

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

June 12, 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 (*Absent*)
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.

With the exception of Director Walker, 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. Copies of the sign-in sheets for those in attendance at the meeting are attached hereto.

II. ITEMS FOR CONSIDERATION – Wayne Klotz

A. Minutes of the May 8, 2013 Board Meeting.

Director Klotz stated that the first item of business was the approval of the Minutes of the Board Meeting of May 8, 2013 as written.

MOTION approving the Minutes of the Board Meeting of May 8, 2013.

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

B. Recognition of Statement of Appointed Officer, Bond, and Oath of Office for D. Wayne Klotz, Representing Harris County and Appointed by Mayor Annise Parker.

D. Wayne Klotz's reappointment was recognized by the Board.

C. Recognition of Statement of Appointed Officer, Bond, and Oath of Office for Tony L. Council, Representing Harris County and Appointed by Mayor Annise Parker.

Tony L. Council's reappointment was recognized by the Board.

D. Recognition of Statement of Appointed Officer, Bond, and Oath of Office for Zebulun Nash, Representing Harris County and Appointed by Governor Rick Perry.

Zebulun Nash's reappointment was recognized by the Board.

E. 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 was absent, his swearing in and appointment will be presented to the Board at next month's meeting.

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

A. Luce Bayou Project EIS.

Mr. Ripley stated that the Preliminary Final Environmental Impact Statement (FEIS) has been distributed to the USACE Fort Worth District Office and to the USACE Galveston Office of Counsel on June 7, 2013. Mr. Ripley added that CWA has received the authorization from the City of Houston's Director of Public Works to proceed with Final Design pending receipt of the project permit. Mr. Berckenhoff reported that per the previously submitted schedule, the USACE will have two weeks to review this submittal and to offer any additional comments or requests for clarifications back to AECOM. It is AECOM'S intent to quickly turn those comments and/or requests around and make the Final FEIS submittal to the USACE the week of July 8, 2013. The USACE should then E-File the FEIS document, in its entirety, with the EPA. At this time there will be an announcement in the Federal Register and the 30-day clock will start. After the 30-day publication period has lapsed, the USACE will then consider issuing a Record of Decision for the project. The subsequent Permit will follow after the Record of Decision. Mr. Ripley stated that in speaking with the USACE's project manager, this is a fairly quick process, usually two weeks. Mr. Berckenhoff clarified that there is no connection between the completion of AECOM's work which ends with the issuance of the Record of Decision and the issuance of the actual Permit. The Record of Decision and the Permit follow separate but parallel paths.

B. Luce Bayou EIS – Archeological.

Mr. Ripley stated that according to the USACE, the FEIS cannot be published until a Memorandum of Agreement (MOA) is finalized with the USACE, the Texas Historical Commission (THC) and the Indian Nations. As of the last update received about an hour ago, there has not been a date established for completion of the MOA. CWA is working to contact the archeologist at the USACE to get that date pinned down. The Moore Archeological Company (MAC) Field Investigation Report was submitted to the USACE and the THC on May 31, 2013. On June 3, 2013, the MAC Data Recovery Plan was submitted to the USACE and THC. These are the only two documents that CWA was required to submit to the USACE for them to draft the MOA. MAC has submitted to CWA a cost proposal to complete the remaining archeological work. CWA staff is currently reviewing the proposal and will present their recommendation to the Professional Engineering Service Committee later this month. Director Klotz asked if CWA is engaging with anybody about this potential delay, including someone in Austin. Mr. Ripley stated that they were. Director Klotz asked who was pursuing this. Mr. Ripley stated that he and the City of Houston's lobbyist are assisting in this process. Director Cobb asked if this is the archeological study that cannot be finished until the MOA is in place. Mr. Ripley responded that his understanding of this issue is that the MOA is necessary before publication of the EIS, but actual completion of this additional work can occur after finalization of the EIS. CWA will have to agree with what services will be performed after the permit is received. Director Klotz asked how many tribes would need to sign off. Mr. Ripley stated that the USACE had

contacted four tribes. However, the USACE has agreed to accept response from the Texas Couthatta Tribe for the actual reburial and CWA hopes the Texas Couthatta Tribe will take the lead role for future archeological investigations. There were no further questions from the Board.

C. Luce Bayou Pump Station Technical Advisor.

Mr. Ripley stated that first draft of the Capers Ridge Pump Station Request for Qualifications (RFQ) has been reviewed by CWA staff and will be submitted to the Professional Engineering Services Review Committee at their next meeting for their review and consideration. Director Klotz then stated that CWA will not be releasing any RFQ's until the archeological issues get resolved.

D. Luce Bayou Property Acquisition.

Mr. Ripley reported that Parcel 39.4 is the only remaining parcel to acquire for right-of-way. CWA has settled with 12 of the 34 owners of Parcel 39.4. The condemnation process has now started to acquire remaining interests. CWA's mineral ownership at the mitigation property is at 98%. Mr. Ripley stated that CWA staff re-petitioned the U.S. Fish and Wildlife (USFWS) to accept the property for mitigation with 98% ownership. The USFWS declined that request and is standing by their requirement that 100% ownership is necessary. Mr. Ripley stated that there is one owner who will not settle with CWA and therefore condemnation is now proceeding; CWA's land attorney estimated this could be completed within 4-6 weeks. Mr. Ripley noted that this will not delay the project from going forward as it is not a requirement to obtain the EIS or the MOA.

E. Gillette Street Property Remediation.

With reference to the Gillette Street Property Remediation, Mr. Olinger reported that the City of Houston (COH) Municipal Settings Designation (MSD) Application was approved on May 29, 2013 by the Houston City Council. The next step now is to submit the MSD Application to the TCEQ by July 1, 2013. In response to TCEQ comments to the Affected Property Assessment Report (APAR), Terracon completed sixteen additional soil borings. Soil sample results indicated no exceedances outside of current excavation areas. This data will now be included in a revised APAR and resubmitted which will be completed by the first of July 2013. CWA will be preparing the Response Action Plan and will be developed in coordination with the COH. It was noted that this report cannot be submitted until the APAR is completed and submitted. A meeting is scheduled with the COH to discuss and ensure that the objectives that are outlined in this plan are consistent with their objectives for the sight. CWA is also continuing the ongoing work with the permitting, engineering, and design of the slip ramp onto the Allen Parkway main lanes. The construction will be completed by the selected construction firm that is selected for the remediation of the site. CWA is also working on the property re-platting to remove street and park designations from the site. The initial verification of the boundary survey for that work is being completed and on-going. Director Klotz asked if there was a construction estimate when CWA begins remediation. Mr. Olinger stated the estimated value of the contract is \$4 million.

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)	
	May 2013	INDUSTRIAL & TREATMENT	
	31 DAYS (gallons)		
Trinity River Pump Station	18.1 billion	Hwy 225 Plants (incl. CWA WTP)	114
Main Canal	16.9 billion	SEWPP	105
Cedar Point Lateral	1154.3 million	EWPP	232
San Jacinto Transfer Station	316.2 million	Deer Park WTP	4
Lynchburg Pump Station	15.4 billion	Bayport Plants	30
Water Treatment Plant	152.9 million	BAWA	14
Bayport Pump Station	942.3 million	CPL	37
		SJRA	<u>10</u>
		Trinity River Total	548 MGD

SAN JACINTO RIVER

Lake Houston Pump Station	1.2 billion	Indus. Customers	24
		EWPP	<u>15</u>
		San Jacinto River Total	39 MGD

Operations

Mr. Olinger stated that Lake Houston was at 44.84 ft (msl) and all gates were closed (normal pool is 44.5 ft). Lake Conroe was at 198.64 ft and there were no releases (normal pool is 201 ft). Lake Livingston was at 131.32 ft. and was releasing 4,000 cfs (normal pool is 131 ft). The Trinity River Pump Station (TRPS) May production was 18.1 billion gallons with an average daily production of 584 MGD. The Lake Houston Pump Station (LHPS) May production was 1.2 billion gallons with an average daily production of 39 MGD.

Maintenance

Mr. Olinger reported that maintenance activities included the replacement of trash screens at TRPS Bays 11 and 12, the repair of a large leak on NW Lateral D, the cleaning and removing of vegetation from canals and siphon screens, and the repair of roads on canal embankments at multiple locations. Hurricane season preparations were completed, ensuring that personnel are prepared, equipment is ready, fuel has been planned for, contacts with the Power Company have been established, and generators are all set to go. Also completed was the first aquatic vegetation assessment and herbicide application at Lake Houston. Mr. Olinger noted that this is an annual event and showed the Directors a couple of before and after pictures of the aquatic vegetation that was recently treated at a Lake Houston site.

B. Bayport Water Line Rehabilitation Phase 2 Project.

Mr. Ripley stated that CWA received thirteen Statements of Qualifications (SOQ) submittals for this project. The SOQ's were evaluated according to the CWA Procurement Policy and the results were presented to the Professional Engineering Services Committee earlier this month. IDS Engineering was recommended by the Committee. Mr. Ripley asked Director Council if he had any additional comments. Director Council responded no and Mr. Ripley then recommended the motion as presented.

MOTION authorizing the Executive Director to negotiate a contract with IDS Engineering Group for Design Phase Services for the Bayport Water Line Replacement Phase 2 Project.

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

C. Long Reach Excavator Purchase.

Mr. Olinger stated CWA received four bids for the long reach excavator. The CWA budgeted amount was \$225,000. The low bid by CLM Equipment Co., Inc. meets all of CWA's specifications. It was noted that the bid tabs had been provided to the Operations and Maintenance Oversight Committee for their review. Mr. Olinger then recommended the motion as presented.

MOTION authorizing the Executive Director to issue a Purchase Order to CLM Equipment Co., Inc. in the amount of \$214,975 for (1) LinkBelt Long Reach Hydraulic Excavator.

Motion made by Director Zarinkelk, Seconded by Director Council. 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 May 2013. Mr. Baldwin stated that all four of the operating funds expenditures and revenues are in-line with forecast for the first five 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 that began late last year. As previously stated to the Board, A/P's usage will be re-visited again in July 2013 and if the reduction in usage warrants another adjustment in their treatment rate, it will be brought to the Board for consideration. All other customers are doing fine. There were no questions from the Board.

B. Internal Management Report – March 31, 2013.

Mr. Baldwin presented the Quarterly Internal Management Report (the Report) detailing the investment activities on all of the Authorities' funds for the period ending March 31, 2013. The Report reflects the market conditions of low interest earnings. CWA is getting anywhere from seven to twenty basic points on short term investments. The Report was presented to the Finance and Audit Committee meeting held earlier this month. 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 Quarter Ending March 31, 2013.

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

C. Medical Insurance Policy Renewal.

Mr. Baldwin gave a brief synopsis of the Medical Insurance Policy Renewal handout given to the Directors. This is a one-year policy that becomes effective on July 1, 2013. The 15% increase incurred was funded in this year's budget. CWA's goal was to maintain what the benefit comparisons done last year with the COH and other like entities are doing. CWA tried to maintain a comparable benefit package for our employees, their sharing in the costs through pay deductions, deductibles, or out-of-pocket costs as they use the insurance. With this goal in mind, it was recommended to go with United Healthcare Insurance. The medical insurance policy renewal for current employees and for CWA retirees was presented to the Finance and Audit Committee meeting held earlier this month where it received unanimous support. With that Mr. Baldwin recommended the motion as presented. Director Nash asked Mr. Baldwin if he would discuss anticipated

inflated medical cost issues with CWA employees and CWA retirees. Mr. Baldwin stated he would be.

MOTION approving a Group Medical Insurance Policy with United Healthcare Insurance and continue the Medicare Advantage Program for CWA Retirees with Aetna Medicare Advantage and Kelsey Care Advantage for the Benefit Year Beginning July 1, 2013 with employee/employer contribution rates a presented by the Chief Financial Officer.

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

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 \$6,719.86, the Construction Fund - Series 2010 (Luce Bayou Project) - in the amount of \$6,832.03, the Construction Fund - Series 2013 (Luce Bayou Project) - in the amount of \$163,390.35, the Luce Bayou - Land & Mitigation Fund - in the amount of \$117,180.57, the Special Project Equity Fund - in the amount of \$19,439.05.

Director Klotz noted to the Board that dramatic changes from the Texas Water Development Board will be expected on how funds will be accessed after November 2013.

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.

IX. NEW BUSINESS - Donald R. Ripley

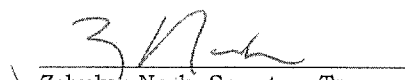
Mr. Ripley stated that there were no New Business items to discuss.

X. EXECUTIVE SESSION

There was no Executive Session.

XI. ADJORNMENT

The Meeting was adjourned at 10:38 A.M.


Zebulun Nash, Secretary-Treasurer