

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

April 14, 2021

The Board of Directors (the "Board") of Coastal Water Authority ("CWA") convened its Regular Meeting; open to the public via teleconference, 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
James Lewis
Todd Vu
Mary Caballero

City of Houston Staff

Sharon Citino, PW&E*

Legal Counsel

Neil Thomas, Norton Rose Fulbright US LLP
Leslie A. 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. (* Attended telephonically.)

I. CALL TO ORDER – Wayne Klotz

Director Klotz identified himself as President of the Coastal Water Authority Board and then called the teleconference meeting to order at 10:00 A.M.

Director Klotz stated that this meeting is being held at the Offices of the Coastal Water Authority and is open to the public via telephone and videoconference access per the Texas Open Meeting regulations and direction from the Attorney General of Texas. This meeting is being audio recorded. Members of the public may request to listen to the audio recording of this meeting after conclusion of the meeting.

At this time Director Klotz thanked the Board Members for their commitment and flexibility to conduct business thoughtfully and thanked the CWA staff for their diligence keeping CWA operational this past year during the COVID-19 pandemic.

At the request of Director Klotz, Mr. Neil Thomas, gave a brief summary to the Board on Texas House Bill HB2525 that is currently in the legislature and relates to the creation of the Lake Houston Dredging and Maintenance District.

At the request of Director Klotz, Mr. Ripley provided the Board with information about the Luce Bayou ribbon cutting ceremony scheduled for May 4, 2021.

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 recognition of the following Board reappointments by Texas Governor Abbott.

A. Recognition of the reappoint of Thomas A. Reiser, representing Harris County as reappointed by Texas Governor Abbott.

Director Klotz recognized the reappointment of Director Reiser representing Harris County as reappointed by Governor Abbott.

B. Recognition of the reappoint of Douglas E. Walker, representing Chambers County as reappointed by Texas Governor Abbott.

Director Klotz recognized the reappointment of Director Walker representing Chambers County as reappointed by Governor Abbott.

C. Minutes of the March 10, 2021 Board Meeting.

Motion approving the Minutes of the Board Meeting of March 10, 2021.

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

IV. ONGOING PROJECTS – David Miller

A. Luce Bayou Interbasin Transfer Project.

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

a. Capers Ridge Pump Station.

Mr. Miller stated the project team conducted the monthly progress meeting on March 3, 2021. The contractor for the Capers Ridge Pump Station (CRPS), Renda/Johnson Brothers JV (RJB), is approximately 98% complete. Schedule review meetings were held on March 17, 2021, March 24, 2021, and March 31, 2021 and all meetings focused on critical path items which included completion of instrumentation and control wiring and the startup and testing schedule.

Major activities performed by RJB in March 2021 included:

- Continued installation and testing of electrical and control wiring
- Installation of SCADA computers and initial testing of communications
- Energized all switchgear, electrical building, control building, discharge slab and intake/pump station
- Continue subgrade stabilization and pavement installation
- Tested potable and non-potable water systems
- Began primer and painting above ground piping

Major work activities planned for April 2021 include:

- Complete pipe painting
- Continue pavement installation
- Operation and Testing Pumps

Capers Ridge Pump Station Schedule Items – A breakdown of the startup, testing and training from the end of March 2021 through early May 2021 is as follows:

- SCADA installation and testing – March 26 through April 10, 2021
- Uncoupled motor testing – April 6 through April 10, 2021
- Fill pipelines – April 12 through April 16, 2021
- Performance and Acceptance testing – April 19 through May 5, 2021

Schedule Risks include:

- COVID-19 – There were no COVID issues in March 2021
- Weather – Rain has impacted pavement installation at the pump station, slow start to pump/motor testing as adjustments are made to settings

Mr. Miller then presented progress photos taken at the Capers Ridge Pump Station site.

b. Dual 96-Inch Diameter Pipelines.

Mr. Miller stated the contractor for the Dual 96-inch Diameter Pipelines, Thalle Construction (Thalle) is 100% completed in March 2021. Thalle is correcting a few minor punchlist items and will complete site cleanup and demobilization this month. Mr. Miller presented a progress photo taken at the site.

c. Canals.

Mr. Miller stated that R&T Ellis Excavating (R&T Ellis) is the Canal Startup contractor and they are 90% complete through March 2021. A progress meeting was held on March 9, 2021.

Major activities performed by R&T Ellis in March 2021 included:

- Removed and stockpiled 67 earthen dams
- Hydromulched seed disturbed areas
- Completed purchase and installation of the water level gate ballast in the five water level gates

Major work activities planned for April 2021 include:

- Final grading and cleanup
- Complete hydromulch seeding

There were no questions from the Board and Director Klotz thanked Mr. Miller for a job well done.

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

Mr. Miller stated Phase 2 engineering of the Lake Houston Dam Spillway Improvement Project began in March 2021. The final Phase 1 activity to be completed is the submittal of the 404 Permit by the end of April 2021 to the Galveston District – United States Army Corps of Engineers (USACE). Phase 2 activities to be performed in April 2021 include the Design Criteria Workshop, field surveying/development of 3D structural model of the spillway required structural analysis of the spillway and buttress to support the crest gates. Director Klotz asked if the gates will be installed on the existing structure or will they be installed adjacent to the structure. Mr. Miller stated they will be installed on top of the existing spillway structure which is the reason for the in depth analysis of the existing structure. Mr. Miller stated there will have to be additional supporting structures around the buttresses to support the crest gate foundation. Director Klotz asked if all the weight is placed on one half, how would that affect the other half; especially since the dam stability is based on its weight. Mr. Miller stated the structural loading of the dam before during and after construction will be looked at closely and was discussed initially during the design criteria workshop last week. Director Klotz asked if there is concern regarding the review time from the USACE on the 404 Permit. Mr. Miller stated he did not believe so. CWA conducted at least four separate meetings with the USACE through the Phase 1 process to keep them engaged. Mr. Miller stated that as the project moves into Phase 2 an amendment to the contract with CWA's Technical Advisor, Freese & Nichols Inc. is necessary. The scope associated with the amendment includes technical review of all documents and engineering analysis, participation in all design workshops, review and comment on the 30%, 60%, 90% and 100% designs, and assistance with contractor procurement. The scope, fee and schedule were reviewed with the Professional Engineering Services Review Committee on April 5, 2021. The Committee recommended bringing forward for Board consideration today. A copy of the scope and fee were included as an attachment to the Board Members' packet. There were no further questions from the Board and Mr. Miller recommended the motion as presented.

Motion authorizing the Executive Director to issue a contract amendment with Freese & Nichols Inc. in the amount of \$462,085.48 for Technical Advisor Services during Phase 2 – Final Design of the Lake Houston Dam Spillway Improvement Project. This amendment will increase the contract value from \$395,193.00 to \$857,278.48.

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

V. MAINTENANCE & OPERATIONS – Greg Olinger

A. Monthly Operations Report/Project Updates.

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

B. HP-410/411 Air-Vacuum Valve and Manway Painting.

Mr. Olinger stated that this item is related to cleaning and recoating manways and valves on pipeline contracts HP-410 and HP-411 on the CWA B-system. Recent inspections identified cracks and peeling in the coating system that necessitates replacement. The scope will include cleaning, sand blasting, and recoating the above ground manways and valves using a three-coat coal tar epoxy coating system. Mr. Olinger stated that a mandatory site visit was conducted on March 22, 2021 with four contractors present. Three quotes were received on March 26, 2021. Mr. Olinger provided the Board with an aerial photograph identifying the location of the HP410/411 segment and noted that a copy of the bid tabulation was included in the Board Members' packets. This item was briefed to the O&M Oversight Committee on April 6, 2021. There were no questions from the Board and Mr. Olinger recommended the motion as presented.

Motion authorizing the Executive Director to issue a purchase order to Preferred Quality Industrial Services in the amount of \$93,800.00 for blasting and painting of air-vacuum valves and manways along CWA's Pipeline Segment HP-410/411.

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

C. ITC Pipeline Right-of-Way Remediation.

Mr. Olinger stated that this item is an update to ITC remediation efforts. The remedial work will be conducted in accordance with Texas Commission on Environmental Quality's Correction Action Program. CWA was notified that ITC has initiated an environmental cleanup of its Deer Park facility following its March 2019 storage terminal fire. CWA maintains a 100 ft pipeline right-of-way (ROW) adjacent to the eastern portion of their facility that was impacted by the fire and firefighting response. Mr. Olinger presented the Board with an aerial showing the tank farm along Independence Parkway in Deer Park south of the Houston Ship Channel. The CWA pipeline ROW is located on the east side of the facility. Mr. Olinger stated that ITC will conduct an excavation, removal and replacement of impacted soils in the ROW that range from the upper 1.5 – 2 ft. Following the soil removal, samples will be collected in the excavation walls and floor and analyzed to confirm removal of impacted material is complete. A kickoff meeting and initiation of the work in the CWA ROW is being held today and the work is anticipated to take two weeks. A follow-up progress update will be provided to the Board following completion. Mr. Olinger noted that all costs of the remediation will be funded by ITC. There were no questions from the Board.

D. Cartegraph Asset Management Project Update.

Mr. Olinger stated that this item is an update on the new Asset Management Tool – Cartegraph. CWA completed the planning phase and is now working on the design phase of the project. A Requirements Gathering Workshop was completed on March 23 and 24, 2021, where feedback was received from key CWA staff members who will be the primary users of this database system. CWA will continue to feed necessary data such as lists of employees, equipment and vehicles, and facility features to the Cartegraph team who will integrate it into the database. In addition, CWA is working to configure the CWA ARCGIS Database to facilitate its upload into the tool. Once complete, CWA will move into the Build and Test Phase which will occur in May 2021 through August 2021, with an on-site training and proofing test scheduled the week of May 24, 2021. Following this, CWA will move into the Delivery and Rollout Phase scheduled for August 2021 through October 2021. CWA will provide further updates as the work progresses. There were no questions from the Board.

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 March 31, 2021. Mr. Baldwin noted that at the end of the first three months of the budget year CWA is in good shape on all five Operating Funds; and are within all of our budget expenditures. The reimbursements from the City of Houston and from our other customers are timely and up to date. A copy of the report was included in the Board Member's packets. There were no questions from the Board.

B. 2020 Financial Statements Audit Report.

Mr. Baldwin stated that this item is the CWA 2020 Financial Statements Audit Report for the year ending December 31, 2020 prepared by the Authority's Auditors, Weaver and Tidwell, LLP (Weaver). Mr. Baldwin noted that the Auditors presented the report earlier to the Finance and Audit Committee. The report reflects an "unmodified opinion". A copy of the report was included in the Board Members' packets. Mr. Baldwin stated that Ms. Laura Lambert with Weaver was present to make a brief presentation to the Board and answer any questions. At this time, Ms. Lambert gave a brief presentation to the Board. There were no questions from the Board and Mr. Baldwin recommended the Motion as presented.

Motion approving the Coastal Water Authority Audit Report for the Year ending December 31, 2020.

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

C. 2020 Arbitrage Liability Report.

Mr. Baldwin stated that this item is the 2020 Arbitrage Liability Report as of December 31 2020. A rebatable arbitrage and yield restriction analysis is required on the Authority's applicable outstanding Contract Revenue Bonds and the State Funding Agreements. The analysis for 2020 was conducted by the financial services firm of First Southwest. The analysis indicated that no rebatable arbitrage exists on any of the Authority's applicable Contract Revenue Bonds, Contract Refunding Bonds and the State Participation Funding with the Texas Water Development Board. As noted in the report, there was no payment required from CWA to the Internal Revenue Service. This report was reviewed by the Finance and Audit Committee earlier. A copy of the report was included in the Board Members' Packets. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion accepting the Arbitrage Report for the Coastal Water Authority Contract Revenue Bonds and the Texas Water Development Board Contract Fundings as of December 31, 2020.

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

D. Internal Management Report – Quarter ending December 31, 2020.

Mr. Baldwin stated that this item is the Internal Management Report for the quarter ending December 31, 2020. This report details the investment activities on all of the Authorities' funds as required by the Texas Public Funds Investment Act. The report reflects the investment yields available in the market place during that time frame. All investments were held to maturity and there were no losses on our investments. Mr. Baldwin noted that this report was presented to the Finance and Audit Committee earlier. A copy of the report was included in the Board Members' Packets. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving the Coastal Water Authority's Internal Management Report for the Quarter ending December 31, 2020.

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

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 \$56,960.68; the Special Project Equity Fund – in the amount of \$75,476.28; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$717,769.41; the Construction Fund – Series 2015 (Luce Bayou Project) – in the amount of \$9,157.07; the Construction Fund – Series 2016 (Luce Bayou Project) – in the amount of \$925,386.93; and the Construction Fund – Series 2017 Loan (Luce Bayou Project) – in the amount of \$269,084.59. 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 Council, Seconded by Director Walker. The Motion carried unanimously.

VIII. OLD BUSINESS – Don Ripley

There were no old business items to discuss.

IX. NEW BUSINESS – Don Ripley

There were no new business items to discuss.

X. EXECUTIVE SESSION – Wayne Klotz

There was no executive session.

XI. ADJOURNMENT – Wayne Klotz

The meeting was adjourned at 10:52 A.M.

[Signature page follows]

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke at the end.

Thomas A. Reiser, Secretary-Treasurer