for replacement on this pump was due to the greater than normal wear and tear due to increased sediment loads in the river associated with major flood events over the past 5 years. In response to a question from Director Klotz, Mr. Olinger agreed that it is reasonable to assume that every pump at the TRPS is developing the same problem. In the future, CWA will place greater consideration on the number of service hours in its Asset Management System condition assessment valuation, along with vibrations measurements.

Director Council stated that CWA did a good job in catching the damages. Director Klotz noted that it is imperative for CWA to integrate these data points into its newly implemented Asset Management System to avoid future costly repairs. Mr. Olinger concurred. Mr. Olinger reported that CWA staff is exploring all the options to reduce costs including options for direct purchase of the replacement parts from the original manufacturer (Sulzer-Johnston) and a recommended path forward will be brought to the Board at the February 2023 Board Meeting. Director Klotz asked whether there are any impacts with day to day operations at TRPS with Pump 8 currently out of service. Mr. Olinger responded that CWA is in good shape, and there is adequate capacity at TRPS even during the peak months. There were no further questions from the Board.

E. Lynchburg Pump Station Overhead Crane Coating Project Update.

Mr. Olinger stated this item is an update of the recoating project on the overhead crane structure at the Lynchburg Pump Station (LPS). The scope included surface cleaning, preparation, and application for a three-coat epoxy and one-coat polyurethane. The Board approved the project in September 2022. The contractor, PQIS, completed the coating work ahead of schedule. Mr. Olinger presented before and after pictures of the structure coating to the Board. Director Klotz asked who specified the coating for the crane. Mr. Olinger stated that CWA's general engineering consultant, BGE, recommended the coating after its review of the structure coating specifications. There were no further questions from the Board.

V. ONGOING PROJECTS REPORT – David Miller

A. Lynchburg Pump Station – B-System Expansion.

Mr. Miller stated that in the month of December 2022, the design team continued work on the Pump Procurement Package and the Construction Package. BGE, CWA's design engineer, is expected to submit the 100% Pump Procurement Package on Friday, January 13, 2023, for review by CWA and Black & Veatch, CWA's technical advisor. BGE will then finalize the package

for advertisement in February 2023. The field work for the geotechnical investigation required for the new variable frequency drives (VFDs) building foundation was completed in December 2022. The next design submittals expected by BGE are the 90% Design in February 2023 and the 100% Design in April 2023. In response to questions from Director Klotz, Mr. Miller confirmed that the building, a prefabricated skid mounted steel structure/enclosure, will be included in the design. Mr. Miller noted that the anticipated completion of the project is fourth quarter of 2024. Mr. Miller noted that the date for a visit to Toshiba's motor and VFD manufacturing facility in Houston is January 27, 2023, at 10:00 A.M. and extended an invitation to the Board. Director Klotz asked Mr. Miller how many pump manufacturers are expected to bid on the Pump Procurement Package. Mr. Miller responded that BGE has been in contact with three pump manufacturers, and based on their engagement in the process, it is believed that all three will submit proposals. There were no further questions from the Board.

VI. BUSINESS REVIEW – John Baldwin

A. Monthly Financial Statements for the Previous Month.

Mr. Baldwin stated that this item is the Financial Statements for the month ending December 31, 2022, which is also the end of CWA's 2022 fiscal year. Mr. Baldwin noted that all five of the Operating Budgets are coming in under budget. Mr. Baldwin stated that CWA staff will be working on closing out the Financials and incorporating the final adjustments in the January 2023 Financial Statements. There were no questions from the Board.

B. Internal Management Report Quarterly Report – September 30, 2022.

Mr. Baldwin stated that this item is the Internal Management Report (Report) for the quarter ending September 30, 2022. This Report details the investment activities on all of CWA's 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. All investments were held to maturity and there were no losses on CWA's investments. Mr. Baldwin noted that as the Federal Reserve has adjusted its rates, the interest rates have increased to over 4% on the annual investments and the pension investment went up to 4.6% for one year. 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 September 30, 2022.

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

VII. DISBURSEMENTS – John Baldwin

Mr. Baldwin stated that this item is the 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 \$308,961.50; the Special Project Equity Fund – in the amount of \$99,800; and the Construction Fund – Series 2017 Loan (Luce Bayou Project) – in the amount of \$3,562.50. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving the Disbursement of Funds as presented.

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

Director Klotz expressed the Board's appreciation to CWA staff under the direction of Mr. Baldwin for continuously bringing CWA under budget.

VIII. OLD BUSINESS – Greg Olinger

No items to discuss.

IX. NEW BUSINESS – Greg Olinger

No items to discuss.


X. EXECUTIVE SESSION – Wayne Klotz

There was no executive session.

XI. ADJOURNMENT – Wayne Klotz

The meeting was adjourned at 10:34 A.M.

[Signature page follows]



Joseph G. Soliz, Assistant Secretary-Treasurer