

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

October 9, 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	John Odis Cobb, P.E.
Tony L. Council, P.E., First Vice-President	Douglas E. Walker
Alan D. Conner, Second Vice-President	Giti Zarinkelk, P.E.
Zebulun Nash, Secretary-Treasurer (<i>Absent</i>)	

CWA Staff

Donald R. Ripley
John J. Baldwin
Greg Olinger
David Miller
James Lewis
Mary Caballero (*Absent*)
Jackie Leong

City of Houston Staff

Jun Chang, P.E., Deputy Director, PW&E
John Liles, Legal

Legal Counsel

Neil Thomas, Fulbright & Jaworski LLP

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 September 11, 2013 Board Meeting.

Director Klotz stated that the first item of business was the approval of the Minutes of the Board Meeting of September 11, 2013 as written.

MOTION approving the Minutes of the Board Meeting of September 11, 2013.

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

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

A. Luce Bayou Project.

a. EIS.

Mr. Ripley stated that the USACE approved and uploaded the Final Environmental Impact Study (FEIS) to the e-NEPA site. AECOM submitted the draft Record of Decision to the USACE (Mr. Berckenhoff confirmed). The final publication of the EIS Notice of Availability (NOA) in the Federal Register was published on October 4, 2013 with the comment period ending November 4, 2013. CWA received the draft Memorandum of

Agreement (MOA) and replied to the USACE with very minor comments. Mr. Ripley noted that the MOA defines the remaining archeological work that CWA will be required to complete. (A copy of the letter from the USACE dated September 26, 2013 regarding above mentioned MOA was presented to the Board members.)

b. Capers Ridge RFQ.

Mr. Ripley stated that the Request for Qualifications (RFQ) for the Capers Ridge Project had been approved by the Professional Engineering Services Review Committee. Director Council noted that the RFQ is comprehensive and that a few revisions to the RFQ were made to facilitate small business participation. There were no further questions or comments and Mr. Ripley recommended the motion as presented.

Motion Authorizing the Executive Director to publish a Request for Qualifications for Professional Engineering Services relating to the Capers Ridge Pump Station and Raw Water Intake Structure.

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

At this time, Mr. Ripley stated that CWA is negotiating contract terms with the Sam Houston Electric Cooperative (SHECO) for power supply into the Capers Ridge Pump Station. CWA's legal council, Ms. Margaret Pemberton of F&J, is assisting with the contract. SHECO is meeting with CWA staff on October 14, 2013 to discuss the terms and conditions of the contract. The contract will be brought to the Board for consideration once the details have been worked out.

B. Gillette Street Property Project.

Mr. Olinger stated that the Revised Affected Property Assessment Report (APAR) and the Response Action Plan (RAP) are still being reviewed by the Texas Commission on Environmental Quality (TCEQ). The TCEQ had discussed with CWA working to ensure that CWA addresses the Allen Parkway Village Apartment property in conjunction with the overall remediation. A verbal agreement to make slight modifications to the RAP in that area was made with the TCEQ and CWA expects the approval letter later this week. The TCEQ Municipal Settings Designation Application (MSD) was submitted on September 5, 2013 and is expected to be approved sometime in January 2014. It was noted by Mr. Olinger that the MSD is not a critical path for closure. Mr. Olinger then reviewed for the Board members the key elements of the project and the scope items that are involved. They included the removal of concrete/asphalt cover, excavation and off-site disposal of 5,063 tons of Class I nonhazardous waste and 87,006 tons of Class II nonhazardous waste. Following the successful removal of the nonhazardous waste and confirmation sampling of the soil, place, compact, and grade backfill and revegetation will begin. A diagram of the said area was given to each of the Board members to orient them to the affected areas. In response to questions from Director Walker and Director Council, Mr. Olinger stated that the metals, lead and arsenic, are the primary constituents of the contaminated soil. In response to a question from Director Klotz with reference to the Allen Parkway Village Apartment property, Mr. Olinger stated that CWA does not plan to work on the apartment property, the City of Houston's Housing Authority, the owner of the apartment property, has verbally committed to pay for the capping that will be required on their property. CWA is essentially assisting them through the regulatory process to include their property in the overall response. Director Klotz asked if there was an agreement with the COH Housing Authority to act on their behalf. Mr. Ripley stated that CWA does not have a written agreement, but that the COH Housing Authority has verbally agreed to cooperate with CWA. Director Klotz asked Mr. Liles if he was the attorney for the COH Housing Authority. Mr. Liles stated that he was not, and that the COH Housing Authority has their own legal counsel. Director Cobb asked whether if the contamination extends further east of the shown map, would CWA have to be involved in the remediation process

for that property. Mr. Olinger stated, no. The east area is considered fully delineated by the State and will not require confirmation sampling during remediation.

Mr. Olinger then went on to report that property re-platting to remove streets and park designations on the property plat was signed by the Mayor on September 11, 2013 and was recorded on at the Harris County Clerk's office on September 16, 2013. The temporary slip ramp design was approved by the COH on September 26, 2013. A diagram of the Allen Parkway slip ramp was given to each of the Board members showing the current two-way service lanes being converted to a one-way service lane. Approval of the design was received and a bid package has been prepared. Director Klotz asked what CWA's plan was to handle the hauling of the non-hazardous waste during the construction of the temporary slip ramp. Mr. Olinger responded that the COH's Public Works & Engineering Department (Public Works) is also planning a storm water project along Gillette Street, which will last longer than CWA's project, and that Public Works is interested in the use of the slip ramp as well. The COH is currently working out an agreement with CWA to close the temporary slip ramp down. Director Klotz asked Mr. Liles if he would be working on that agreement. Mr. Liles replied, no. Director Walker asked if the contractor would use the same slip ramp when the soil goes back into the property. Mr. Olinger stated that the soil coming back in would be clean filled and therefore the truck(s) would be able to utilize the neighborhood sections which would be around the east, west and south of Gillette Street, utilizing West Dallas Street and coming in from the south side of the property. There were no further questions from the Board and Mr. Olinger requested the motion as presented.

Director Klotz asked if CWA would request bids on the remediation of the property immediately after the temporary slip ramp was constructed. Mr. Ripley responded, yes, and stated that he expects that request to come before the Board for approval at the next month's board meeting in November.

Motion Authorizing the Executive Director to publish a Request for Bids for the Construction of a Temporary Slip Ramp on Allen Parkway.

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

IV. LAND AND RIGHT-OF-WAY - John Liles

Mr. Liles stated that as of this date, they have received and processed fifty-nine requests. Mr. Liles extended his personal thanks to Mr. Ripley and Mr. Olinger for their assistance and their efficiency.

V. MAINTENANCE & OPERATIONS - Don Ripley and Greg Olinger

Mr. Olinger referred the Board to the Monthly Operation Report included in their agenda packets.

A. Monthly Report

TRINITY RIVER	Water Production	DAILY AVG (MGD)	
	September 2013	INDUSTRIAL & TREATMENT	
	30 DAYS (gallons)		
Trinity River Pump Station	19.3 billion	Hwy 225 Plants (incl. CWA WTP)	121
Main Canal	17.9 billion	SEWPP	119
Cedar Point Lateral	1478.6 million	EWPP	259
San Jacinto Transfer Station	306.8 million	Deer Park WTP	5
Lynchburg Pump Station	16.4 billion	Bayport Plants	34
Water Treatment Plant	141.4 million	BAWA	17
Bayport Pump Station	1011.5 million	CPL	49
		SJRA	<u>10</u>

Trinity River Total 613 MGD

SAN JACINTO RIVER

Lake Houston Pump Station	1.2 billion	Indus. Customers	29
		EWPP	<u>12</u>
		San Jacinto River Total	40 MGD

Operations

Mr. Olinger stated that Lake Houston was at 42.40 ft (msl) and that all gates were closed (normal pool is 44.5 ft). Lake Conroe was at 197.437 ft and there were no releases (normal pool is 201 ft). Lake Livingston was at 129.18 ft. and was releasing 1,000 cfs (normal pool is 131 ft). The Trinity River Pump Station (TRPS) September production was 19.3 billion gallons with an average daily production of 644 MGD and is just above CWA's projected demand of 18.9 billion gallons. The Lake Houston Pump Station (LHPS) September production was 1.2 billion gallons with an average daily production of 40.4 MGD. This is slightly below CWA's projected demand of 1.4 billion gallons.

Maintenance

Mr. Olinger reported that a few highlights of maintenance activities included the replacement of the prosonic and transducer at the 1-10 WS RTU, the completion of five days of aquatic spraying at Lake Houston, and the completion of the Northwest Lateral "D" bank stabilization efforts from the Lone Star NGL intake to the RTU building. Mr. Olinger noted that on September 11, 2013 the West Canal was shut down for 10 hours to clean out accumulated algae. Also, the tainter and flashboard gates were operationally tested at the Lake Houston Dam and are now functioning. Mr. Olinger then provided the Board with an update of the Lake Houston AVC program and also provided before and after pictures of various treated zones at the Lake Houston Dam along with areas still requiring herbicide application specifically noting large nursery areas of hyacinth on the west fork of San Jacinto, and the sudden appearance of large mats of common salvinia that were pushed out from the east side of the lake after the recent rains. CWA is planning for five more days of treatment this month to target these additional areas finishing this year's spraying which would expend the remaining funds in the AVC program. In response to a question from Director Walker, Mr. Olinger stated that CWA does intend to get started earlier next year with spraying in an effort to prevent the growth noted this year.

B. Award of Contract to Brenntag Southwest, Inc. for Chlorine and Sodium Hypochlorite.

Mr. Olinger stated that CWA received two bids for Chlorine and Sodium Hypochlorite. Brenntag Southwest submitted the lowest bids (the bid tabs were provided to the Board members). Mr. Olinger noted that these bids had been presented earlier to the Operations and Maintenance Oversight Committee for review. In response to a question from Director Council, Mr. Ripley gave his summation as to why the two bidders had such a spread on their bids. There were no further questions from the Board and Mr. Olinger then recommended the motion as presented.

Motion authorizing the Executive Director to issue a Purchase Order to Brenntag Southwest, Inc. in the amount of \$481,248 for Chlorine and \$61,350 for Sodium Hypochlorite.

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

C. Southwest Lateral G Abandonment (Partial).

In an update to last month's discussion on Southwest Lateral G abandonment, Mr. Olinger stated that CWA has reviewed its own independent property appraisal and is now in the process of negotiation with

the applicant, Gray Enterprises, on the fair market value for the abandonment of that easement. Mr. Olinger stated that that there is no action required at this time. Once the agreement has been negotiated, CWA will bring this item back to the Board for approval.

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 ending September 30, 2013. Mr. Baldwin stated that all four operating budgets are doing well in relation to revenues and expenditures and are forecasted to come in at year-end a couple of percentage points under on the expenditure budget.

B. 2014 Budget Preparation Schedule.

Mr. Baldwin stated that the Finance & Audit Committee Meeting has called for a budget review session on Friday, October 25, 2013 at 9:00 A.M. All of the non-committee Board members are invited to attend. A notice and a copy of the draft budget will be given to the Board members prior to that meeting.

C. Audit Engagement - Pension Plan - 2013.

Mr. Baldwin presented the Board with a proposal from McConnell & Jones, LLP dated September 25, 2013 for the audit of CWA's Pension Plan for the benefit year ending September 30, 2013. The Pension Committee and the Finance and Audit Committee had discussed and reviewed this proposal. Mr. Baldwin then recommended the approval of the motion as presented. There were no questions from the Board and Mr. Baldwin recommended the Motion as presented.

MOTION approving the Audit Engagement Proposal from McConnell & Jones, LLP for the 2013 Audit of the Authority's Pension Plan.

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

D. Internal Management Report - June 30, 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 June 30, 2013. CWA held all of the investments to maturity and the range of yield being anywhere from two to twenty basis points on short term investments. The Report was presented to the Finance and Audit Committee meeting held earlier this morning. There were no questions from the Board. Mr. Baldwin recommended the motion as presented.

MOTION approving the Internal Management Report on the Authority's Investment Activities for the Quarter Ending June 30, 2013.

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

VII. DISBURSEMENTS - John J. Baldwin

Mr. Baldwin stated that the disbursements to be approved by the Board included: the Bayport Capital Improvement Fund - in the amount of \$1,796.97, the Construction Fund - Series 2009 (Luce Bayou Project) - in the amount of \$410.17, the Construction Fund - Series 2013 (Luce Bayou Project) - in the amount of \$22,665.47, the Luce Bayou - Land & Mitigation Fund - in the amount of \$6,339.26, the Special Project Equity Fund - in the amount of \$68,419.75.

MOTION to Approve the Disbursements as Presented.

Motion made by Director Council, Seconded by Director Walker. 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 10:48 A.M.

[Signature Page Follows]



Zebulun Nash, Secretary-Treasurer