

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

August 12, 2009

The Board of Directors of Coastal Water Authority convened its Regular Meeting, open to the public, at the CWA Conference Room, One Allen Center, 500 Smith Street, Suite 2800, Houston, Texas with the following in attendance:

Directors

Dionel E. Avilés, P. E., President	A. R. "Rusty" Senac
Kurt F. Metyko, P. E., First Vice-President	Ray Stoesser
Rick Cloutier, P. E., Secretary Treasurer	Zebulun Nash, - Absent
Tony L. Council, P. E., Second Vice-President - Absent	

CWA Staff

Gary N. Oradat, P. E.
John Baldwin
Jerry Berry
Jackie Leong
Patricia Kingan

City of Houston Staff

Lisa Lattu, P. E., PW&E
Katheryn Bechtold, PW&E

Legal Counsel

Clark Lord, Vinson & Elkins
Barron Wallace, Vinson & Elkins

Engineering Consultants

David Jackson, P. E., Kellogg, Brown & Root

Visitors

Don Ripley, P. E., AECOM
Jeff Eversberg, P. E., AECOM
David C. Scholler, P. E., Brown & Gay Engineers, Inc.
Wayne Ahrens, P. E., Dannenbaum Engineering Corporation
Anne S. Profflet, EcoLogic, Inc.
Nick Aschliman, P. E., Fugro Onshore Geotechnics
J. Anthony Boyd, P. E., Lockwood, Andrews & Newnam, Inc.
Melissa Henderson, P. E., Lockwood, Andrews & Newnam, Inc.
E. Tyson Thomas, P. E., Lockwood, Andrews & Newnam, Inc.
Showri Nandagiri, P. E., North Harris County Regional Water Authority
Bart Adams, Pepper-Lawson
Melony F. Gay, P. E., Urettek

I. ITEMS FOR CONSIDERATION:

Mr. Avilés called the meeting to order at 10:10 a.m.

A. Minutes of the July 15, 2009 Board Meeting.

Motion approving the Minutes of the Board Meeting of July 15, 2009.

Motion made by Director Stoesser, Seconded by Director Metyko, Motion Carried Unanimously.

B. Recognition of Guests.

At this time, Mr. Avilés recognized all guests and thanked them for coming to the Meeting.

II. ONGOING CONSTRUCTION PROJECTS – Gary N. Oradat

A. Contract LPS-320: Lynchburg Pump Station Expansion

Mr. Oradat advised we are ready to issue final payment to Pepper-Lawson for the Lynchburg Pump Station project. This was discussed with the O&M Oversight Committee on August 11, 2009. The Committee recommended that the staff present “Change Order No. 24” to the Board for approval. Mr. Oradat reminded the Board that the date for “Substantial Completion” was 354 days beyond the required date. This “Change Order” would not only pay Pepper-Lawson approximately \$ 43,000 for the annunciators and Uninterrupted Power Supply (“UPS”) work, but also approve a time extension of 130 days for that work and an additional 10 days for Hurricane Ike. Of the remaining 214 days, “Liquidated Damages” would be assessed for 107 days.

Regarding Pump 104, it still needs to be repaired by Ruhrpumpen. Pepper-Lawson is working with Ruhrpumpen to have that work done. Mr. Oradat then asked Mr. Bart Adams, Pepper-Lawson’s Project Manager for the Lynchburg project, to address the repair. Mr. Adams stated that nothing has changed with regard to contractual warranty obligations regarding Pump 104. He advised that Pepper-Lawson put Ruhrpumpen on notice regarding their warranty obligations. Pepper-Lawson will take whatever measures are necessary to ensure that Ruhrpumpen performs the necessary repairs at no additional cost to Coastal Water Authority. Mr. Adams stated that he is supported by the highest levels of management within Pepper-Lawson.

Mr. Barron Wallace, Vinson & Elkins, advised that he is recommending that the Board approve “Change Order No. 24” to close out the project and recognize that Pump 104 is a separate warranty issue.

1. “Change Order No. 24”

MOTION approving “Change Order No. 24” to Pepper-Lawson Construction, L. P. (LPS-320), authorizing final payment in exchange for final release.

Motion made by Director Cloutier, Seconded by Director Metyko,
Motion Carried Unanimously

III. ONGOING ENGINEERING PROJECTS – Gary N. Oradat

A. Luce Bayou

Mr. Oradat advised that Mr. Ripley, AECOM’s Program Director, will give the August Status Report on the Luce Bayou Interbasin Transfer Project.

Mr. Ripley advised that he would give updates on the following items:

- Environmental and Permitting
- Engineering
- ROW Acquisition
- Schedule
- Project Team
- Budget Summary
- HUB/MWDBE Participation
- Stakeholder Communication

Environmental and Permitting

Mr. Ripley stated that he conducted a field visit to the proposed canal discharge location into Lake Houston. The attendees included Anne Profilet and Mr. Oradat.

AECOM met with Texas Parks & Wildlife and US Fish and Wildlife to provide an update to the estimate of potential wetlands impacts.

AECOM met with the Texas Water Development Board to resolve environmental permitting and NEPA (National Environmental Policy Acts) documentation requirements.

AECOM continues to refine wetland estimates for impacted areas based on field work, United States Army Corps of Engineers hydric soil classification requirements, and the evaluation of agricultural and irrigated field wetlands.

Mr. Oradat asked if the review of the 404 Permit application would be expedited since the State will not be involved and will be delegating the review to the Corps of Engineers. Ms. Profilet stated it will be much faster. Mr. Oradat then asked if it was correct that the TWDB will not release the WIF #1 escrow money until the "Environment Assessment" is approved by the Corps. Ms. Profilet stated that was correct. Mr. Oradat asked how long she thought that would take and Ms. Profilet stated it will take at least one year.

Mr. Ripley stated that he met with the Texas Commission on Environmental Quality (TCEQ) to provide an update of the estimate of potential wetland impacts and obtain concurrence concerning preservation of the Harrison property for mitigation. TCEQ's comments were favorable on the process and they appreciated being involved this early in the project.

The environmental surveys for parcels with "Right of Entry" approval are 85% complete.

Mr. Ripley advised that we are continuing to develop the wetlands mitigation report for the Harrison property with updated field data and they are preparing the Preliminary Jurisdiction Determination for completed wetland survey areas, including the pump station site.

Engineering

Mr. Ripley stated they finalized and distributed the "Feasibility Study" for the "direct connect" from Luce Bayou to the Northeast Water Purification Plant. The stakeholders still need to address the cost/benefit of the direct connect.

AECOM continues to refine the horizontal and vertical pipeline alignments which are near completion. AECOM is preparing the plan/profile sheets.

AECOM continues to make minor revisions to the canal alignment to reflect environmental constraints.

AECOM is continuing work on preliminary construction cost estimates for inclusion in the "Preliminary Engineering Report" (PER).

AECOM has refined the pump strategy which includes selecting the number and individual capacity of the pumps.

AECOM has begun the development of the preliminary design and footprint of the raw water intake structure and is developing the exhibits of the basic pump bay dimensions.

The geotechnical field work is ongoing along the canal route and at the planned pump station site.

AECOM continues the canal/pipeline route access planning and has begun design activities to support the United States Army Corps of Engineers Permit Application.

ROW Acquisition

Mr. Ripley stated they initiated the surveying and Phase 1 environmental field work on priority "B" parcels.

AECOM continues to correspond with property owners along the canal corridor to request access for environmental and right-of-way surveying. There are only two properties where the "Right of Entry" has not been resolved.

AECOM has updated the property acquisition database. Mr. Ripley stated that he added a graphic showing the priority parcels completed and in progress. This graphic will be updated monthly.

Schedule

Listed below is the updated schedule:

Begin tasks in "Work Order No. 7" - March 11, 2009
Resolution of Take Point - Completed June, 2009
Complete property boundary surveying/acquisition - To Be Determined
Complete environmental field work - December 31, 2009
Complete Preliminary Engineering in support of 404 Submittal - March 31, 2010
Joint Evaluation Meeting - October, 2009
Submit 404 Application to USACOE - March 31, 2010
Receive 404 Permit - September 2011 to March 2012

AECOM Team Members

WCW International	Fugro
-Crouch Environmental	Universal Field Services
-J. J. Wagner	-Integra
-Robert McFarlane	John Griffin
-Roger Moore	Baird
-Desco	Espey
-Quadrant	Entech
Isani Group	HVJ
-Adept	
RBI	

Mr. Ripley advised that the AECOM Team members have been unchanged.

HUB/MWDBE Participation (thru June 2009)

<u>FIRM</u>	<u>BILLINGS</u>	<u>% OF AECOM BILLINGS</u>
WCW International	\$ 746,042	10.19%
Isani Group - Adept	\$ 481,234	6.58%
RBI	\$ 285,500	3.90%
HVJ	\$ 28,601	0.39%
Tolunay-Wong	\$ 10,200	0.14%
Total	\$1,551,577	21.20%

Mr. Ripley stated that the following is the "Work Order" summary:

Budget Summary

Work Order	Authorized	Expended	Status
Work Order One	\$ 200,000	\$ 200,000	Closed
Work Order Two	\$ 825,000	\$ 599,127	Closed
Work Order Three	\$ 830,000	\$ 546,152	Closed
Work Order Four	\$ 163,000	\$ 163,000	Closed
Work Order Five	\$ 840,000	\$ 801,773	Closed
Work Order Six	\$ 2,000,000	\$ 1,970,978	Closed
Work Order Seven	<u>\$10,105,500</u>	<u>\$ 3,036,947</u>	Ongoing
Totals	\$14,963,500	\$ 7,317,977	

Stakeholder Communication

Mr. Ripley stated that the monthly teleconference was conducted on August 4, 2009. The majority of the conversation focused on the “Feasibility Study” for the “Direct Connect”. The City of Houston will be meeting with the Water Authorities.

The next teleconference is scheduled for September 1, 2009.

The “Technical Review Committee” will meet once the “Draft” PER is finalized. The current target timeframe is October-November 2009. In accordance with the contract between CWA and the City, once the PER is approved by CWA’s Executive Direction and Houston’s PWE Director, CWA will (1) initiate “Phase II – Final Design”; and (2) request the TWDB to release the escrowed WIF#1 funds. However, since the TWDB will not release those funds until the “Environmental Assessment” is approved by the USACOE, the request to the TWDB will be procedural in nature. Unfortunately, AECOM will not be able to begin “Phase II – Final Design” until the escrowed funds are released.

Mr. Oradat stated that the project is proceeding well. However, the current concern is right-of-way acquisition. It is hoped that once the initial condemnation hearing are concluded, it will be easier to negotiate with the remaining property owners.

Mr. Lord stated that the hope is that once we acquire the Priority “A” tracts that are critical to the project, including those that are scheduled for condemnation, the remaining property owners will not have the opinion that they can obtain a higher price by going to condemnation proceedings.

B. Approved “Work Orders” for CWA’s Strategic Study.

**CWA Strategic Study
 July, 2009 Status Report**

1. Work Order No. 1: Groundwater Conversion

STATUS: To date, no interest shown by agencies in Fort Bend area.

2. Work Order No. 2: Alternative Power Generation

STATUS: FERC application submitted by ETEC. Application shows 24 MW facility. CWA’s needs not included.

3. Work Order No. 3: Wastewater Reuse

STATUS: Currently, market does not exist for wastewater from the City’s 69th Street and Sims Bayou facilities. If the City’s rate structure or

policy were to make it more attractive, this project could be re-energized. KBR has performed initial investigations per their contract with the City.

4. Work Order No. 4: Watershed Management Strategies

STATUS: CWA will investigate possible use of a portion of the Harrison property (Luce Bayou Project) for a constructed wetland to improve quality of raw water from Trinity River before it is discharged into Lake Houston.

Per conversation with Houston PWE on February 3, CWA proceeding with the investigation of a constructed wetland on the west side of Lake Houston. Project Team scheduling a site visit to similar wetland projects in North Texas.

Mr. Oradat stated that a visit to the Dallas area is scheduled for the end of this month. The intent is to view some constructed wetlands.

5. Work Order No. 5: Alternative Delivery Options for Luce Bayou

STATUS: Alternative Project Delivery Workshop was not held. Letter received from Mike Marcotte, Houston PWE Director, conveying the input from the Stakeholders that Luce Bayou be delivered via traditional design-bid-build.

6. Work Order No. 6: Alternative Methods for Funding CWA's Budget

STATUS: This effort is concluded. John Baldwin briefed the Board on September 10, 2008. No alternative methods are feasible at this time.

7. Work Order No. 7: Evaluation of the Red Bluff WTP

STATUS: The basic evaluation of the Red Bluff WTP has been completed. Numerous meetings and discussions have been held with Air Products and PRSI regarding future budgets, contract amendments, and capital improvements to the facility. Monies were included in the FY 2008 Budget to fund the completion of "Phase I - Preliminary Engineering". This effort will include geotechnical investigations and surveying services. As this task is beyond the scope of this "Work Order", a new "Work Order" (No. 10) was issued on February 13, 2008 and the preliminary design has been completed.

8. Work Order No. 8: Supply of Industrial Water to Bigler, LP

STATUS: Contacted by Joel Herger on May 11, 2009, regarding possible need for additional water for planned expansion at Bigler facility. Bigler to provide additional information.

9. Work Order No. 9: Proposed Interconnect at the East Water Purification Plant

STATUS: COH desires to enter into an agreement with CWA to use the SEALs Fund to proceed with this project. CWA awaiting direction from COH.

10. Work Order No. 10: Proposed Improvements to the Red Bluff WTP

STATUS: Improvements being designed per "Work Order No. 17". Clark Lord (V&E) continues discussions with Air Products attorney regarding contract amendments.

11. Work Order No. 11: Source Water Protection Program for Lake Houston

STATUS: CWA directed to defer purchase of equipment to support mechanical algae removal in the West Canal. COH to pursue grant monies for innovative technology.

Mr. Oradat advised that LAN finalized the study on the radial gate. Mr. Chang's predecessor, Mr. Taylor, had requested that CWA examine the role of an additional radial gate on the Main Canal, between the Trinity River Pump Station and the existing radial gate. The report was delivered to Mr. Chang a few weeks ago. An additional radial gate would be expensive. CWA is awaiting further instruction from the City.

12. Work Order No. 12: Moisture Intrusion at Lake Houston Pump Station

STATUS: V&E working with COH on agreement to use FY 2010 CIP funds. Bid advertisement targeted for July 2009.

Mr. Oradat stated that we are continuing to work with the City's Legal Department on an agreement to use the FY 2010 CIP Funds to finance this project.

Mr. Lord stated that he met with the City and his understanding is that it is simply a matter of the City appropriating these funds for the project and they are working on this now.

13. Work Order No. 13: Post-Hurricane Ike Site Assessment of Red Bluff WTP

STATUS: Reimbursement from FEMA is being received.

14. Work Order No. 14: Post-Hurricane Ike Site Assessment of Lake Houston Pump Station

STATUS: Reimbursement from FEMA is being received.

15. Work Order No. 15: Construction Documents for Post-Hurricane Ike Cleanup of Various CWA Facilities

STATUS: Reimbursement from FEMA is being received.

16. Work Order No. 16: Wastewater Reuse Project - Irrigation of the Houston Sports Complex

STATUS: Final PER delivered on July 6. Investigation is completed.

17. Work Order No. 17: Final Design for Red Bluff Water Treatment Plant

STATUS: Front-end documents being reviewed by V&E. Final submittal due in July.

Mr. Oradat stated that the front-end documents are being reviewed by Vinson & Elkins. We want to receive bids by the end of December. We will be using the SEALs Fund to pay for this project. The Fund will be reimbursed from PRSI and Air Products via the annual O&M budget for the Red Bluff facility.

B. Independence Parkway

1. Proposed Agreement Between CWA and Harris County

Mr. Oradat advised that he does not have anything new on this project. We approved the Agreement between CWA and Harris County at the July Board Meeting and we are awaiting documentation from the County's Engineers as to what the improvements will be on our property.

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

A. Archaeological Study on Battleground Road Property.

Mr. Oradat stated that he placed a call to Ms. Jan DeVault, President of the Friends of the San Jacinto Battleground, and left a message. She was expecting the report from the archaeologist, Mr. Roger Moore, by the end of July.

V. MAINTENANCE & OPERATIONS - Jerry Berry

A. Monthly Report

<u>TRINITY RIVER</u>	Water Production July 31 DAYS (gallons)	DAILY AVG (MGD) <u>INDUSTRIAL & TREATMENT</u>	
Trinity River Pump Station	17.9 billion	Hwy 225 Plants	133
Main Canal	16.5 billion	SEWPP	92
Cedar Point Lateral	1394.7 million	EWPP	211
San Jacinto Transfer Station	316.8 million	Deer Park WTP	5
Lynchburg Pump Station	15.0 billion	Bayport Plants	32
Water Treatment Plant	221.8 million	BAWA	14
Bayport Pump Station	1007.1 million	CPL	45
		SJRA	<u>10</u>
			553 MGD
<u>SAN JACINTO RIVER</u>			
Lake Houston Pump Station	2.0 billion	Indus. Customers	28
San Jacinto River Total	1094.2 million	EWPP	<u>35</u>
			63 MGD

Operations

Mr. Berry advised that the daily production at the Trinity River Pump Station in July was 553 MGD, up from 531 MGD in June. The daily production in July at the Lake Houston Pump Station was 63 MGD, up from 48 MGD in June. Production is right on our projections for this time of the year. Operationally, this allows us to exercise our larger pumps at the Lake Houston Pump Station.

All other pressures and flows are normal.

Random drug tests continue monthly. All results have been "Negative".

We have two repair projects to complete on this year's Operations and Maintenance budget:

- 1) Repair two each 1,000 HP Motors for Pumps 5 and 6 at the Trinity River Pump Station,
- 2) Replace Bar Screens on the West Canal.

The Bid Opening will be held August 21, 2009, for Board consideration at the September 9, 2009, Meeting.

Rush Equipment delivered, per the specifications, the backhoe/loader on which they submitted the low bid and subsequently requested to withdraw their bid due to a claimed \$ 30,000 error in their bid. The Board denied their request.

Maintenance

Invensys continues to work on some recurring warranty issues with the “B” System processors. The new computers and software upgrades to the control system appear to be working well.

Pump 104 at Lynchburg Pump Station was shut down and reported to Pepper-Lawson on June 22 due to water being discharged through the oil lubrication system. Pepper Lawson removed Pump 104 on July 9 and shipped it to a local facility for repair under warranty.

CWA staff replaced the vibration switch on Motor 207 at Lynchburg.

Rockwell performed quarterly inspections and maintenance on the Variable Frequency Drives (“VFD”) for Pumps 103, 104 and 207 at Lynchburg.

Over the July 4th weekend, we had heat-related issues at Lynchburg as temperatures reached 112 degrees in the vicinity of the motors and drives. Three compressors were replaced on two A/C units on B1 and B2 VFD houses.

The flow meter head assembly on one of the two meters at the San Jacinto River Authority pump station was replaced.

All trash screens on the “B” and “C” pumps at Lynchburg Pump Station were removed and cleaned.

PBS&J applied herbicides on Lake Houston for three days during July. Reports are that the Lake is in very good condition with a minimum of aquatic vegetation.

CWA staff repaired a leak on an 8” pipeline in the 9900 block of Chemical Road in Bayport. A 6-hour outage was scheduled with three industrial customers. The repair was completed in four hours.

Routine Maintenance Activities Included:

- Cleaning of screens at canal siphons,
- Vegetation removal in canals,
- Mowing canal and pipeline rights-of-way,
- Cleaning and repairing chlorinators, evaporators, and analyzers, and inspection of all flap gates at Trinity River Pump Station.

VI. BUSINESS REVIEW – John J. Baldwin

A. Monthly Financial Statements for the Previous Month

Mr. Baldwin advised that in each folder are the Financial Statements for the period ending July 31, 2009.

Mr. Baldwin advised that all four operating funds are doing well. Trinity River and Lake Houston are on schedule regarding water pumpage and the Bayport system is running at about 97% of revenues. The Red Bluff Treatment Plant is running below its revenue budget and as stated last month we have a situation with one of the customers using less water than planned and budgeted and that necessitated the board approving a special surcharge last month. They are now back to their normal monthly budgeted usage but will be getting the special surcharge allocated over the remaining six months of the year on their billings as per our contract with them.

We are forecasting that all four operating funds will be at or below budget by year end on the expenditure side of the budget.

B. FEMA Reimbursement for Activities Related to Hurricane Ike.

Mr. Baldwin advised that we received a few additional small checks from FEMA but have not received reimbursement for the two large claims involving debris removal. We received a letter from the Governor's Office of Emergency Management indicating the debris removal reimbursement percentages are being raised from 75% to 100% as we anticipated. These two large claims should be processed in the next few weeks. He also received a telephone call from the Auditors of the Governor's Emergency Management Office and they will be coming in the week of September 14 to audit some of the claims, which is routine and expected.

C. Adoption of Amended Coastal Water Authority Investment Policy.

Mr. Baldwin advised that the Legislature finished their Session and there have not been substantial changes to the Texas Public Funds Investment Act that impact our Investment Policy Procedures. Mr. Baldwin stated that he is proposing removing Merrill Lynch and Bank of America from our Authorized Brokers and Bankers List and adding Cantor Fitzgerald. The other proposed change is adding three new accounts, Luce Bayou Project - Land & Mitigation Fund, Luce Bayou Escrow Account – Series 2009, and the Luce Bayou Construction Fund – Series 2009 to the Investment Policy. The Investment Accounts are listed on Attachment II to Appendix B.

Mr. Metyko asked what rate we are getting now from TexStar and Mr. Baldwin stated we received 0.35% which is higher than the two week market on our typical investments.

Mr. Baldwin advised that the changes to the Investment Policy were discussed in the Investment Policy Committee. Mr. Baldwin recommended the Board approve a Resolution adopting an Amended Investment Policy for Coastal Water Authority

MOTION approving a RESOLUTION adopting an Amended Investment Policy for Coastal Water Authority.

Motion made by Director Metyko, Seconded by Director Senac, Motion Carried Unanimously

D. Approval of Internal Management Report for the Quarter Ending June 30, 2009.

Mr. Baldwin advised that the next item on the Agenda is the approval of the Internal Management Report for the Quarter Ending June 30, 2009. This is in the same format that we have had for several years. All investments were held to maturity and activities indicated on the various funds are accurate and in conformance with the Texas Public Funds Investment Act. Mr. Baldwin recommended the Board approve the Coastal Water Authority "Internal Management Report" for the Quarter ending June 30, 2009

MOTION approving the Coastal Water Authority "Internal Management Report" for the Quarter ending June 30, 2009.

Motion made by Director Stoesser, Seconded by Director Senac, Motion Carried Unanimously.

VII. DISBURSEMENTS – John J. Baldwin

Mr. Avilés advised that there are four disbursements to be approved by the Board; the Construction Fund - Series 2004 in the amount of \$ 990,924.85, the Construction Fund – Series 2009 (Luce Bayou Project) in the amount of \$1,216,514.02, the Luce Bayou – Land and Mitigation Fund in the amount of \$127,095.44 and the Special Project Equity Fund in the amount of \$ 11,411.02.

MOTION approving disbursement of the Construction Fund - Series 2004 in the amount of \$990,924.85, the Construction Fund – Series 2009 (Luce Bayou Project) in the amount of \$1,216,514.02, the Luce Bayou – Land and Mitigation Fund in the amount of \$127,095.44, and the Special Project Equity Fund in the amount of \$11,411.02.

Motion made by Director Cloutier, Seconded by Director Metyko, Motion Carried unanimously.

Mr. Oradat asked the Board if he could release Mr. Ripley's Luce Bayou Status Report on the Luce Bayou website. The Board had no objections.

VIII. OLD BUSINESS

A. Approval of “Engineering Services Agreement” with Lockwood, Andrews & Newnam, Inc.

Mr. Oradat advised that the Board approved the selection of Lockwood, Andrews and Newnam, Inc. for engineering services for Coastal Water Authority to act as our GEC consultant. A draft contract has been submitted to LAN. There are a few minor issues outstanding, but he felt the contract is in sufficient form to be approved.

Mr. Barron Wallace, Vinson & Elkins, stated that the agreement is similar to the CWA agreement with KBR. We updated the contract and sent it to LAN. They made some comments which we accepted, and others where we discussed, made clarifications, and LAN accepted. Mr. Wallace recommended the Board approve the “Engineering Services Agreement” with Lockwood, Andrews, and Newnam, Inc.

Mr. Clark Lord then stated that there are some provisions in the Insurance section that he wants to clarify. Further, they are still negotiating the “Standard of Care” section. He also recommended the Board approve the “Engineering Services Agreement” with Lockwood, Andrews and Newnam, Inc. in substantially the form as presented to the Board.

MOTION approving an “Engineering Services Agreement” with Lockwood, Andrews, and Newnam, Inc.

Motion made by Director Cloutier, Seconded by Director Metyko, Motion Carried Unanimously

1. Approval and Issuance of “Work Order No. 1” to LAN

Mr. Oradat advised that the next item on the Agenda is the approval and issuance of “Work Order No. 1” to LAN. He stated that normally, “Work Orders” for the GEC do not go before the Board as they are funded from the annual Operating budget which the Board approves at the beginning of a given fiscal year. During the year, the Executive Director manages the various Operating Funds. However, proposed “Work Order No. 1” will be funded from the Special Project Equity Fund. Accordingly, Board approval is required. This “Work Order” is for transition services and is for the direct benefit of CWA. Accordingly, Vinson & Elkins has advised that the SEALs Fund can be used for this “Work Order.” Mr. Oradat requested that “Work Order No. 1” be approved and issued to Lockwood, Andrews & Newnam, Inc. in the amount of \$ 131,047.00.

MOTION approving the issuance of “Work Order No. 1” to Lockwood, Andrews, and Newnam, Inc. in the amount of \$131,047.00. The monies for this “Work Order” are to be taken from the Special Project Equity Fund.

Motion made by Director Stoesser, Seconded by Director Cloutier, Motion Carried Unanimously.

B. Approval of “I/T Services and Support Agreement” with PennComp, LLC.

Mr. Oradat advised that at the July meeting, the Board approved the selection of PennComp, LLC for I/T services. Mr. Aviles has already signed the Agreement. This Motion will approve a 12-month agreement with PennComp, LLC. Mr. Oradat recommended the Board approve the “I/T Services and Support Agreement” with PennComp.

MOTION approving a 12-month contract with PennComp, LLC for Information Technology and Support Services, with an effective date of October 1, 2009.

Motion made by Director Metyko, Seconded by Director Cloutier, Motion Carried Unanimously

C. Termination of “Engineering Services Agreement” between CWA and KBR.

Mr. Oradat stated that the next item for discussion is the termination of “Engineering Services Agreement” between CWA and KBR. He asked Mr. Wallace to brief the Board on this item.

Mr. Wallace stated that the letter we prepared is a standard letter regarding the termination of the Agreement with KBR. There are some minor details that need to be resolved with KBR. This letter starts the process.

Mr. Avilés asked if the issue with the documents has been resolved. Mr. Wallace stated they have not resolved that issue.

Mr. Oradat stated that even with the termination of the Agreement, KBR will continue to represent CWA at Lynchburg on Pump 104. In addition, there are some other tasks which KBR should complete by the end of the month. These remaining tasks will be included in a final “Work Order” to be issued after this letter is submitted to KBR. Mr. Oradat recommended this Motion be approved.

MOTION approving the Termination of the “Engineering Services Agreement” between Kellogg Brown & Root, Inc. and the Coastal Water Authority.

Motion made by Director Metyko, Seconded by Director Cloutier, Motion Carried Unanimously

IX. NEW BUSINESS

Mr. Oradat advised that in the meeting of the O&M Oversight Committee, Senate Bill 361 was discussed. This legislation pertains to the installation of backup generators at the Trinity River, Lynchburg and Lake Houston Pump Stations. Based on his discussions with Houston PWE, CWA will need to submit its own “Emergency Preparedness Plan” (EPP) to the TCEQ. However, the City may need to include Lake Houston Pump Station in their EPP. This still needs to be resolved. The legislation cites November 1, 2009 as the deadline to submit certain information to area agencies, March 1, 2010 as the deadline for the submission of the EPP to the TCEQ, and July 1, 2010 as the date to begin implementation of the approved EPP; although a 90-day extension is possible. However, even with a 90-day extension, this implementation will begin in CWA’s FY 2010. As a result, we will need to reflect this effort in our FY 2010 operating budget to the City. The TCEQ has published the “draft” regulations. We will be reviewing these regulations and working with City and TCEQ staff. The regulations are to be adopted by the TCEQ by December 1, 2009.

X. ADJOURNMENT

The Meeting was adjourned at 11:01 a.m.

Rick Cloutier, Secretary