

**COASTAL WATER AUTHORITY**

**Minutes of Regular Meeting**

**June 9, 2021**

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 ( <i>Absent</i> )	

**CWA Staff**

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

**City of Houston Staff**

Yvonne Forrest, PW&E

**Legal Counsel**

Neil Thomas, Norton Rose Fulbright US LLP  
Leslie A. Bacon, Norton Rose Fulbright US LLP

With the exception of Director Reiser, 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 12, 2021, as written.

**A. Minutes of the May 12, 2021 Board Meeting.**

**Motion approving the Minutes of the Board Meeting of May 12, 2021.**

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

**IV. ONGOING PROJECTS – David Miller**

**A. Luce Bayou Interbasin Transfer Project.**

The Directors received a copy of CWA's May 2021 Luce Bayou Interbasin Transfer Project (LBITP) Monthly Status Report in their Board Members' Agenda packets.

**a. Capers Ridge Pump Station.**

Mr. Miller noted that the contractor for the Capers Ridge Pump Station (CRPS), Renda/Johnson Brothers JV (RJB), is approximately 99% complete. The project team conducted the monthly progress meeting on May 19, 2021. Schedule review meetings were held on May 5, 2021, May 12, 2021, and May 19, 2021.

Major activities performed by RJB in May 2021 included:

- Continued subgrade stabilization and pavement installation
- Began security fencing and gates
- Completed pipeline coatings
- Continued pump and motor startup/testing and troubleshooting

Major work activities planned for June 2021 include:

- Complete pavement installation
- Complete troubleshooting pump and motor issues
- Resume startup and testing and operator training

At the request of Director Klotz and with the concurrence of CWA's Legal Counsel, the pump and startup issues and the motor synchronization issues would be discussed in Executive Session. Mr. Miller then presented progress photos taken at the Capers Ridge Pump Station site. Director Klotz asked other than the issues with the pumps, if everything else is on schedule for completion. Mr. Miller stated by approximately the third week of this month everything else should be completed. Mr. Miller noted that approximately twenty days in May 2021 were lost due to inclement weather.

**B. Lake Houston Dam Spillway Improvement Project – Phase 2.**

Mr. Miller stated the project team conducted Phase 2 Coordination Meetings on May 13, 2021 (Meeting No. 5) and on June 2, 2021 (Meeting No. 6). During the month of May 2021 the Section 404 Permit Application was submitted to the United States Army Corps of Engineers (USACE). Mr. Miller stated that the Public Outreach Meeting was moved from June 17, 2021 to a tentative date mid to late July 2021. The design team is moving forward with the basis of design report and the 30% design submittal. Director Klotz asked what the expected time frame for the USACE to review and complete its part of the 404 Permit Application. Mr. Miller stated the scheduled duration is approximately nine months.

**V. MAINTENANCE & OPERATIONS – Greg Olinger**

**A. Monthly Operations Report/Project Updates.**

The Monthly Operations Report for May 2021 was included in the Board Members' Agenda packets.

**B. Project Updates.**

**a. Main Canal Radial Gate.**

Mr. Olinger stated that this item is an update on the Main Canal Radial Gate Project. The gate is being manufactured by Waterman Industries at its facility in Exeter, California. Once the gate is assembled, a three part coating system will be installed. CWA has identified a NACE certified coatings inspector local to the Waterman Industries facility who will conduct the inspections of the surface preparations and coating installation and will report back the results to CWA. Mr. Olinger presented progress photos of the fabricated gate and stated that it is on schedule to be delivered to the project location in August 2021. The removal of the existing gate and installation of the new gate is scheduled to begin in early November 2021 as CWA enters the off-peak season. Installation is projected to take 60 days which includes the removal of the existing gate and installation of the new gate.

**b. Lynchburg Pump Station Pump and Piping Recoating.**

Mr. Olinger stated that this item is an update on the pump and piping recoating at Lynchburg Pump Station. The CWA Board authorized this item in March 2021 and CWA issued the work order to Preferred Quality Industrial Services (PQIS) for recoating the B and C system pump systems. PQIS mobilized and completed the first pump system, P201, last week. PQIS is doing an excellent job protecting all the ancillary lubrication piping and electrical conduit. This week PQIS started the setup and sand blasting on Pump 202. In total there are eleven pumps that will be recoated and each is taking about two weeks to complete. The work is projected to be finished in December 2021.

**c. ITC Remediation.**

Mr. Olinger stated that this item is an update on the ongoing ITC remediation effort in Deer Park, Texas. So far the ITC contractor has removed 1.5 feet of PFOS-(Perfluorooctanesulfonic acid), impacted soil from CWA's right-of-way. The analytical results are indicating that there are impacted soils in some areas to about 7 feet below ground surface. CWA is continuing to work with ITC to ensure that impacted soils are removed, but at the same time ensuring that an adequate depth of cover is maintained on top of the pipe for structural protection. Director Klotz asked Mr. Neil Thomas, Norton Rose Fulbright (CWA's Legal Counsel) to assist CWA in this endeavor. Mr. Thomas concurred. Mr. Olinger stated that CWA will run the reports from the State to our Legal Counsel before acceptance. Mr. Olinger presented progress photos taken at the site. Director Klotz asked if ITC was going by CWA specification on backfill. Mr. Olinger stated that they are. There were no further questions from the Board.

**d. Annual Substation Testing and Repair.**

Mr. Olinger stated that this item is an update on the annual substation inspections and cleaning. This work was authorized by the CWA Board in March 2021 and awarded to Dashiell Corporation (Dashiell). Dashiell was able to successfully and safely complete all of the testing and cleanings at the four CWA substation facilities (Lynchburg Pump Station, Trinity River Pump Station, Lake Houston Pump Station, Bayport Pump Station). Dashiell were able to quickly coordinate with CenterPoint for scheduled outages which allowed them to finish two weeks ahead of schedule. Mr. Olinger thanked CWA's electrical and instrumentation staff and Dashiell for completion of another year's substation testing and repairs.

**e. Asset Management System.**

Mr. Olinger stated that this item is an update on the Asset Management System setup and roll out. This item was authorized by the Board in November 2020. During the last week of May 2021, CWA staff completed two days of intensive training with the Cartegraph implementer team

including hands on training with CWA key operators in each of our departments. A test set of CWA data has been added to the database and our teams engaged with actively testing the workflows and structure of the program while at the same time conducting training on the software. CWA staff is also working to compile and collect information from existing sources to fill any gaps in the database. This phase will extend through September 2021 at which time CWA will go live with the system and then discontinue the use of the legacy program (Mainstar) and fully implement the Cartegraph system.

**f. Pipeline Transient Modeling.**

Mr. Olinger stated that this item is an update on pipeline transient modeling that has been completed by CWA's GEC (LAN). LAN completed pipeline transient modeling for our large diameter pipeline systems late last year. This was carried out largely due to minor leaks that were observed in 2019 in and around man-ways and air vac riser pipes that have been briefed to the CWA Board previously. Results of the modeling indicated that a replacement of the current air release/vacuum relief valves would mitigate damaging transient conditions and reduce pressures outside of acceptable levels during losses of pressure. The recommended replacement model (APCO 1500), takes advantage of the "cushioning" effect of air in the line to dissipate energy waves generated from sudden pressure disruptions that occur with power fluctuations or outages. This item is for the Board's information ahead of seeking bids for supply of 100 replacement valves from at least three vendors. CWA will assemble bids and will be prepared to present to the CWA Board at next month's Board meeting. CWA pipeline crews would complete the replacements based on a prioritized list using in-house resources over a six month time frame at 4-5 per week. The cost of these 100 replacements were included in CWA's 2021 budget. The GEC did prioritize the list of the 436 valves across the system, CWA is proposing to address the first 100 and then perform additional modeling to determine if replacing the first half of prioritized air vacs will completely remedy the issue or if CWA will need to go further and replace more. Director Klotz asked that a full scope of this project including if there will be phases needed and what the full cost could be at the next Board meeting. Director Council asked Mr. Olinger to also provide the benefits of potential savings that would offset the costs of replacements. Director Sjolander asked if the Cartegraph System would be able to capture this kind of stuff. Mr. Olinger stated yes, all of CWA's valves will be in the system and all replacements will be registered in Cartegraph enabling CWA to compare data. Director Klotz asked that the meeting minutes reflect the Board's appreciation to the CWA field staff's diligence in taking the time to raise the issues they discovered and getting it addressed.

**g. Bayport Waterline Replacement Phase 3 Design.**

Mr. Olinger stated that this last item is an update on the Bayport Waterline Replacement Phase 3 Design Project. This project consist of 6,200 linear ft. of 18-inch pipeline replacements in the Bayport Complex. The 90% submittal from IDS is due this week and CWA will be ready to expedite and have the bid-ready documents ready by the July 2, 2021 O&M Committee Meeting and then will propose to move forward with a request for bids at the July 2021 Board Meeting. Remaining coordination activities are being worked with the final approval of small pipeline replacement portion in the Exxon Pipeline Corridor 50 and some remaining subsurface utility locating of adjacent pipelines also in the Exxon Corridor. Director Klotz asked if this would be the end of it. Mr. Olinger stated this is an ongoing process, the projects are done in two year increments, design one year and construction in the next. There is another candidate section coming up due for replacement. There were no further questions and Mr. Olinger thanked the Board for its ongoing support of CWA's projects and programs and also thanked CWA staff members for their efforts in keeping these projects moving forward. The Board concurred and asked the meeting minutes reflect its appreciation to CWA staff.

**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, 2021. Mr. Baldwin noted that ending the period through the first five months of the budget year, revenues and expenditures are well within budget. Reimbursements from the City of Houston and from CWA's other customers, Bayport and the Water Treatment Plant, are timely and up to date. A copy of the report was included in the Board Member's 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 he received an email yesterday afternoon from the TWCA that the renewal team finalized the rates with the insurance underwriters for the various policies at a rate that will not exceed last year's cost of \$678,377. TWCA stated that they will send CWA the detailed information later this week. As the renewal date is to be effective July 1, 2021 Mr. Baldwin recommended that the motion include the amount not to exceed the quoted amount. Mr. Baldwin stated 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) earlier. There were no questions from the Board and 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, 2021 in amount not-to-exceed \$678,377.00.**

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

**C. Group Medical Insurance Policy Renewal.**

Mr. Baldwin stated that this item is the renewal of group medical 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 United HealthCare (UHC). UHC's initial renewal proposal reflected an increase of 18% in the monthly premiums. Further discussions with UHC resulting in a second proposal reflecting a 13% increase. CWA then instructed Marsh Wortham to seek proposals from Aetna, Blue Cross/Blue Shield (BCBS) and Cigna. UHC's final proposal reflected an increase in the monthly premiums of about 9.8% from the current premiums. The proposals submitted by Aetna, BCBS and Cigna reflected an increase in the monthly premiums of 6.8%, 6.5% and 3.2% respectively. Cigna also proposed a one-time premium credit of \$39,000 to medical premium if CWA "bundled" its dental insurance proposal. The Cigna "bundled" proposal produced the lowest cost medical and dental insurance option for consideration. This item was discussed with the FAC earlier and copies of the summary pages and proposals from the three insurance carriers and a copies of monthly medical and dental contribution/costs were included in the Board Member's packets. 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 contribution rates for this renewal be adjusted 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. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

**Motion approving a Group Medical 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 and Kelsey Care Advantage for Benefit Year beginning July 1, 2021 with employee/employer contribution rates as presented by the Chief Financial Officer.**

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

**D. Group Dental Insurance Policy Renewal.**

This item was discussed under Item VI.C. as the Medical Insurance Policy and the Dental Insurance Policy were received as a “bundled” proposal from Cigna. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

**Motion approving a Group Dental Insurance Policy with Cigna for Benefit Year beginning July 1, 2021 with employee/employer contribution rates as presented by the Chief Financial Officer.**

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

**E. Internal Management Report.**

Mr. Baldwin stated that this item is the Internal Management Report for the quarter ending March 31, 2021. 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. The investment opportunities in the current market interest are very slim for this type of investment. The best investment yield received was a City of Houston commercial paper for water and sewer at thirteen basis points. All investments were held to maturity and there were no losses on our investments. This report was presented to the FAC earlier. 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, 2021.**

Motion made by Director Council, 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. 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 \$28,264.05; the Special Project Equity Fund – in the amount of \$183,151.54; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$132,206.22; the Construction Fund – Series 2015 (Luce Bayou Project) – in the amount of \$2,097.68; the Construction Fund – Series 2016 (Luce Bayou Project) – in the amount of \$264,510.40; and the Construction Fund – Series 2017 Loan (Luce Bayou Project) – in the amount of \$377,445.26. 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 Sjolander, Seconded by Director Council. The Motion carried unanimously.

**VIII. OLD BUSINESS** – Don Ripley

There were no old business items to discuss.

**IX. NEW BUSINESS** – Don Ripley

There were no new business items to discuss.

**X. EXECUTIVE SESSION** – Wayne Klotz

Director Klotz noted the time at 10:50 A.M. and stated that the Board would at this time convene in Executive Session. The Executive Session is held to provisions of Section 551.071-551.084 of the Texas Government Code. No action would be taken in Executive Session.

(At this time Director Zarinkelk left the meeting.)

**XI. RECONVENE – OPEN SESSION**

Open session was reconvened at 11:10 A.M. Director Klotz stated that no action was taken in Executive Session.

**XII. ADJOURNMENT** – Wayne Klotz

The meeting was adjourned at 11:12 A.M.

[Signature page follows]



A handwritten signature in blue ink, appearing to read "Tony L. Council", is written over a horizontal line.

Tony L. Council, First Vice-President