

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

June 8, 2022

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

CWA Staff

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

City of Houston Staff

Yvonne Forrest, Houston Public Works

General Legal Counsel

Barron Wallace, Bracewell LLP

With the exceptions of Director Reiser, Director Sjolander and Director Walker, all Members of the Board were present thus constituting a quorum.

I. CALL TO ORDER – Wayne Klotz

A. Welcome.

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.)

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 May 11, 2022, as written.

A. Minutes of the May 11, 2022 Board Meeting.

Motion approving the Minutes of the Board Meeting of May 11, 2022.

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

IV. ONGOING PROJECTS – David Miller

A. Luce Bayou Interbasin Transfer Project – Capers Ridge Pump Station Access Road.

Mr. Miller stated during the month of May 2022 the three owners/operators that have pipelines crossing the Capers Ridge Pump Station access road submitted their estimated construction costs for lowering the pipelines. The owners/operators are Westlake Chemical/Buckeye Pipeline with one 10-inch diameter pipeline, ONEOK, Inc. with two 10-inch diameter lines and Enterprise Products Partners LP with one 10-inch diameter line. Mr. Miller noted that the lowering of all of the pipelines will be by horizontal direction drilling to depths of approximately 25 feet. Mr. Miller stated that this work is estimated to be completed within the next 12-16 weeks. A copy of the construction estimates were included in the Board Members' packets. This item was briefed to the Professional Engineering Services Review Committee (PESRC) on May 31, 2022. Director Klotz asked to what extent CWA would be involved. Mr. Miller stated that S & B Engineers and Constructors have been engaged in this process and they will perform inspection/oversight during construction. S&B will notify CWA of any issues. There were no further questions and Mr. Miller recommended the motion as presented.

Motion authorizing the Executive Director to sign a Reimbursement Agreement in the amount of \$2,671,374.00 with Westlake Petrochemical for construction services to lower its 10-inch pipeline below the final grade of the Capers Ridge Final Access Road Project.

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

Motion authorizing the Executive Director to sign a Reimbursement Agreement in the amount of \$1,686,540.00 with ONEOK, Inc. for construction services to lower its two 10-inch pipelines below the final grade of the Capers Ridge Final Access Road Project.

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

Motion authorizing the Executive Director to sign a Reimbursement Agreement in the amount of \$2,323,900.00 with Enterprise Products Partners LP for construction services to lower its 10-inch pipeline below the final grade of the Capers Ridge Final Access Road Project.

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

B. Lynchburg Pump Station – B-System Expansion (P201/P206).

Mr. Miller stated the Lynchburg Pump Station B-System Expansion will add two new 50,000 GPM pumps to the existing Lynchburg Pump Station (LPS). These new pumps will be designated P201 and P206. Mr. Miller stated that during the month of May 2022, CWA and CWA's General Engineering Consultant (GEC), BGE, Inc. (BGE) completed negotiations of the scope and fee for Phase 2 – Final Design which will include 60%, 90% and 100% design submittals. The final design will consist of a Pump/Motor/Variable Frequency Drive (VFD) Procurement Package (Pump Package) and a separate Construction Package which includes all mechanical/structural/electrical instrumentation control/SCADA/chemical feed system. The Pump Package is estimated to be completed in November 2022 and the Construction Package is estimated to be completed in February 2023. The scope and fee for the final design was reviewed with the PESRC on May 31, 2022. A copy of the scope and fee were included in the Board Members' packets. Director Klotz asked if there will be two bid packages. Mr. Miller confirmed that there will be two bid packages--the Pump Package will be bid first and then the Construction Package will be bid after pump manufacturing has begun. Director Klotz asked Mr. Ripley and Mr. Miller if CWA has sufficient in-house expertise and availability to review the

all of the major design submittals including pumps, motors, VFD and SCADA. Mr. Ripley indicated he and Mr. Miller will review and advise the Board if a third party consultant is needed. There were no further questions and Mr. Miller requested the motion as presented.

Motion authorizing the Executive Director to issue a work order to BGE, Inc. in the amount of \$1,457,150.00 for final design services for Phase 2 – Lynchburg Pump Station System B Improvements Project.

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

C. Lake Houston Dam Spillway Improvement Project.

Mr. Miller stated as discussed in the May 11, 2022 Board Meeting, the City of Houston (COH) has requested an alternate gate location to the east of the existing structure be further evaluated. At this location, two options will be reviewed—the first will be a new structure with six new tainter gates and the second will be twelve new tainter gates. Black & Veatch, the engineer of record for the project, prepared a scope for evaluation which was approved by the COH in May 2022. The scope of the evaluation will include conceptual sketches/figures of the six and twelve gate alternatives, identification of risks, benefits and estimated construction costs. It is anticipated the Technical Memorandum containing this information will be completed sometime in early August 2022. Director Klotz asked if any of this needs to be reviewed/discussed with FEMA. Ms. Yvonne Forrest, Houston Public Works, stated that Mr. Costello, COH's Mayor's Office, is communicating with FEMA. There were no further questions.

V. MAINTENANCE & OPERATIONS – Greg Olinger

A. Monthly Operations Report/Project Updates.

The Monthly Operations Report for May 2022 was included in the Board Members' packets.

B. Bayport Waterline Replacement Phase 3 Project – Construction Contractor.

Mr. Olinger stated this item is related to construction of the Bayport Waterline Phase 3 Project. This project includes replacement of 6,200 linear feet of 18-inch transite pipe located along Port Road and installation of two interconnections within an Exxon Mobile Pipeline Corridor, all within the Bayport Industrial Complex. A mandatory pre-bid meeting was held at Bayport Pump Station on May 3, 2022 and was attended by ten prime contractors. Seven bids were received on May 24, 2022. Mr. Olinger noted that the contract period is set for 30 weeks. The current cost of inflation on materials did increase the project by about 25% when comparing prices from August 2021 to May 2022. Mr. Olinger stated that the engineer of record, IDS, will complete the construction phase services and Sowell's Consulting Engineers will provide on-site construction management and inspection services. A copy of the bid tab was included in the Board Members' packets. This item was briefed to the O&M Oversight Committee on May 31, 2022. Director Klotz asked if IDS already had construction phase services in their existing contract. Mr. Olinger stated they did. Mr. Ripley stated that he wanted to add that the bids came in tightly clustered which showed that there were no outliers. There were no further questions and Mr. Olinger recommended the motion as presented.

Motion authorizing the Executive Director to accept a bid in the amount of \$2,790,689.00 to Ballast Point Construction for construction services related to the Bayport Waterline Replacement Phase 3 Project.

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

C. General Engineering Consultant (BGE, Inc.) – Work Authorization.

Mr. Olinger stated this item is a request for general engineering consultant work authorization for the Trinity River System. This is the second requested authorization for the year and covers general day-to-day engineer support activities. Each work order under this general work authorization is separately negotiated for scope, fee, and schedule. Currently, BGE is engaged in utility crossing reviews, pipeline coordination assessment planning for later this year, and emergency action plan updates and table top exercises. Mr. Olinger wanted to note that BGE's MWDBE participation rate has been 38% for the year. Director Klotz asked that CWA review the GEC budget amount prior to next year's budget preparation season to ensure the budget amount is enough to cover the GEC's required efforts. Mr. Baldwin stated that CWA will review this item for the budget. Mr. Olinger then recommended the motion as presented.

Motion authorizing the Executive Director to issue a work order in the amount of \$150,000.00 for general engineering consultant services related to the maintenance and operation of the Coastal Water Authority's Trinity River System.

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

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 May 31, 2022. Mr. Baldwin noted that at the end of the fifth month of the budget year CWA is within budget on all five Operating Funds and within the forecasted expenditure range, and the revenue stream is steady and on time. A copy of the report was included in the Board Members' packets. There were no questions from the Board.

B. Business Insurance Policy Renewal.

Mr. Baldwin stated that this item is CWA's Business Insurance Renewal. In 2016 CWA began utilizing the Risk Management Fund of the Texas Water Conservation Association (TWCA) for the renewal of certain business insurance policies including General and Excess Liability, Errors and Omissions Liability, Property, Automobile and Workers Compensation. Mr. Baldwin noted that there will be a few rate increases due based on various claims made by other members of the TWCA. The TWCA renewal team is currently finalizing the rates with the insurance underwriters for the various policies at a rate that will not exceed \$725,000. CWA budgeted \$750,000 so CWA will be within the budgeted amount. TWCA will send CWA the detailed information sometime this week. Mr. Baldwin recommended that the motion include the amount not to exceed the quoted amount. Mr. Baldwin noted he will bring the details of the policy renewal to the Board at next month's meeting. This item was discussed with the Finance and Audit Committee (FAC) on May 31, 2022. Mr. Baldwin recommended the motion as presented.

Motion approving an Interlocal Agreement as amended with the Texas Water Conservation Association Risk Management Fund for Certain Liability, Property and Worker's Compensation Coverage, effective July 1, 2022, in an amount not to exceed \$725,000.00.

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

C. Group Medical and Dental Insurance Policy Renewal.

Mr. Baldwin stated that this item is the annual renewal of group medical and dental insurance for CWA employees. CWA has been working with representatives of Marsh Wortham Insurance Company (Marsh Wortham) with the renewing of the CWA Employees Group Medical Insurance Policy. The current group medical policy is with Cigna. Mr. Baldwin noted that the initial

renewal proposal received from Cigna was a 12.2% increase in the medical policy premiums and a 2.2% increase in the dental policy premiums. After negotiation discussions regarding several conditions of high dollar claims and aging work force on a trend to be retiring within the next benefit year, Cigna returned with an updated proposal of 6.5% for medical renewal and no change to dental renewal policy rates. Mr. Baldwin recommended the Board approve the renewal of the Group Medical Policy bundled with the Dental Policy Proposal with Cigna. Mr. Baldwin also recommended the employee contribution amounts for the cost of the monthly premiums be increased to share in the additional cost of the total monthly premiums and the contribution rates of the two Medicare Advantage Insurance Programs for CWA's eligible retired employees and their spouse at the existing rates due to no increase in cost of those two programs at this time. This item was discussed with the FAC on May 31, 2022. Copies of the monthly medical and dental contribution/costs were included in the Board Member's packets. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving a Group Medical and Dental Insurance Policy with Cigna and continue the Medicare Advantage Program for CWA eligible retirees meeting the minimum combination of age and years of service with Aetna Medicare Advantage beginning July 1, 2022 with employee/employer contribution rates as presented by the Chief Financial Officer.

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

D. Internal Management Report.

Mr. Baldwin stated that this item is the Internal Management Report for the quarter ending March 31, 2022. 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. All investments were held to maturity and there were no losses on our investments. Mr. Baldwin noted that there were a few months where the interest rates increased slightly as the Federal Reserve adjusted its rates. This report was presented to the FAC on May 31, 2022. A copy of the report was included in the Board Members' packets. 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 March 31, 2022.

Motion made by Director Council, Seconded by Director Soliz. 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. A copy of the summary of disbursements for the month were included in the Board Members' packets. The disbursements to be approved by the Board included: the Bayport Capital Improvement Fund – in the amount of \$1,701.99; the Special Project Equity Fund – in the amount of \$144,410.14; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$21,209.30; and the Construction Fund – Series 2017 Loan (Luce Bayou Project) – in the amount of \$447,057.80. 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 Council, Seconded by Director Soliz. The Motion carried unanimously.

VIII. OLD BUSINESS

No items to discuss.

IX. NEW BUSINESS – Wayne Klotz

No items to discuss.

X. EXECUTIVE SESSION – Wayne Klotz

No items to discuss.

XI. ADJOURNMENT – Wayne Klotz

The meeting was adjourned at 10:32 A.M.



Joseph G. Soliz, Assistant Secretary-Treasurer