

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

September 8, 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 (<i>Absent</i>)
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
Todd Vu
Mary Caballero

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 Reiser and Director Sjolander, 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 August 11, 2021, as written.

A. Minutes of the August 11, 2021 Board Meeting.

Motion approving the Minutes of the Board Meeting of August 11, 2021.

Motion made by Director Council, 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 August 2021 Luce Bayou Interbasin Transfer Project (LBITP) Monthly Status Report in their Board Members' Agenda packets.

a. Capers Ridge Pump Station.

The contractor for the Capers Ridge Pump Station (CRPS), Renda/Johnson Brothers JV (RJB), is approximately 99% complete. Mr. Miller noted that the project team conducted pump status meetings on August 2, 2021, August 12, 2021 and August 30, 2021 in which the pump manufacturer provided updates on the fabrication, delivery and installation schedules associated with the lubrication piping.

Specific activities performed by RJB in August 2021 included:

- Continued to complete punch list items
- Continued SCADA testing on August 11, 2021, August 31, 2021 and September 1, 2021

Major work activities planned for September 2021 include:

- Install Pump 304 and motor
- Implement pump lubrication piping modifications on Pumps 302, 306 and 308

Mr. Miller stated that fabrication of all piping materials has been completed and shipped to the Xylem factory in Milwaukee, WI. Pump 304 will be fitted with the new piping beginning September 13, 2021 and will then be shipped to the Capers Ridge site for installation the week of September 20, 2021. The pump station gates at the front of the pump station will be closed and the pump station will be dewatered beginning September 20, 2021 followed by scaffold installation around Pumps 302, 306 and 308. Pump 304 from Milwaukee will arrive at the site and be installed on September 22, 2021. The piping modifications will be performed on Pumps 302, 306 and 308 September 22nd through September 29, 2021. The seven day functional performance test will begin September 30, 2021 and running through October 7, 2021. The eight day, twenty-four hour per day operational acceptance test will then be performed from October 11th through October 18, 2021. Director Klotz asked if the pumps could be used now without the modifications or would that cause damage to the pumps. Mr. Miller stated that no damage can occur and they have been used for SCADA testing over the past 2 months. Mr. Miller then presented progress photos taken at the Capers Ridge Pump Station site.

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

Mr. Miller stated the project team conducted Phase 2 Coordination Meetings on August 12, 2021 (Meeting No. 11) and on August 25, 2021 (Meeting No. 12). The Spillway Structural Analysis Workshop was conducted with CWA, Black and Veatch (B&V) and Freese and Nichols Inc. on August 24, 2021. The analysis revealed some differential loading conditions at specific buttress walls along the uncontrolled spillway that will require lateral bracing on the selected buttress walls. The bracing concepts are being developed by the B&V structural engineers. Once this analysis is completed the Basis of Design Report (the Report) will be submitted. Mr. Miller noted that if the Report is submitted before the October 2021 Board Meeting, B&V will provide an update on the design process to the Board Members at the October 13, 2021 Board Meeting. Director Klotz asked if the cost estimate would also be provided in the Report. Mr. Miller stated, yes it will be. There were no further questions from the Board.

V. MAINTENANCE & OPERATIONS – Greg Olinger

A. Monthly Operations Report/Project Updates.

The Monthly Operations Report for August 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 in regard to the Benes Family Limited request for canal abandonments off of the Cedar Point Lateral north of Mont Belvieu in Chambers County. Based on previous guidance provided by the Board, CWA communicated the interest in abandoning all of the canal segments located on the Benes property. The five canal segments have not been in use for over thirty years and the property owner plans to develop the property for residential use. The property owner provided an offer letter for the abandonment of all five canal segments and is offering an amount that is in line with the guidance previously provided by the Board. The motion today will allow initiation of a 30-day public review period. Any comments received would be briefed at the October 2021 Board Meeting. Mr. Olinger noted that this item was briefed to the O&M Oversight Committee on August 31, 2021. Director Klotz asked if CWA has ever received any comments during any public review comments. Mr. Olinger stated that he does not recall having received any comments. Mr. Ripley concurred. There were no further questions from the Board and Mr. Olinger recommended the motion as presented.

Motion authorizing the Executive Director to issue a 30-day public review period related to the proposed abandonment of requested canal segments on a portion of Coastal Water Authority's Cedar Point Lateral Conveyance System.

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

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

Mr. Olinger stated that this item is related to contractor selection for the Bayport Waterline Replacement Phase 3 Project. The project involves replacement of 6,200 LF of 18-inch and 6-inch transite pipe with C900 PVC pipe. CWA held a pre-bid meeting and site walk on July 29, 2021. Four bids were received on August 20, 2021. The lowest responsive bidder was Carter Construction. Mr. Olinger noted that Carter Construction completed the replacement work during Phase 2 of the project and did a good job. This item was briefed the O&M Oversight Committee on August 31, 2021. A copy of the bid tab was included in the Board Members' packets. There were no questions from the Board and Mr. Olinger requested the motion as presented.

Motion authorizing the Executive Director to issue a work order in the amount of \$2,192,171.00 to Carter Construction, LLC for construction services on the Bayport Waterline Replacement Phase 3 Project.

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

D. Bayport Waterline Replacement Phase 3 Project – Construction Administration and Inspection Services.

Mr. Olinger stated that this item is for the Contract Administration and Inspection Services for the Bayport Waterline Replacement Phase 3 Project. The Board approved negotiation of a contract with Sowell's Consulting Engineers in August 2021. CWA has completed the negotiation process and included a copy of the record of negotiation in the Board Members' packet. Mr. Olinger noted that this item was briefed to the Professional Engineering Services Review Committee on August 31, 2021. There were no questions from the Board and Mr. Olinger recommended the motion as presented.

Motion authorizing the Executive Director to execute an engineering services agreement and accept a fee of \$257,760.00 from Sowell Consulting Engineers for Contract Administration and Inspection Services for the Bayport Waterline Replacement Phase 3 Project.

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

E. Annual Chemical Contract – Aqueous Ammonia.

Director Klotz deferred this item to Executive Session.

F. Annual Chemical Contract – Liquid Chlorine.

Director Klotz deferred this item to Executive Session.

G. Security Guard Services Contract.

Mr. Olinger stated that this item is related to the security guard services contract. The scope includes 24 hour/7 days/week security guard coverage at CWA's five facilities which include Lynchburg Pump Station, Bayport Pump Station, Lake Houston Dam, Canal Maintenance Facility and Capers Ridge Pump Station. The contract is for one base year with options for years two and three. CWA received eight bids on August 20, 2021. The lowest bid was received from Weisser Security Co. (Weisser), the incumbent security provider. Mr. Olinger noted that over the last three years, Weisser has done a very good job in securing CWA's facilities. This item was briefed to the O&M Oversight Committee on August 31, 2021. A copy of the bid tab was included in the Board Members' packets. Director Klotz asked if Weisser is currently fully staffed to provide services to the Capers Ridge Pump Station. Mr. Olinger stated, yes they are. There were no further questions from the Board and Mr. Olinger requested the motion as presented.

Motion authorizing the Executive Director to issue a contract to Weisser Security Co. in the amount of \$812,691.00 for security guard services at five Coastal Water Authority locations.

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

H. General Engineering Services Contract.

Mr. Olinger stated that this item is related to CWA's General Engineering Consultant. The Board approved negotiation on a contract with BGE, Inc. (BGE) at the July 2021 Board Meeting. Since then, CWA engaged with BGE on the engineering services agreement and its rate structure. CWA is now recommending going forward with finalizing the contract and beginning the transition plan. Mr. Olinger noted that this item was briefed to the Professional Engineering Services Review Committee on August 31, 2021. Director Klotz asked if a small authorization of funding will be provided to BGE to begin its coordination of transitioning. Mr. Ripley stated that an initial work order will be provided and CWA will come back to the Board for full funding. There were no further questions from the Board. Mr. Olinger requested the motion as presented.

Motion authorizing the Executive Director to execute an engineering services agreement with BGE, Inc. for General Engineering Consultant Services related to the maintenance and operation of Coastal Water Authority's Trinity River System.

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

I. Trinity River Pump Station – Pump 9 and Pump 11 Rehabilitation Project Update.

Mr. Olinger stated that this item is a project update on the rehabilitation of Pumps 9 and 11 at the Trinity River Pump Station (TRPS). Both pumps were taken out service and transported to the contractor's repair facility located in La Porte, Texas in March 2021. Following an initial inspection, MRE was

authorized to replace the pump shafts and bearings, grease lubrication lines, as well as the impellers and cones. After successful balancing tests and final inspections, the pumps were reassembled and reinstalled back at the TRPS at the end of August 2021. The pumps are currently in the 21-day run-in test that continues through September 13, 2021, at which time if there are no issues, CWA will take formal delivery and initiate the warranty period. Mr. Olinger noted that MRE and CWA's staff led by Mr. Felipe Gomez and Mr. Darryl Blase did an excellent job bringing this project in on time and under budget. Director Klotz asked that the meeting minutes reflect the Board's appreciation to Mr. Gomez, Mr. Blase and, MRE.

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 August 31, 2021. Mr. Baldwin noted that through the eight month of the budget year the expenditures on all five of the Operating Funds are performing as forecasted. At this time, the Funds are running slightly under budget. The revenue stream from the City of Houston and CWA's Bayport and Water Treatment Plant customers are timely and current. A copy of the report was included in the Board Members' packets. There were no questions from the Board.

B. Amendment of Office Lease – 1801 Main.

Mr. Baldwin stated that this item is the Second Amendment to the Office Lease Agreement (Agreement) at 1801 Main Street in the Amegy Bank building. A copy of the Second Amendment to the Agreement was included in the Board Members' packets. Mr. Baldwin stated that the current lease expires in June 2022. The Board previously approved utilizing Mr. Chip Horne of the real estate firm Cushman & Wakefield to assist with the survey of options for similar type office space in the downtown area. Mr. Horne presented his comparisons of four comparable office spaces available in this area, including a review of the office lease at 1801 Main Street to the Finance and Audit Committee earlier and the Committee supported the recommendation to extend the renewal of the office space at 1801 Main Street for another ten year lease. Mr. Horne worked with the Amegy Bank real estate person and with CWA's attorneys at Norton Rose Fulbright on the preparation of the final draft Agreement to the current office lease. Mr. Baldwin stated that Mr. Horne was present to answer any questions the Board may have. Mr. Baldwin thanked Mr. Horne for his good work on the site selection and the negotiating of the lease agreement extension with Amegy Bank personnel (Amegy). Mr. Baldwin noted that there will be funding from Amegy for new carpet and paint upgrades. Director Klotz asked that Mr. Baldwin bring in a professional interior designer to assist with upgrading CWA's office space. Director Walker asked Mr. Horne regarding the accuracy in the past data forecasting lease rates ten years out. Mr. Horne stated that he believes it is rather accurate when looking at rates prepared ten years ago compared to those rates today. It was anticipated that there would be a 3% increase annually over the past ten years and we are forecasting that going forward. Currently occupancy downtown is very low and therefore, CWA was able to achieve eight months of abatement of base rent on the new lease with a minor increase going forward. Director Klotz asked with the recent work environment of working from home, hybrid offices, etc., if it has been predicted what the office environment may be three years from now. Mr. Horne stated that he believes it is too early to predict. There are some businesses were it is possible to work from home and some businesses were job duties need to be performed in the business offices. Open concept work environments are based upon job duties for instance attorney/client conversations would not allow for an open concept office space. So, at this time, there is really no clear cut answer. Director Klotz asked if the Agreement presented today is his recommendation for this office space. Mr. Horne stated, yes. Director Zarinkelk asked for the total square footage and cost for square footage of this office space. Mr. Baldwin stated approximately 12,000 square footage, starting at approximately \$29.00 per square foot. Director Klotz asked for confirmation from Mr. Baldwin that the CWA Board Room would be reconfigured. Mr. Baldwin stated that was correct and that the recommendations

on the reconfiguration proposals from the interior designer would be discussed with him before any reconfigurations were performed. There were no further questions from the Board and Mr. Baldwin recommended the motion as presented. Director Klotz thanked Mr. Horne for his work.

Motion approving the Second Amendment to the Office Lease at 1801 Main. Motion made by Director Council, Seconded by Director Zarinkelk. The Motion carried unanimously.

C. 2022 Operating Budgets Preparation Schedule.

Mr. Baldwin stated that CWA is preparing for the 2022 Operating Budgets and presented the Board with the 2022 Operating Budgets Schedule. Mr. Baldwin noted that a summary briefing will be presented to the Finance and Audit Committee on September 30, 2021 and that will be followed by a Finance and Audit Committee Budget Workshop occurring immediately after the October 13, 2021 Board Meeting. All of the Board Members are invited to attend the workshop. There were no questions from the Board.

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 \$29,502.62; the Special Project Equity Fund – in the amount of \$9,573.82; the Conveyance System Development Fund – in the amount of \$24,300.00; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$2,050.00; the Construction Fund – Series 2015 (Luce Bayou Project) – in the amount of \$110,465.41; the Construction Fund – Series 2016 (Luce Bayou Project) – in the amount of \$60,270.17; and the Construction Fund – Series 2017 Loan (Luce Bayou Project) – in the amount of \$39,774.79. 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 Walker, 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

A. Luce Bayou Project Insurance.

Director Klotz noted the time at 10:32 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.

XI. RECONVENE – OPEN SESSION – Wayne Klotz

Open session was reconvened at 10:53 A.M. Director Klotz stated that no action was taken in Executive Session.

V. MAINTENANCE & OPERATIONS – Greg Olinger

At this time, Mr. Olinger requested the motions as presented.

E. Annual Chemical Contract – Aqueous Ammonia.

Motion authorizing the Executive Director to execute a purchase order in the amount of \$507,287.00 to Airgas Inc. for aqueous ammonia.

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

F. Annual Chemical Contract – Liquid Chlorine.

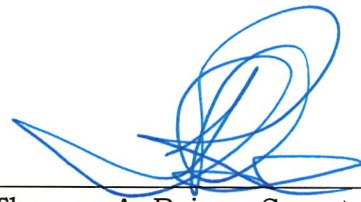
Motion authorizing the Executive Director to execute a purchase order in the amount of \$2,657,784.00 to DXI Industries for liquid chlorine.

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

XII. ADJOURNMENT – Wayne Klotz

The meeting was adjourned at 10:56 A.M.

[Signature page follows]

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

Thomas A. Reiser, Secretary-Treasurer