

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

October 14, 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 Dallas Street, Suite 2800, Houston, Texas with the following in attendance:

Directors

Dionel E. Avilés, P. E., President
Kurt F. Metyko, P. E., First Vice-President
Rick Cloutier, P. E., Secretary Treasurer
Tony L. Council, P. E., Second Vice-President

A. R. "Rusty" Senac
Ray Stoesser
Zebulun Nash, - Absent

CWA Staff

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

City of Houston Staff

Jun Chang, P. E., PW&E
Katheryn Bechtold, PW&E
John Liles, Legal Department

Legal Counsel

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

Engineering Consultants

Ty Thomas, P. E., Lockwood, Andrews & Newnam, Inc.
J. Anthony Boyd, P. E., Lockwood, Andrews & Newnam, Inc.

Visitors

Don Ripley, P. E., AECOM
Necitha Madison, Bates & Coleman, P. C.
Willie Coleman, Bates & Coleman, P. C.
Ken Stanley, P. E., Burk-Kleinpeter, Inc.
Glynda Cross-Paris, P. E., Dannenbaum Engineering
Anne S. Profilet, EcoLogic, Inc.
Trey Cash, First Southwest
Nick Aschliman, Fugro Consultants
Paul Simmons, HVJ Associates
Nick Boyle, Jefferies & Company
Mark Ellis, Jefferies & Company
Jennie Zhao, Jefferies & Company
Karen Werness, Kipling, Jones & Company
Ed Shackelford, P. E., Jones & Carter, Inc.
David Jackson, P. E., Kellogg, Brown & Root
Melissa Henderson, P. E., Lockwood, Andrews & Newnam, Inc.
Paul M. Grandle, Mustang Engineering, L.P.
Showri Nandagiri, P. E., North Harris County Regional Water Authority
Paul Wallick, P. E., Pate Engineering
Art Morales, Ramirez and Company
Yava Scott, Siebert, Brandford, Shank & Company

I. ITEMS FOR CONSIDERATION:

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

A. Minutes of the September 9, 2009 Board Meeting.

Motion approving the Minutes of the Board Meeting of September 9, 2009.

Motion made by Director Cloutier, Seconded by Director Stoesser, 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

Mr. Oradat advised that in each folder is a letter from Kellogg Brown & Root requesting an increase of \$ 28,500.00 for Construction Phase Engineering Services for the Lynchburg Pump Station Expansion. The total “Not to Exceed” amount would be increased from \$2,644,896 to \$2,673,396. This money will be paid out of the Bond Fund. Mr. Oradat asked Mr. Jackson if this is the final payment and Mr. Jackson stated that it is. Mr. Oradat advised that he submitted this request to the O&M Oversight Committee and the Board authorized the staff to present the request to the Board. Mr. Oradat requested that the Board approve the increase.

Mr. Avilés stated that he could not understand how KBR could allow one of its subconsultants to spend an inordinate amount of time performing a task that should have been performed long ago. His first reaction was to deny the request. However, after discussing the matter with other members of the Committee, he will vote for the payment. However, the Committee is very disappointed with this request. There was no further discussion.

MOTION authorizing Kellogg Brown & Root, Inc. to perform additional construction phase engineering services for the Lynchburg Pump Station Expansion project for an increase in total payment of \$28,500. Total payment to be made to the Engineer for services provided by the Engineer for Fourth Supplemental Agreement, Package No. 5, shall not exceed the estimated amount of \$ 2,673,396 without further authorization from the Authority.

Motion Made by Director Metyko, Seconded by Director Cloutier, 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 October 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 they met with the U S. Army Corps of Engineers (USACOE) on September 17 to finalize the approach to assess habitat value for mitigation and impacts along alignment.

There are approximately 189 acres of wetlands to be impacted. Some minimal refinement is still needed to finalize estimate.

The USACOE will not take jurisdiction of agricultural field wetlands based on crop history and man-induced hydrology by irrigation.

An interagency field trip was conducted on September 22 to the Harrison tract with the TCEQ and the Texas Parks and Wildlife Department. The Texas Parks & Wildlife personnel agreed that the Harrison Tract is good mitigation property for the project. The wetlands mitigation report for the Harrison Tract has been provided to Coastal Water Authority for review.

Mr. Oradat had a question regarding the projected 189 acres of impacted wetlands. The Harrison property is approximately 3,100 acres. We need approximately half of that amount for mitigation. Will that amount be sufficient? Mr. Ripley stated that we should have enough acreage.

The historic and archeological survey was completed on the Mays property. Environmental surveys for parcels with "Right of Entry" approval and existing final alignment are 95% complete. The "Habitat Function and Value Assessment Report" is being developed at this time.

Engineering

Mr. Ripley stated AECOM has refined the plan and profile drawing for the canal and pipeline in preparation for the "Preliminary Engineering Report" (PER). They have completed preliminary development of drainage area delineation and map which will be necessary to support our application for our permit through the USACOE.

They have met with several agencies including Liberty County representatives, Harris County Flood Control District, manufacturers, sub-consultants and private land owners to coordinate ongoing project alignment and design considerations.

They have developed the project memorandum outlining design criteria and design assumptions and have developed the preliminary outfall structure details.

They have evaluated and revised project earthwork based on updated geotechnical information.

Applicable to the Permit application, they have refined exhibits for the pump station plan and section so it will be very clear what property will be impacted on the papers.

They have developed two alternatives for the pump discharge header and developed sediment removal and handling alternatives. We should have this completed in approximately 60 days.

They continue to refine the technical memorandums, calculation appendices and reference data for inclusion in the PER. They have conducted an internal quality control workshop for the current draft of the PER.

ROW Acquisition

Mr. Ripley advised that Commissioners Hearing was completed for condemnation of parcels 53 and 54: the property fronting Lake Houston. This was completed last week.

We continue to acquire Right-of-Entry for all remaining parcels affected by the proposed right-of-way (ROW).

We have condemnation petitions filed for parcels 50 and 51 and a critical hearing date is scheduled for November 3, for parcels 3, 4, 4.5, and 52 (Harrison Tracts).

We have completed boundary surveys for parcels 3.5, 40, and 41 and continued boundary surveying appraisals and Phase 1 environmental work on the remaining priority "B" parcels and they have updated the property acquisition database.

Mr. Ripley advised that he has changed the format for the slide on ROW acquisition:

ROW ACQUISITION

Status (number of parcels completed or in progress)

Right of Entry - 58 Completed
Title Report - 55 Completed - 3 In Progress
Survey- 21 Completed - 12 In Progress
Phase 1 ESA - 12 Completed - 10 In Progress
Appraisals - 11 Completed - 3 In Progress
Offer Letters - 11 Completed
Condemnations Files - 8 Completed - 1 In Progress
Property Acquired - Remaining to Complete

Schedule

Mr. Ripley stated that the schedule is unchanged. At the last Board Meeting, he stated that we may have some field work that would have to be ongoing, around December 31, 2009. However, it now looks like they may be able to take care of this field work on the dates listed below.

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 September 2009)

Mr. Ripley stated that our MWDBE percentage is up ½% since last month and should continue to pick up each month.

<u>FIRM</u>	<u>BILLINGS</u>	<u>% OF AECOM BILLINGS</u>
WCW International	\$ 888,495	9.99%
Isani Group – Adept	\$ 619,085	6.96%
RBI	\$ 275,442	3.10%
HVJ	\$ 80,511	0.90%
Tolunay-Wong	<u>\$ 10,200</u>	<u>0.11%</u>
Total	\$1,873,733	21.06 %

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

Work Order 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>\$ 4,615,301</u>	Ongoing
Totals	\$14,963,500	\$ 8,896,331	

Stakeholder Communication

Mr. Ripley stated that the monthly teleconference was conducted on October 6, 2009. The majority of the conversation focused on the City of Houston needing to schedule a meeting with the Stakeholders to discuss the “direct connect” to the Northeast Water Purification Plant.

They discussed the Technical Review Committee (TRC) meeting to review the PER. The PER draft will be distributed to the co-participants in October, in approximately ten days. The TRC is scheduled for mid-November. The next teleconference is scheduled for November 10, 2009.

Mr. Metyko asked about the condemnation hearing on parcels 50 and 51. Mr. Lord stated that the meeting went well. He felt it was a good sign. We did our homework, had an excellent case, utilized well-qualified appraisers who gave excellent testimony, and the hearing examiners agreed with our numbers. The hearing examiners were quick to reject any pleas from the other side for extraneous stories about what the property might be worth. They had no hard evidence.

Mr. Ripley stated these parcels are very critical to the project.

Mr. Avilés asked where we stand on the Harrison’s property. Mr. Lord stated that their hearing will be held November 3. There are actually three cases combined into one set of hearing examiners. We feel we have all of our evidence.

Mr. Oradat referred the Board to the list of participants for the teleconference and the Agenda. It went very well and there are some items he wants to bring up.

He stated that regarding the Direct Connect, the City has submitted the information requested by the North Authority. It appears that all parties are ready to go forward with a meeting to discuss any impact the Direct Connect might have on the Luce Bayou Project and the treatment costs at the Northeast Water Plant.

Item III, Constructed Wetland, is again under discussion. This is an initiative that CWA is pursuing on its own. However, it may provide a beneficial impact to the water quality in Lake Houston. A field trip to similar wetlands in the Dallas area is scheduled for October 28-29.

Also, Mr. Oradat referred the Board to an agenda for a meeting which Council Member Sullivan has scheduled with the President of the Humble Chamber of Commerce. Mr. Senac has agreed to attend on the Board's behalf. The purpose of the meeting is to discuss the siltation in Lake Houston and concerns which the Chamber might have.

The next teleconference is scheduled for November 10, 2009.

Mr. Oradat asked for Board Approval to post this information on the CWA website. The Board had no objections.

B. Approved "Work Orders" for CWA's Strategic Study.

**CWA Strategic Study
August, 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: Representatives of CWA, LAN, EcoLogic, and Alan Plummer & Associates are scheduled to visit constructed wetlands in Dallas area October 28 and 29.

Mr. Oradat advised that he, along with LAN, EcoLogic and Alan Plummer & Associates will be going to the Dallas area on October 28-29, to look at their constructed wetlands.

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

STATUS: This effort is concluded. Letter received from Mike Marcotte, Houston PWE Director, conveying the input from the Stakeholders that the Luce Bayou project 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 evaluation of the Red Bluff WTP has been completed. Capital project to be bid in late 2009. See "Work Order No. 10" and "Work Order No. 17".

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

STATUS: This effort is concluded pending involvement by Bigler.

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.

Mr. Oradat advised that we are still in conversations with the City to pursue the interconnect of the CWA "B" and "C" lines to the East Water Purification Plant.

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.

Mr. Oradat advised that Mr. Lord is continuing discussions with the Air Products Attorney regarding the 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.

Final report on the radial gate and emergency spillway analysis delivered to CWA on July 24, 2009. CWA delivered one (1) copy to Jun Chang, Houston PWE.

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

STATUS: CWA to proceed with advertisement and bidding of project. COH will provide funding once final amount is determined (i.e. bid amount, contingencies and Construction Management.) First advertisement scheduled for November 20, 2009.

Mr. Oradat stated that the first advertisement for the Moisture Intrusion Project at Lake Houston is scheduled for November 20, 2009. Once these bids are received, we will then submit the final amount to the City of Houston. They will go to Houston City Council for the appropriation.

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: Project advertised. Bids to be received Friday, October 30, 2009. Project may still be impacted by requirements of SB 361.

Mr. Oradat advised that bids will be received on October 30, 2009. This project has been advertised and the pre-bid will be held at the Red Bluff Water Treatment Plant. This project is going very well.

C. Independence Parkway

Mr. Oradat stated that we are still waiting on Harris County's feedback on Engineering and Construction Management costs.

D. SB 361

Mr. Oradat advised that with regard to SB 361, Stand-by Generators, there is a letter in each folder from the City of Houston to the TCEQ on this legislation. Hearings were held on September 21 and 22. Mr. Oradat stated he attended the Hearing on the 21st (in Houston) and LAN attended the Hearing on the 22nd (in Katy). The comments were basically the same as those comments which CWA had previously expressed to the TCEQ. Implementation will be expensive.

CWA is scheduled to meet again with the TCEQ on October 23. The regulations will be issued December 1. We will be asking the TCEQ about the information which is due to are authorities by November 1. We have also extended an invitation to the Public Works Department to meet next week.

IV. LAND AND RIGHT-OF-WAY – Clark Lord

A. Archaeological Study on Battleground Road Property.

Mr. Oradat stated that he talked to Jan DeVault. The Report is due soon and they are waiting for any comments that CWA may have. Mr. Bob Christy, City of Houston, has stated that he would like for us to have an appraisal and environmental assessment (EA) performed on the property. This is standard procedure for the City of Houston before they place a property on the market. Our plan is to have this assessment performed by LAN and the appraisal by Vinson & Elkins. All costs will be reimbursed from the proceeds of the sale. Mr. Lord stated that Vinson & Elkins will not do the appraisal, but will subcontract with an appraiser. He stated the appraisal is being done by Vinson & Elkins to protect the confidentiality of the information.

Mr. Oradat requested the Board give approval for the EA and the appraisal. Mr. Avilés asked if there were any objections. There were none.

B. Easement to the City of La Porte, Texas for a Hike and Bike Trail.

Mr. Berry advised the next item on the Agenda is a request for an Easement to the City of La Porte, Texas, for a Hike and Bike Trail through two CWA properties. He advised the easement crosses the A-1 and A-2 Pipelines South of Fairmont Parkway which provide water to the Southeast Plant and Bayport. We have been in negotiations on several issues and all have been resolved. Mr. Berry stated that they have met all requirements and he recommended the Board approve granting a 10 foot wide easement to the City of La Porte, Texas for a Hike and Bike Trail across CWA Tracts 136-1-A and DS-290, Harris County, Texas.

MOTION granting a 10 foot wide easement to the City of LaPorte, Texas for a Hike and Bike Trail across CWA Tracts 136-1-A and DS-290, Harris County, Texas.

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

C. Permit Amendment No. 2 to Lyondell Chemical Company for installation of a pipeline.

Mr. Berry advised that the next item on the Agenda is Permit Amendment No. 2 to Lyondell Chemical Company for installation of a pipeline. The history is that Lyondell came to us asking us for authorization to install a pipeline on an existing easement. In 1990 a permit was issued for an 86 foot wide strip for them to build a pipeline across our right-of-way. That was modified in 1993 for a 10 foot wide strip for an easement. At the time, we thought all of their facilities were within the 10 foot wide strip. A narrow four foot wide strip of land on which Lyondell has a pipeline was inadvertently left out. This corrects the earlier easement. Their Amendment from 1993 reads that we have to grant them reasonable access to maintain their facilities. Mr. Berry recommended the Board approve Amendment No. 2 to a November 7, 1990 permit issued to Lyondell Chemical Company

MOTION approving Amendment No. 2 to a November 7, 1990 permit issued to Lyondell Chemical Company.

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

V. MAINTENANCE & OPERATIONS - Jerry Berry

A. Monthly Report

TRINITY RIVER	Water Production	DAILY AVG (MGD)	
	September	INDUSTRIAL & TREATMENT	
	30 DAYS (gallons)		
Trinity River Pump Station	17.6 billion	Hwy 225 Plants	117
Main Canal	16.3 billion	SEWPP	82
Cedar Point Lateral	1311.4million	EWPP	258
San Jacinto Transfer Station	305.9 million	Deer Park WTP	4
Lynchburg Pump Station	14.9 billion	Bayport Plants	30
Water Treatment Plant	189.2 million	BAWA	14
Bayport Pump Station	913.8 million	CPL	44
		SJRA	<u>10</u>
			560 MGD
SAN JACINTO RIVER			
Lake Houston Pump Station	1.9 billion	Indus. Customers	19
		EWPP	<u>35</u>
	San Jacinto River Total		64 MGD

Operations

Mr. Berry advised that the average daily production at the Trinity River Pump Station in September was 560 MGD, up from 544 MGD in August. Production is slightly higher than our productions for this time of the year. At the Lake Houston Pump Station the average daily production was 64 MGD, the same as August. Production is at a steady rate slightly above our projections for operational reasons.

The City of Houston began a 30-day capacity test at the East Water Purification Plant after completing some plant maintenance projects.

From September 14-30, 2009, daily flow from Lynchburg Pump Station to the East Water Purification Plant through the C line:

- Averaged 282 MGD (Normally 215-230),
- Exceeded 300 MGD for three days,
- Peaked on September 17 at 320 MGD.

All other pressures and flows are normal.

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

Invensys conducted five days of site specific advanced training for CWA staff and LAN.

We have one O&M project remaining to award on this years' budget which is to replace safety screens on the West Canal. The bid opening was held September 30, 2009, and bids will be presented today for Board consideration.

Maintenance

Electric Reliability Services (ERS) completed the annual substation relay testing at Trinity River Pump Station, Bayport Pump Station and Lake Houston Pump Station. Testing is in progress at the Lynchburg Pump Station.

Lynchburg Pump Station maintenance activities included:

- Replacing a mechanical seal on P-211,
- Replacing the hydraulic accumulator filter housing for P-107,
- Replacing relays on P-207 oil reservoir,
- Replacing a float switch on P-207 oil reservoir,
- Replacing four amp boards, one core board and a ribbon cable on P-105,
- Replacing a communications modem on the SCADA system,
- Replacing gasoline and diesel fuel tanks with new double wall tanks.

PBS&J applied herbicides on Lake Houston for three days during September.

CWA Staff installed a new variable speed drive and bridge motor on the bridge crane at Lake Houston Dam.

During our monthly inspections, the CWA staff found and reported some movement in the relief ports in the slope paving of the hearth of the dam. On September 29, LAN and Freese & Nichols inspected these ports. Their report is pending, but does not appear to be serious.

Routine maintenance activities included:

- Cleaning of screens at Canal Siphons.
- Vegetation removal in Canals.
- Mowing canal and pipeline rights of ways.
- Cleaning and repairing chlorinators, evaporators and analyzers.
- Repairing leaks on the Red Bluff Water Treatment Plant filter bed 111A.

B. Award of a contract to fabricate and deliver Safety Racks for the West Canal to the Lake Houston Pump Station.

Mr. Berry advised bids were opened on September 30, 2009, to fabricate and deliver safety racks for the West Canal to the Lake Houston Pump Station. We received five bids and planned a budget amount of \$90,000. The low bidder was Seguin Fabrication who qualified their bid and inserted their own terms and conditions. The next low bidder, R. E. Campbell Co. Ltd. met all specifications. Mr. Berry recommended accepting the bid of \$61,359.00 from R. E. Campbell Co, Ltd. to fabricate and deliver Safety Racks for the West Canal to the Lake Houston Pump Station, as the bid that is the most advantageous to the Authority and results in the best and most economical completion of the Authority's work.

Mr. Cloutier stated that on the bid sheet there is a low bid of \$61,359.00 and a high bid of \$315,460.00 and that seems very odd. Mr. Berry stated that he could not explain how the vendor came up with the high bid of \$315,460.00. The high bidder is located in Utah which may be a factor.

MOTION accepting the bid of \$61,359.00 from R. E. Campbell Co, Ltd. to fabricate and deliver Safety Racks for the West Canal to the Lake Houston Pump Station, as the bid that is the most advantageous to the Authority and result in the best and most economical completion of the Authority's work.

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

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 September 30, 2009. He stated that all four operating funds are doing well and within the budget parameters going into the final three months of the year.

Revenues on all four funds are doing well. The Trinity River and Lake Houston budgets are experiencing timely reimbursements from the City of Houston. Bayport and the Red Bluff Treatment Plant revenues are on track. On expenditures, we are forecasting all funds to be at or slightly under budget by year end: Trinity River 98.0%, Lake Houston 99.0%, Bayport 99.0% and Water Treatment Plant 100.0%.

B. FEMA Reimbursement for Activities Related to Hurricane Ike.

Mr. Baldwin advised Auditors from the Office of the Governor's Emergency Management Division are conducting audits of our claims on Hurricane Ike damages. Copies of the first two reports are in each Directors folder. They originally scheduled four to five days to complete the Audit and it was done in one and one/half days. They made several positive comments about the records and the record keeping capabilities of Mr. Joe Fanelli, our Contract Administrator. Mr. Fanelli experienced FEMA's documentation standards during Hurricane Rita and knew the types of records and documents that are needed. The Auditor commented that Mr. Fanelli's files are in better shape than most she had seen. We are still awaiting the check on the debris removal claim. Joe was told it was coming in but it has not arrived as yet. Our total cost to be reimbursed is about \$630,000 and we have received a little over half of that amount.

C. Consider Refunding of \$48,240,000 Coastal Water Authority Contract Revenue Refunding Bonds, Series 1999.

Mr. Baldwin advised that in each folder is a potential refunding of some CWA Contract Revenue Bonds. As you will recall, the Series 1999 Refunding Bonds were the results of a refunding of the 1995 Bonds. In these 1999 Bonds there is a 10 year call feature which comes up December 15, 2009. Mr. Mark Ellis from Jeffries and Associates has presented an analysis of the results of refinancing those 1999 Bonds and the results reflect a significant savings potential. First Southwest and Vinson and Elkins have also looked at this analysis.

The most recent analysis (October 6, 2009) indicates a present value savings of over 9%, or a debt service savings of about \$250,000 per year. These are Contract Revenue Bonds wherein the City pays that debt service and the savings would flow to the City. Susan Bandy, Deputy Director of the City's Public Works Department, is supportive of achieving the savings. She and members of her staff will be on the working team to make sure that, as we go forward with this refinancing, we can coordinate with the City's planned financing activities on the City's combined utility system during the next 60-90 days.

This Motion will authorize certain activities that may require a Special Board Meeting around the first week of November to approve all the necessary documents before we could go forward to the Market. Since these are Contract Revenue Bonds, backed by the City's revenue commitment, we will also have to go to the Mayor and City Council for their approval.

Mr. Baldwin is recommending the MOTION authorizing the Executive Director, Chief Financial Officer, Financial Advisor and Bond Counsel to prepare necessary documents and to negotiate the necessary agreements to prepare a Preliminary Official Statement and set the process in place to achieve the economic refunding of the \$48,240,000 Coastal Water Authority Contract Revenue Refunding Bonds, Series 1999; authorizing the following firms as an underwriting team to pursue the refunding of such bonds:

Financial Advisor:	First Southwest Company
Co-Financial Advisor:	Kipling, Jones & Co. Ltd.
Bond Counsel:	Vinson & Elkins, LLP
Co-Bond Counsel:	Bates & Coleman, P.C.
Senior Manager:	Jeffries & Company, Inc.
Co-Managers:	Samuel A. Ramirez & Co., Inc. Siebert Brandford Shank & Co., LLC
Underwriters Counsel	Andrews Kurth, L.L.P.
Co-Underwriters Counsel	West & Associates, L.L.P.

Mr. Cloutier stated that in the Investment Policy and Audit Committee this morning prior to the Board Meeting, he, Mr. Metyko and Mr. Senac had a briefing by Mr. Baldwin and there appears to be no down side to this refinancing. The Team they have put together is well conceived and we are fortunate to be in this position to have the ability to refinance. The Investment Policy and Audit Committee recommends they go forward.

MOTION authorizing the Executive Director, Chief Financial Officer, Financial Advisor and Bond Counsel to prepare necessary documents and to negotiate the necessary agreements to prepare a Preliminary Official Statement and set the process in place to achieve the economic refunding of the \$48,240,000 Coastal Water Authority Contract Revenue Refunding Bonds, Series 1999; authorizing the

following firms as an underwriting team to pursue the refunding of such bonds:

Financial Advisor:	First Southwest Company
Co-Financial Advisor:	Kipling, Jones & Co. Ltd.
Bond Counsel:	Vinson & Elkins, LLP
Co-Bond Counsel:	Bates & Coleman, P.C.
Senior Manager:	Jeffries & Company, Inc.
Co-Managers:	Samuel A. Ramirez & Co., Inc. Siebert Brandford Shank & Co., LLC
Underwriters Counsel	Andrews Kurth, L.L.P.
Co-Underwriters Counsel	West & Associates, L.L.P.

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

Mr. Baldwin stated that we are working on the budgets for next year and are diligently pursuing any savings that can impact the City of Houston such as this one. Another example of savings is the recent Extend and Blend Energy Contract with Suez Energy that resulted in getting the cost down to 6.945 cents per kilowatt hour for a savings of about \$250,000 per year for the City. This action, plus this potential refunding savings could result in a total savings of about \$500,000 per year. We are still looking at other areas for savings. Mr. Baldwin also stated that on the negative side of budgeting, our property insurance has increased for the next year because insurance companies are very leery about their potential future risk exposure on the Gulf Coast because of the impact of the last two hurricanes on damage claims.

VII. DISBURSEMENTS – John J. Baldwin

Mr. Avilés advised that there are five disbursements to be approved by the Board; the Construction Fund - Series 2004 in the amount of \$ 2,530.00, the Construction Fund – Series 2009 (Luce Bayou Project) in the amount of \$747,905.02, the Conveyance System Development Fund in the amount of \$1,803.43, Luce Bayou – Land & Mitigation Fund in the amount of \$ 641,127.21 and the Special Project Equity Fund in the amount of \$ 223.91.

MOTION approving disbursement of the Construction Fund - Series 2004 in the amount of \$ 2,530.00, the Construction Fund – Series 2009 (Luce Bayou Project) in the amount of \$ 747,905.02, the Conveyance System Development Fund in the amount of \$1,803.43, Luce Bayou – Land & Mitigation Fund in the amount of \$ 641,127.21, and the Special Project Equity Fund in the amount of \$ 223.91.

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

VIII. OLD BUSINESS

A. November Board Meeting

Mr. Oradat stated that the normal schedule for our Monthly Board Meeting is November 11th. However, since that is a holiday (Veteran's Day), he had proposed that the Meeting be held November 18. However, Mr. Metyko is unable to attend on that date. Would Tuesday, November 17 be

acceptable to everyone? Mr. Avilés stated that Tuesday, November 17 would be fine.

IX. EXECUTIVE SESSION

ADJOURNMENT TO CLOSED OR EXECUTIVE SESSION PURSUANT TO SECTIONS 551.071, 551.072, 551.074 and 551.076, CHAPTER 551 OF THE TEXAS GOVERNMENT CODE.

X. RECONVENE - OPEN SESSION

XI. NEW BUSINESS

XII. ADJOURNMENT

The Meeting was adjourned at 10:56 a.m.

Rick Cloutier, Secretary