

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

July 10, 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
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 June 12, 2013 Board Meeting.

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

MOTION approving the Minutes of the Board Meeting of June 12, 2013.

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

At this time Director Klotz stated that he would recognize the discretion of the Chair and would take Item IX, New Business, out of order to allow representatives with the San Jacinto River Authority (SJRA) to make their presentation.

IX. NEW BUSINESS – Donald R. Ripley .

A. San Jacinto River Authority (“SJRA”) Presentation.

Mr. David Parkhill introduced himself and Mr. Ron Kelling (Deputy General Manager) as representatives of the SJRA. Mr. Parkhill stated that SJRA understood that this was not an action item. However, they wanted to officially come and inform the Board of a proposal for expansion of the existing Water Conveyance Contract between SJRA and CWASJRA intends to seek additional conveyance capacity and expand its conveyance facilities. Mr. Parkhill noted that the presentation had been previously made by SJRA staff to the SJRA Board. Mr. Parkhill then went over the above mentioned presentation. (A copy of that presentation is attached hereto. A copy of the 1998 Agreement between CWA and SJRA is attached hereto.)

Director Walker asked Mr. Parkhill for the rationale for transferring the existing pump station and for SJRA taking over operations of the existing station and new facilities. Mr. Parkhill stated that the complexity of operations is increasing due to the demands at both of the refineries; therefore, SJRA is now offering to take over that element of the Agreement. Director Zarinkelk asked Mr. Parkhill how this request would impact the COH water rights. Mr. Parkhill stated that they were only seeking additional conveyance capacity, and that there would be no impact on COH water rights as long as both CWA and SJRA both abide by the permits. Director Zarinkelk asked Mr. Baldwin how this would impact CWA financially. Mr. Baldwin responded that there would be no cost impact on CWA, and that all costs would be paid by SJRA. In response to a question from Director Cobb, Mr. Parkhill stated that the existing Agreement sells SJRA some reserved or unused capacity in its pump station and canal. It doesn't mix water rights; it simply agrees to set aside a certain amount of capacity to provide a conveyance service to SJRA. Therefore, the issue whether you need that transferred capacity. Mr. Chang stated that the 1998 Agreement was based on the assumption that the canal has the excess capacity, but that CWA must be able to deliver the total COH demand. Therefore, the COH will need to evaluate whether there is excess capacity. Mr. Chang then noted to Mr. Parkhill that SJRA's proposal did not mention a Capital Recovery Fee for the additional capacity and asked Mr. Parkhill what was SJRA's intent on that. Mr. Parkhill stated that there would be some compensation for providing the additional capacity to SJRA

Director Klotz then thanked Mr. Parkhill and Mr. Kelling for their presentation and stated that the Board would consider an amended Water Conveyance Contract. Director Klotz stated that CWA staff along with CWA's legal counsel and the COH will review SJRA's proposal and come back to the Board with a recommendation. Mr. Parkhill thanked the Board for their consideration.

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

A. Luce Bayou Project EIS.

Mr. Ripley stated that the Environmental Impact Statement (EIS) status conference call with the USACE indicated that final review comments are now being addressed. Mr. Ripley then asked Mr. Steve Berckenhoff to provide an update on AECOM's progress with the EIS. Mr. Berckenhoff commented that AECOM submitted the “Draft” Final Environmental Impact Statement, (FEIS), to the USACE for review on Friday, June 7, 2013. This Draft-FEIS was distributed to the Galveston District and the Division in Fort Worth. AECOM did receive a consolidated set of comments back from the USACE on Monday – July 1, 2013. The document was reviewed by the Office of Counsel, the Division in Fort Worth and the Galveston District staff/project manager. In total there were approximately 80 comments. Last week, AECOM prepared a comment matrix and outlined the approach for response to each comment. AECOM participated in a project review meeting with the Project Manager in Galveston on Tuesday, July 9 for

purpose of reviewing the comments and comment matrix. AECOM anticipates submitting the Revised FEIS back to the USACE the last week of July. AECOM will then be making a final submittal potentially the 3rd or 4th week of August 2013. Once accepted by the USACE, they expect to e-file the completed FEIS with the EPA in late August 2013. This will trigger a 30-day required comment period, at the conclusion of which CWA can anticipate a Record of Decision, ROD, on or about October 1, 2013. Director Klotz stated that yesterday Col Christopher W. Sallesse passed command of the USACE Galveston District to Col. Richard P. Pannell. Mr. Berckenhoff then added the comment that currently the USACE wants to see the Memorandum of Agreement (MOA) in the EIS document.

At this time it was noted that Item II. B. had not been addressed.

II. ITEMS FOR CONSIDERATION (cont'd) - Wayne Klotz

B. Recognition of Statement of Appointed Officer, Bond, and Oath of Office for Douglas E. Walker, Representing Chambers County and Appointed by Governor Rick Perry.

Douglas E. Walker's reappointment was recognized by the Board.

III. ONGOING PROJECTS (cont'd) - Donald R. Ripley and Greg Olinger

B. Luce Bayou EIS - Archeological.

Mr. Ripley stated that the Moore Archeological Consulting (MAC) Data Recovery Plan was submitted to the USACE and the Texas Historical Commission (THC) on June 3, 2013. CWA staff submitted to the USACE a Reburial Plan for any remains that may be discovered during the next phase of investigation. Additionally, CWA staff designated areas within the Luce Bayou Interbasin Treatment Plant planned right-of-way that could be set aside for any required reburials. An Indian Nations Tribal consultation teleconference has been scheduled for July 15, 2013. MAC's cost proposal of \$587,917, with inclusion of 24% to be performed by Horizon Environmental Services, a state certified HUB was presented to the Professional Engineering Service Committee. Dr. Roger Moore of MAC then reviewed the Scope of Work and responded to questions from several Directors concerning whether or not additional work would be necessary after completion of the Scope. Dr. Moore responded that archeological oversight would be required during construction of the project and that artifacts encountered would need to be handled in accordance with the Data Recovery Plan. Mr. Ripley recommended the motion as presented.

MOTION authorizing the Executive Director to issue a Work Order to Moore Archeological Consulting in the amount of \$587,917.

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

C. Luce Bayou Pump Station Technical Advisor.

Mr. Ripley stated that first draft of the Capers Ridge Pump Station Request for Qualifications (RFQ) was submitted to the Professional Engineering Services Review Committee (the Committee). An updated RFQ will be submitted to the Committee this week and following incorporation of their final comments will be distributed to the rest of the Directors. Director Zarinkelk asked if there was substantial added value. Mr. Ripley responded yes. Director Klotz stated that CWA will not be issuing the RFQ until we are closer to obtaining the permit.

D. Luce Bayou Property Acquisition.

Mr. Ripley reported that Parcel 39.4 is the only remaining parcel to acquire for right-of-way. The condemnation process has now started to acquire Parcel 39.4. There is an expected minimum of 12-weeks to get this resolved. CWA's mineral ownership at the mitigation property is at 98%. The remaining property is owned by one individual and after speaking with the owner's legal council, Mr. Ripley stated that he granted this individual an additional 60-day delay to clear up various legal issues before CWA starts the condemnation. If the owner can accomplish clearing up the issues it would relieve CWA from paying the costs of condemnation. The U.S. Fish and Wildlife (USFWS) is standing by their requirement that 100% ownership is necessary to accept the property.

There were no further questions from the Board regarding the Luce Bayou Project.

E. Gillette Street Property Remediation.

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. There is a 60-day review period; however, after speaking with the TCEQ's reviewer, the approval may be obtained by August 2013. With reference to the Municipal Settings Designation (MSD) Application, CWA has completed the second and third well owner notifications and is now waiting for responses on the return receipt notifications. Following the responses, CWA will be able to submit the MSD Application to the TCEQ. This process is scheduled to be completed February 2014. CWA is continuing work on the slip ramp permitting, design and engineering. The initial survey has been completed. The design and engineering is expected to be completed in October 2013 and will be wrapped into the overall site construction contract. CWA is continuing work on the property plat revisions based on the request from the COH to assist with that. The boundary survey verification has been completed. An initial meeting with the COH's Planning Department was held on June 26th and then a follow-up Commission meeting is scheduled on July 25, 2013 with the revised plat for the City's review. Director Klotz noted that CWA's initial agreement with the COH on this project was specific about who did what and the costs and therefore asked who is paying for additional requested items such as the above mentioned re-platting request. Mr. Ripley stated that CWA is well within the existing agreement. Mr. Olinger stated that a Response Action Plan meeting with the COH's Mayor's Office has been scheduled for July 17, 2013 and a topic of discussion will be CWA's current action plan at the remediation site and ensuring that CWA is on the same page with the Mayor's office before the plan is submitted to the State for their review.

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 | DAILY AVG (MGD) | |
|------------------------------|--------------------------|-----------------------------------|-----------|
| | June 2013 | INDUSTRIAL & TREATMENT | |
| | 30 DAYS (gallons) | | |
| Trinity River Pump Station | 18.1 billion | Hwy 225 Plants (incl. CWA WTP) | 119 |
| Main Canal | 16.7 billion | SEWPP | 119 |
| Cedar Point Lateral | 1385.0 million | EWPP | 221 |
| San Jacinto Transfer Station | 305.5 million | Deer Park WTP | 5 |
| Lynchburg Pump Station | 15.3 billion | Bayport Plants | 33 |
| Water Treatment Plant | 157.7 million | BAWA | 14 |
| Bayport Pump Station | 984.7 million | CPL | 46 |
| | | SJRA | <u>10</u> |
| | | Trinity River Total | 566 MGD |

SAN JACINTO RIVER

| | | | |
|---------------------------|-------------|-------------------------|-----------|
| Lake Houston Pump Station | 1.2 billion | Indus. Customers | 27 |
| | | EWPP | <u>11</u> |
| | | San Jacinto River Total | 38 MGD |

Operations

Mr. Olinger stated that Lake Houston was at 41.50 ft (msl) and all gates were closed (normal pool is 44.5 ft). Lake Conroe was at 198.21 ft and there were no releases (normal pool is 201 ft). Lake Livingston was at 130.75 ft. and was releasing 1,250 cfs (normal pool is 131 ft). The Trinity River Pump Station (TRPS) June production was 18.1 billion gallons with an average daily production of 566 MGD and is at 97% of CWA's projected demand. Director Klotz asked if the proposed construction of the hydro facility at the Lake Livingston Dam have impact. Mr. Chang replied that it would not. The Lake Houston Pump Station (LHPS) June production was 1.2 billion gallons with an average daily production of 39 MGD. This is below CWA's projected demand.

Maintenance

Mr. Olinger reported that maintenance activities included the advertisement for bids for the repair and reconditioning of Pump No. 1 at LHPS (bids will be received next Friday at 10:00AM), the repair of seven leaking valves on SE Lateral A, cleaning and removal of vegetation from canals and siphon screen, the completion of repair on Pump No. 209 Motor/VFD, the replacement of chlorine automatic shutoff device actuator and Newport indicator at the Lynchburg Pump Station, and the completion of the second aquatic vegetation assessment and herbicide application at Lake Houston. Mr. Olinger noted that this has been an active year at Lake Houston with the vegetation so CWA is staying on top of its water/vegetation contractor to make sure vegetation is kept under control. CWA is keeping members of the Lake Houston community up to date with assessments and monthly applications. There were no questions. Mr. Ripley introduced CWA's Field Operator, Mr. James Lewis, to the Board should they have any questions regarding maintenance and operations.

B. Bayport Water Line Rehabilitation Phase 2 Project.

Mr. Ripley stated that CWA staff negotiated a fee of \$353,429 with IDS Engineering Group for the Bayport Water Line Rehabilitation, Phase 2. The proposal was presented to the Professional Engineering Services Committee earlier this month and approved for consideration by the Board today. MBE/HUB firms on the project include Kuo, Aviles, Rios, and Quadrant. These firms are scheduled to complete about 36% of the project and all listed MBE/HUB firms' certifications were reviewed. Mr. Ripley asked Director Council if he had any additional comments. Director Council responded that the Committee voted unanimously on this recommendation. Mr. Ripley then recommended the motion as presented.

MOTION authorizing the Executive Director to Execute a Contract with IDS Engineering Group for Design Phase Services for the Bayport Water Line Replacement Phase 2 Project in the amount of \$353,429.

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

C. Electrical Equipment Testing.

Mr. Olinger stated CWA received three bids for the substation testing services. Tidal Power Services was the low bidder. CWA is familiar with Tidal Power Services as they were the contractor who provided the services in 2011. 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 issue a Purchase Order to Tidal Power Services in the amount of \$45,590 for Electrical Substation Equipment Testing.

Motion made by Director Zarinkelk, Seconded by Director Walker. 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 of June 2013. Mr. Baldwin stated that all four of the operating funds expenditures and revenues are in-line with forecast for the first six months and are in good shape. CWA is still monitoring the usage at the Red Bluff Treatment Plant by Air Products, L.P. (A/P) as it continues its diminished usage. As previously stated to the Board, A/P's usage will be re-visited within the next week or two and if the reduction in usage warrants another adjustment in their treatment rate, it will be brought to the Board for consideration. All other funds are doing well. There were no questions from the Board.

VII. DISBURSEMENTS – John J. Baldwin

Mr. Baldwin stated that the disbursements to be approved by the Board included: the Construction Fund – Series 2009 (Luce Bayou Project) – in the amount of \$710.17, the Construction Fund – Series 2010 (Luce Bayou Project) – in the amount of \$6,379.56, the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$84,910.63, the Luce Bayou – Land & Mitigation Fund – in the amount of \$31,423.44, the Special Project Equity Fund - in the amount of \$8,434.19.

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

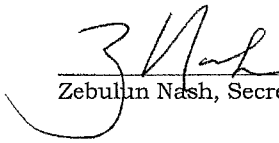
Mr. Ripley stated that there were no Old Business items to discuss.

X. EXECUTIVE SESSION

There was no Executive Session.

XI. ADJORNMENT

The Meeting was adjourned at 11:03 A.M.



Zebulun Nash, Secretary-Treasurer