

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

February 10, 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*
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

Yvonne Forrest, PW&E*

Legal Counsel

Dimitri Millas, Norton Rose Fulbright US L.L.P.*
Leslie A. Bacon, Norton Rose Fulbright US L.L.P.*

With the exception of Director Reiser, 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 telephonic meeting is being audio recorded per the Texas Open Meeting regulations and direction from the Attorney General of Texas. Members of the public may request to listen to the audio recording of this meeting after conclusion of the meeting. Director Klotz stated that he hoped everyone is staying well during this time and that the Board is conducting this meeting via teleconference to protect the safety of the staff, board members, and the public to comply with Governor Abbott's emergency disaster declaration and subsequent guidance from the Office of Attorney General suspending certain provisions of the Open Meetings Act.

II. PUBLIC COMMENTS

At this time Mr. Randy Hopper addressed the Board concerning his desire to acquire easements owned on the Benes family property in the Mont Belvieu area. Mr. Hopper noted that his family has owned the land where the easements are located for many generations. Director Klotz thanked Mr. Hopper for his comments. Director Klotz stated that the topic would be discussed during today's Executive Session but that no action would be taken. Director Klotz advised Mr. Hopper to continue communication with the CWA Executive Director for updates on CWA Board decisions concerning the easements acquisition.

III. ITEMS FOR CONSIDERATION – Wayne Klotz

A. Minutes of the January 13, 2021 Board Meeting.

Director Klotz stated that the first item of business was the approval of the Minutes of the Board Meeting of January 13, 2021, as written.

Motion approving the Minutes of the Board Meeting of January 13, 2021.

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

a. Capers Ridge Pump Station.

Mr. Miller stated that the project team conducted the monthly progress meetings on January 8, 2021 and January 20, 2021. The contractor for the Capers Ridge Pump Station (CRPS), Renda/Johnson Brothers JV (RJB), is approximately 96% complete. There was continued focus on schedule adherence by conducting schedule review meetings on January 7, 2021, January 14, 2021, January 21, 2021 and January 26, 2021 with RJB and its Tier 1 and Tier II subcontractors. The second startup and testing workshop was conducted on January 27, 2021 which included CWA Operations Staff, Jacobs, Dannenbaum (Design Engineer), CDM-Smith/Hatch (SCADA Engineer), RJB, and its Electrical and Instrumentation Control (E&IC) subcontractors.

Major activities performed by RJB in January 2021 included:

- Continued installation of electrical panels, wiring and terminations
- Operation, testing and adjustment of limit switches on all 36-inch, 48-inch, and 84-inch valves and actuators
- Placed 700 CY of flow fill at the discharge piping
- Completion of all above ground and below ground flanged and welded piping
- Formed approximately 50% of the pipe supports
- Inspected, repaired, tested and returned Pump Motor 302 to the site

Major work activities planned for February 2021 include:

- Complete flow fill under crane deck
- Testing electrical and instrumentation wiring
- Continue rip rap placement on the south riverbank
- Apply pipe coatings to the above ground piping
- Connect to Sam Houston Electrical Cooperative (SHEC) substation

With reference to the Capers Ridge Pump Station schedule, Mr. Miller stated that testing of the low voltage (120V, 240V and 480V) systems began on February 1, 2021. The testing includes all of the valves and actuators across the discharge slab with the valve manufacturers present. Mr. Miller stated that through the month of January, CWA has been working closely with SHEC and its contractor to complete final wiring and testing between the substation and CWA switchgear so that the medium voltage 4160V supply can be connected by February 19, 2021. Mr. Miller stated that it is still projected to complete the full range of startup testing, operational acceptance testing and training by April 2021. The near critical path includes the discharge piping, startup and testing, electrical wiring and panels, control wiring and instrumentation. The schedule risks continue to be COVID, although there have not been any reported COVID cases over the last two months. The recent rains have caused delays with concrete pours and exterior electrical and control wire terminations. Mr. Miller noted that the Contractor is working seven days a week.

Mr. Miller stated that CWA and SHEC completed negotiation of the electrical service agreement for the Capers Ridge Pump Station. The agreement covers operation of the nine-mile, 138kV transmission system as well as the on-site substation and providing the 4,160V electrical service to operate the pump station. The agreement was reviewed and approved with CWA's legal counsel, Norton Rose Fulbright, and then reviewed with the Professional Engineering Service Review Committee on February 2, 2021. The Committee recommended bringing forward for Board consideration today. A copy of the agreement was included as Attachment 1 to the LBITP Monthly

Status Report. Director Klotz asked if CWA would be negotiating the rate schedule on an annual basis. Mr. Miller stated that until CWA is in a consistent mode of operation at the CRPS, which corresponds to the completion of the Northeast Water Purification Plant expansion, it will plan on an annual renewal/re-negotiation schedule. There were no further questions from the Board.

Motion authorizing the Executive Director to execute an Electric Service Agreement with Sam Houston Electric Cooperative, Inc. for electric service for the Capers Ridge Pump Station as part of the Luce Bayou Interbasin Transfer Project.

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

Mr. Miller then presented progress photos taken at the Capers Ridge Pump Station site. Director Klotz stated that as it appears CWA is approaching the completion of the Luce Bayou Interbasin Project, he wanted on behalf of the Board, to compliment Mr. Miller for his diligence and perseverance on the project and stated that the Board appreciates the work that has been accomplished thus far.

b. Dual 96-Inch Diameter Pipelines.

Mr. Miller stated the contractor for the Dual 96-inch Diameter Pipelines, Thalle Construction (Thalle) is 98% complete through January 2021. Thalle has two remaining activities to complete which are final wire terminations at the building transformer and electrical panels and the installation of the concrete pavement around the building. Both activities are in progress. It is estimated final inspection and punch list work should be completed in March 2021.

Mr. Miller presented progress photos taken at the site. There were no questions from the Board.

B. Lake Houston Dam Spillway Improvement Project – Phase 1.

Mr. Miller stated the Preliminary Engineering Report (PER) was submitted to CWA, City of Houston (COH), and Harris County Flood Control District (HCFCD) on December 28, 2020. Reviews by each agency were performed through January 2021 and into early February 2021. The team has been conducting comment review/discussion meetings over the last two weeks and it is expected the Final PER will be submitted by the end of this month. Mr. Miller stated that Mr. Chris Mueller with Black & Veatch will make a presentation today to the Board to review the Phase 1 process including the Hydraulic and Hydrology considerations, the modeling performed for the project, the gates alternatives development and evaluation process and the recommended project along with its benefits. At this time Mr. Mueller went over the Phase I project process presentation. (A copy of that presentation is attached hereto.)

V. MAINTENANCE & OPERATIONS – Greg Olinger

A. Monthly Operations Report/Project Updates.

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

B. Lake Houston Aquatic Control.

Mr. Olinger stated that this item is related to the annual aquatic vegetation control contract for Lake Houston. The scope includes conduct of monthly lake assessments by airboat followed by targeted herbicide spraying of identified invasive species including water hyacinth, water lettuce, common salvinia, and crested floating heart. Mr. Olinger stated that vegetation control is required in the lake to protect the intake structures of the North East Water Purification Plant and Lake Houston Pump Station as well as to preserve the water quality in the lake. Sprayco has been the contractor for the last two years and has

performed dependably and responsively to the needs on the lake. CWA received three bids on January 22, 2021. Sprayco was again the low bidder and submitted the same unit pricing as the last two years. Mr. Olinger noted that CWA also secured an additional \$25,000 from the Texas Parks and Wildlife Department for direct reimbursement for the herbicide spraying portion of the work. At this time Mr. Olinger gave the Board an overview of each noted invasive species. Mr. Olinger stated that he wanted to thank Mr. Jonathan Jung from CWA staff for his excellent job documenting the lake assessments, spraying days and location and the general contract management of this contract and for his efforts keeping the lake free of invasive vegetation. Mr. Olinger noted that this item was briefed to the O&M Oversight Committee on February 2, 2021. A copy of the bid tabulation was provided in the Board Members' packets. 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 Sprayco in the amount of \$125,400.00 for aquatic vegetation control assessments on Lake Houston.

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

C. Rockwell Classic Drive Upgrades – Lynchburg Pump Station.

Mr. Olinger stated that this item is for the upgrades to three Lynchburg Pump Station (LPS) Variable Frequency Drives (VFD). The upgrades are for Pump P102, P104, and P207, all originally installed in 2005. This is a continuation of the LPS VFD upgrades that were approved by the Board and completed last year. These three Rockwell VFDs are no longer supported by the manufacturer and spare parts are becoming more difficult to find. CWA has been able to extend the service life over the last few years using third party repairs of equipment, but we are finding these to be not as reliable as the manufacturer's service and the OEM-supplied parts. The project includes all hardware and labor to complete the upgrade. Each upgrade will be completed within a six day period which includes the upgrade and then commissioning and testing and reporting. Following the upgrade, the VFD will be operated for two weeks before starting the next drive to ensure that the upgrades are effective and reliable. The upgrades include a 12-month warranty on equipment, parts and labor. Mr. Olinger noted that Reynolds is the Rockwell Automation authorized vendor to provide these upgrades to its manufactured drives. This item was briefed to the O&M Oversight Committee on February 2, 2021. A copy of the proposal was included in the Board Members' packets. 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 The Reynolds Company in the amount of \$375,713.00 for the variable frequency drive upgrades on Pumps P103, P104, and P207 at the Lynchburg Pump Station.

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

VI. BUSINESS REVIEW – John Baldwin

A. Monthly Financial Statements for the Previous Month.

Mr. Baldwin stated that the Final Year-End Financial Statements for the year ending December 31, 2020 were included in the Board Members' packets and noted that these are the Financials that will be provided to CWA's auditors. Mr. Baldwin mentioned as a reminder that all five operating funds came in under budget by various percentage points. Mr. Baldwin then stated that the Board also received the Financial Statements for the month ending January 31, 2021 in their packets. This is the first month of the new budget year and expenses and revenue are as anticipated and in good shape. There were no questions from the Board on the Financial Statements.

B. 2020 Pension Plan Audit Report.

Mr. Baldwin stated that this item is the Audit Report (Report) on the Authority's Pension Plan for 2020. The Report was prepared by Weaver and Tidwell, L.L.P. (Weaver) and reflects a "clean opinion". The Draft Report was presented to the Finance and Audit Committee on January 27, 2021 by Ms. Kerry Franz with Weaver. A copy of the Report was included in the Board Members packets. Ms. Franz was present on the call and stated that Mr. Rance Buss with Weaver would give today's presentation. Mr. Buss then 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 Pension Plan Audit Report for the Benefit Year ending September 30, 2020.

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

C. 2020 Annual Financial Audit Engagement Agreement.

Mr. Baldwin presented to the Board the audit engagement proposal from CWA's Auditors, Weaver and Tidwell, L.L.P. (Weaver) for audit services related to the 2020 Financial Statements. Mr. Baldwin stated that Auditors from Weaver made a presentation on their proposal to the Finance and Audit Committee on January 27, 2021. A copy of the proposal was included in the Board Members packets. Mr. Baldwin noted that Ms. Laura Lambert from Weaver will be the lead on this audit and was present at today's telecommunication meeting. 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 Audit Agreement with Weaver and Tidwell L.L.P. for the Annual Audit of CWA's Financial Statements.

Motion made by Director Sjolander, Seconded by Director Soliz. 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 \$89,894.35; the Special Project Equity Fund – in the amount of \$1,176,291.58; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$67,638.10; the Construction Fund – Series 2016 (Luce Bayou Project) – in the amount of \$187,501.60; and the Construction Fund – Series 2017 Loan (Luce Bayou Project) – in the amount of \$409,584.56. 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. Benes Family Limited & Riceland Interests, Ltd. – Request for Abandonment.

Director Klotz noted the time at 10:56 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

Open session was reconvened at 11:17 A.M. Director Klotz stated that no action was taken in Executive Session.

XII. ADJOURNMENT – Wayne Klotz

The meeting was adjourned at 11:18 A.M.



Thomas A. Reiser, Secretary-Treasurer