

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

October 13, 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 (<i>Absent</i>)	Joseph G. Soliz
Douglas E. Walker, Second Vice-President	Giti Zarinkelk, P.E.
Thomas A. Reiser, Secretary-Treasurer	

CWA Staff

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

City of Houston Staff

Sharon Citino, PW&E

Legal Counsel

Dimitri Millas, Norton Rose Fulbright US LLP
Leslie Bacon, Norton Rose Fulbright US LLP

With the exception of Director Council, 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 September 8, 2021, as written.

A. Minutes of the September 8, 2021 Board Meeting.

Motion approving the Minutes of the Board Meeting of September 8, 2021.
Motion made by Director Zarinkelk, Seconded by Director Sjolander. The Motion carried unanimously.

IV. ONGOING PROJECTS – David Miller

A. Luce Bayou Interbasin Transfer Project.

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

a. Capers Ridge Pump Station.

Mr. Miller stated that CWA is in the middle of start-up and testing at the Capers Ridge Pump Station (CRPS) this month with completion scheduled for next month. Details will be presented to the Board at the November 2021 Board Meeting. The contractor for the Capers Ridge Pump Station (CRPS), Renda/Johnson Brothers JV (RJB), is approximately 99% complete. The project team conducted pump/motor issues meetings on September 7, 2021 and September 29, 2021.

Specific activities performed by RJB in September 2021 included:

- Installed Pump 304
- Implemented pump lubrication piping modifications on Pumps 302, 306 and 308
- Resumed Startup and Testing
- Filled and operated LBITP Canal

Major work activities planned for October 2021 include:

- Continue startup/testing
- Performance testing and operator training
- Operational acceptance testing and operator training

Mr. Miller stated that in the month of September, RJB and the pump manufacturer, Xylem, installed Pump 304 and made lubrication modifications to Pumps 302, 306 and 308. Start-up and testing began on October 1, 2021, and the pumps have been running approximately 24-hours per day, 7 days per week. CWA will continue testing for another 2-3 weeks. Daily performance reports are being prepared and reviewed by CWA, DEC/B&V and the Xylem. Mr. Miller noted that the LBITP canal system has been completely filled and currently Trinity Water is being discharged to Lake Houston. CWA canal maintenance crews have been monitoring and adjusting water level gates during the pump testing period.

Mr. Miller stated that with the extended schedule associated with the pump issues, Dannenbaum Engineering Corporation and Black & Veatch (Dannenbaum) have incurred additional expenses and have requested compensation to cover scope items such as meetings, review/approval of modifications, site visits and inspections during startup and testing. CWA and Dannenbaum completed negotiations of the fee for these additional services in September 2021. The scope and fee were reviewed with the Professional Engineering Services Committee (PESRC) on October 5, 2021. The Committee recommended bringing forward for Board consideration. A copy of the scope and fee was included as an attachment to the Board Members' packet. Mr. Miller recommended the motion as presented.

Motion authorizing the Executive Director to issue a work order amendment in the amount of \$249,448.15 to Dannenbaum Engineering Corporation for additional Construction Phase Services associate with construction of the Capers Ridge Pump Station as part of the Luce Bayou Interbasin Transfer Project.

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

Mr. Miller stated that as construction of the final access road begins this month, CWA and Geotest Engineering Inc. completed scope and fee negotiation for construction materials testing. The scope includes subgrade and backfill testing, concrete testing, lime stabilization testing and asphalt testing. The scope and fee were reviewed with the PESRC on October 5, 2021. The Committee recommended bringing forward for Board consideration. A copy of the scope and fee was included as an attachment to the Board Members' packet. Director Klotz asked when the road should be completed. Mr. Miller stated sometime in April 2022. There were no further questions from the Board and Mr. Miller recommended the motion as presented.

Motion authorizing the Executive Director to issue a contract in the amount of \$336,074.00 to Geotest Engineering Inc. for Construction Materials Testing and Inspection Services for construction of the Final Capers Ridge Access Road as part of the Luce Bayou Interbasin Transfer Project.

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

At this time Mr. Miller presented progress photos taken at the site. Director Klotz congratulated Mr. Miller and the entire team for getting to the point where water can be pumped from the Trinity River into Lake Houston and completing a project that had been on the books since 1939.

With reference to the LBITP, Director Klotz asked Mr. Miller once, the project is fully completed, to provide the Board with a final cost summary including MWSBE Report at that respective Board Meeting.

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

Mr. Miller stated the project team conducted Phase 2 Coordination Meeting on September 23, 2021 (Meeting No. 13). As mentioned during the September Board Meeting, the design engineers are currently evaluating spillway buttress structural supports for the crest gates. Upon completion, the Basis of Design Report will be submitted on November 5, 2021. The outcome of this report will be provided to the Board at next month's Board Meeting. There were no questions from the Board.

V. MAINTENANCE & OPERATIONS – Greg Olinger

A. Monthly Operations Report/Project Updates.

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

B. Benes Family Limited & Riceland Interests Limited – Request for Canal Abandonments.

Mr. Olinger stated this item is related to the Benes and Riceland Interests Ltd. request for canal abandonments. Following last month's Board decision to initiate the 30-day public review period, CWA published the notice in the local papers (Houston Business Journal and the Baytown Sun). There were no comments received by the October 8, 2021 deadline. Having received no comments, recommendation is to proceed with the last step in the process, which involves filing the formal abandonment and quit claim with the County records office. Mr. Olinger noted that this item was briefed to the O&M Oversight Committee on October 5, 2021. There were no further questions from the Board and Mr. Olinger recommended the motion as presented.

Motion authorizing the Executive Director to accept an offer from Benes Family Limited & Riceland Interests Limited for the abandonment of identified canal segment easements located on the requestor's property.

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

C. Service Truck Purchase.

Mr. Olinger stated that this item is related to the purchase of a new service truck for the CWA Electrical/Instrumentation Team. This truck will replace a 2015 Super Duty Ford with 154,000 miles. Three quotes were requested and the lowest quote was received from Southfork Dodge, which includes a \$10K trade-in value for the current service truck. This item was briefed the O&M Oversight Committee on October 5, 2021. A copy of the quote and comparison to the other received quotes was included in the Board Members' packets. Mr. Olinger requested the motion as presented.

Motion authorizing the Executive Director to issue a purchase order in the amount of \$28,967.00 to Southfork Dodge for a 2021 Dodge Ram 2500 Service Truck.

Motion made by Director Walker, Seconded by Director Zarinkelk. 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 September 30, 2021. Mr. Baldwin noted that through nine months of the budget year all five of the Operating Budgets are doing well in both revenues and expenditures. All Funds will come in under budget at year-end. As discussed at the previous Board Meeting, the Trinity River budget will be much tighter than forecasted due to the high cost of the aqueous ammonia and liquid chlorine chemicals. A copy of the report was included in the Board Members' packets. There were no questions from the Board.

B. 2021 Pension Plan Audit.

Mr. Baldwin stated that this item is the 2021 pension plan audit proposal from Weaver & Tidwell, LLC (Weaver) to conduct the annual audit on CWA's Pension Plan for the benefit year ending September 30, 2021. A copy of the proposal engagement letter from Weaver was included in the Board Members' packets. Mr. Baldwin stated that this would be the fifth year for Weaver to perform this audit service for CWA's Pension Plan. Mr. Baldwin noted that Mr. Rance Bass with Weaver discussed the proposal with the Finance and Audit Committee earlier and was available at today's meeting to answer any questions from the Board. Mr. Baldwin stated that the proposed fee from Weaver is \$10,000 which is the same fee as last year. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving the 2021 Pension Plan Audit Engagement Agreement with Weaver and Tidwell LLP.

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

C. Investment Policy Renewal.

Mr. Baldwin stated that this item is the annual review of CWA's Investment Policy (Policy). The State of Texas Public Funds Investment Act requires the Board to acknowledge the review of the Policy even if no changes are needed by adopting the continuance of the Policy. This year, there was no need for any changes to the Policy. Mr. Baldwin noted that this item was reviewed with the Finance and Audit Committee earlier. A copy of the Policy 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 Resolutions adopting a Continuance of the Investment Policy, Cash and Investment Management Procedure and List of Qualified Brokers/Dealers of the Coastal Water Authority.

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

D. Internal Management Report.

Mr. Baldwin stated this item is CWA's Quarterly Internal Management Report (the Report) detailing the investment activities on all of the Authorities' funds for the quarter ending June 30, 2021 as required by the Texas Public Funds Investment Act. Mr. Baldwin stated that there were no significant changes in the investments. All investments were held to maturity. This item was reviewed with the Finance and Audit Committee 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 June 30, 2021.

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

E. 2022 Operating Budgets Preparation Schedule – Update.

Mr. Baldwin stated that this item was the updated 2022 Budget Preparation Schedule. A Finance and Audit Committee budget workshop has been scheduled to occur separately after today's Board Meeting. All Directors are invited to attend. A copy of the updated schedule was included in the Board Members' packets.

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 \$8,979.10; the Special Project Equity Fund – in the amount of \$767,401.91; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$910.00; and the Construction Fund – Series 2017 Loan (Luce Bayou Project) – in the amount of \$19,158.75. 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.

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

There was no executive session.

XI. ADJOURNMENT – Wayne Klotz

The meeting was adjourned at 10:22 A.M.



Tony L. Council, 1st Vice-President