

# COASTAL WATER AUTHORITY

## Minutes of Regular Meeting

June 10, 2020

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 ( <i>Absent</i> )	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	

### **CWA Staff**

Don Ripley\*  
John Baldwin  
David Miller  
Greg Olinger  
James Lewis\*  
Todd Vu  
Mary Caballero

### **City of Houston Staff**

Yvonne Forrest, PW&E\*

### **Legal Counsel**

Neil Thomas, Norton Rose Fulbright US LLP\*  
Leslie A. Bacon, Norton Rose Fulbright US LLP\*

With the exception of Director Klotz, all Members of the Board were present thus constituting a quorum. (\* Attended telephonically.)

### **I. CALL TO ORDER** – Tony Council

Director Council identified himself as the 1<sup>st</sup> Vice-President of Coastal Water Authority Board and then called the teleconference meeting to order at 10:00 A.M.

Director Council 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 Council 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 the Stay Home, Work Safe Orders issued by Harris County Judge Lina Hidalgo and, City of Houston Mayor Sylvester Turner.

### **II. PUBLIC COMMENTS**

There were no public comments.

### **III. ITEMS FOR CONSIDERATION** – Tony Council

#### **A. Minutes of the May 13, 2020 Board Meeting.**

Director Council stated that the first item of business was the approval of the Minutes of the Board Meeting of May 13, 2020, as written.

#### **Motion approving the Minutes of the Board Meeting of May 13, 2020.**

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

### **IV. ONGOING PROJECTS** – David Miller

#### **A. Luce Bayou Interbasin Transfer Project.**

The Directors received a copy of CWA's May 2020 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 contractor for the Capers Ridge Pump Station, Renda/Johnson Brothers JV (RJB), is approximately 90% complete. The project team conducted the monthly progress meetings on May 7, 2020 and May 20, 2020.

Major activities performed by RJB in May 2020 included:

- Installed interior metal wall studs at the control building
- Completed drywall in the electrical building
- Pulled wire from switchgear buildings to electrical building
- Delivery of vertical turbine pumps

Major work activities planned for June 2020 include:

- Sediment removal and stop gate installation
- Pour intake apron
- Electrical conductor installation across the facility

Mr. Miller stated that Trinity River flooding has delayed the sediment removal and stop gate installation over the past month which is starting to impact the critical path of the schedule. It is expected that the flooding will begin to recede at the end of this week and then progress should be made on the sediment removal and concrete placement for the intake apron. Mr. Miller noted that progress photos taken at the project site were included in the LBITP Monthly Report. There were no questions from the Board.

**b. Dual 96-Inch Diameter Pipelines.**

Mr. Miller stated the contractor for the Dual 96-inch Diameter Pipelines, Thalle Construction (Thalle), is approximately 93% complete.

Major activities performed by Thalle in May 2020 included:

- Continued flow distribution basin concrete
- Began backfill at the pig retrieval facility building

Major work activities planned for June 2020 include:

- Complete concrete work at the flow distribution basin
- Begin erection of pig retrieval building
- Pressure test the pig retrieval facility piping

Mr. Miller stated that the progress photos for the pipeline project were included in the LBITP Monthly Report. Director Council asked what pressure the pig retrieval piping was going to be tested to. Mr. Miller stated that there are two pressure test requirements, a low pressure test for the drain valves which is 40 psi and a high pressure test of 100 psi for the 96-inch to the 120-inch piping. Director Council asked if the tests use water or air. Mr. Miller stated that water is used for the testing. There were no further questions from the Board.

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

Mr. Miller stated that the project team conducted the monthly coordination meetings on May 14, 2020 and May 27, 2020. CWA's consultant, Black & Veatch (B&V) finalized their Project Management Plan, Quality Management Plan, Environmental Permitting Plan, Health and Safety Plan, and Risk Management Plan.

Major project activities performed by B&V in May 2020 included:

- Began coordination with CWA's water quality modeling consultant which includes obtaining the upstream hydrology model and the downstream hydrology and hydraulics models.

Field work completed in May 2020 included:

- Geotech borings and piezometer installations at the three potential gate locations
- Environmental and field surveys to inventory wetlands, birds, and threatened and endangered species

Major project activities planned for the team in June 2020 include:

- Begin building and calibrating H&H models
- Begin defining the design criteria (design storms)
- Initial runs of the design storms in the H&H models including the alternative spillway designs
- Receive the geotechnical report
- Conduct the initial risk management meeting

Mr. Miller stated that in May 2020, CWA completed negotiation of scope and fee with Freese and Nichols, Inc. for Technical Advisor Services. The scope includes review and comment on project deliverables including H&H, permitting, risk management, and preliminary engineering including design criteria and codes, alternatives evaluation and the Preliminary Engineering Report. Mr. Miller stated that the scope and fee was reviewed with the Professional Engineering Services Review Committee on June 2, 2020 and the Committee recommended bringing forward for Board consideration today. A copy of the scope and fee was included in the Board Members' packets. There were no questions from the Board and Mr. Miller recommended the motion as presented.

**Motion authorizing the Executive Director to issue a work order to Freese and Nichols, Inc. in the amount of \$395,192.90 for Technical Advisor Services on the Phase 1 – Lake Houston Dam Spillway Improvement Project.** Motion made by Director Walker, Seconded by Director Soliz. The Motion carried unanimously.

## **V. MAINTENANCE & OPERATIONS** – Greg Olinger

### **A. Monthly Operations Report/Project Updates.**

The Monthly Operations Report for May 2020 was included in the Board Members' Agenda packets.

### **B. B-Line Air Vacuum Valve & Manway Painting.**

Mr. Olinger stated that this item is related to the painting of air-vacuum valves and manways on the B-System pipeline. The inspection of pipeline vaults along the CWA B-System determined new coating needs to be applied for longer service life and protection. The cracking/peeling and exposed metal is creating an environment for corrosion to set in. A scope of work for the sand-blasting and repainting of these above ground appurtenances was developed that includes a two-coat application of coal tar epoxy. CWA held a site visit for interested contractors on February 26, 2020. Three contractors were present and two bids were received. A copy of the bid tab was included in the Board Members' packets. This item was briefed to the O&M Oversight Committee on June 2, 2020. Director Council asked why CWA decided to use the coal tar epoxy. Mr. Olinger stated that the application was recommended by CWA's GEC, LAN. This application was most recently used at the Bayport Pump Station. There were no further 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 Specialists in the amount of \$290,665.00 to blast and paint air vacuum valves and manways on the CWA B-System from the Houston Ship Channel to Valve Station 3.**

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

**C. Lake Houston Dam Rehabilitation Project Update.**

Mr. Olinger stated that this item is an update on the Lake Houston Dam Rehabilitation Project. Work completed in the last thirty days included completion of the two remaining ogee weir concrete placements and completion of the cutting and removal of the top portion of the splitter wall. A substantial walk through inspection was completed on June 5, 2020. The Contractor (Thalle Construction) is now working on the completion of the resulting punch list items followed by site clean-up and demobilization. There were no questions from the Board.

**D. C-System Pipeline Riser Pipe Repair.**

Mr. Olinger stated that this item is related to an emergency pipe repair completed primarily by CWA staff with the help from CWA's GEC (LAN) and a specialty pipeline repair contractor. Last month a leak was detected on the 108-inch C-Line at a location near the ship channel. This C-Line is extremely critical to the operation of the City of Houston's largest drinking water plant, the East Water Purification Plant (EWPP). After an unsuccessful attempt to repair the leak while the line was pressurized, CWA coordinated with the City of Houston to conduct an emergency ten hour shutdown to facilitate the repair. The repair consisted of cutting and removal of the corroded 30-inch riser pipe and installation of a flange piece and blind flange all within a nine-hour period. Mr. Olinger stated that he wanted to recognize and thank CWA staff, specifically James Lewis and his crew and John Sealy, as well as support from CWA's GEC, LAN. This team worked long nights and over a weekend to effectively and safely complete the repair and return raw water service to the EWPP. The Board Members thanked the team for a job well done. Director Walker asked Mr. Olinger to summarize where CWA may have vulnerabilities for any other potential leaks and what is being done about them. Mr. Olinger stated he thought the cause at this location was an incomplete and haphazard application of a concrete collar around a welded joint. CWA is now looking at other riser pipes/joints that were constructed as a part of this contract to consider investigation of the other locations ahead of leaks. This would involve investigation, excavation and inspection to determine if this was a one-off construction issue or if there could be wide spread issues on this contract as well as other contracts. CWA is engaging with LAN to develop recommendations on how to conduct inspections of other portions of the pipeline.

**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 May 31, 2020. Mr. Baldwin noted that ending the fifth month of the budget year, all five Operating Funds are performing as forecasted in revenues and expenditures. The reimbursements from the City of Houston are timely and payments from CWA customers at the Bayport and the Water Treatment Plant are on schedule. A copy of the report was included in the Board Members' packets. There were no questions from the Board.

**B. Business Insurance Policy Renewal.**

Mr. Baldwin stated that this item is CWA's Business Insurance Renewal. Several years ago, CWA started utilizing the Risk Management Fund of the Texas Water Conservation Association (TWCA) for the renewal of certain business insurance policies including General and Excess Liability, Errors and Omissions Liability, Property, Automobile and Workers Compensation. CWA has been able to obtain very efficient and effective insurance at a much lower price by utilizing this program as compared to going out in the market on our own. The cost for renewal

of these polices in 2020 will be \$649,436 compared to \$531,137 in 2019. This increase is primarily the result of an increase in the property insurance policy due to weather related claims made by other members of the Risk Management Fund and the impact of providing insurance coverage on the Luce Bayou facilities and equipment that CWA has now taken ownership of. Mr. Baldwin noted that CWA anticipated these cost increases in the preparation of the CWA 2020 budgets and have adequate budgeted funding to cover this increase. This item was discussed with the Finance and Audit Committee (FAC) earlier. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

**Motion approving an Interlocal Agreement as amended with the Texas Water Conservation Association Risk Management Fund for Certain Liability, Property and Worker's Compensation Coverage, effective July 1, 2020.**

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

**C. Group Medical Insurance Policy Renewal.**

Mr. Baldwin stated that this item is the renewal of group medical insurance for CWA employees. The current group medical policy is with United HealthCare (UHC). This year, CWA encountered a significant increase in claims from employees and/or their dependents and as a result the initial renewal proposal received from UHC reflected an increase of 23% in the monthly premiums. UHC claimed the increase was in response to the current "Claims versus Premiums" analysis indicated that premiums are running at 150% of premiums received by UHC. CWA requested that Marsh Wortham Insurance Company seek proposals from other group insurance carriers. CWA received a proposal from Blue Cross/Blue Shield (BCBS) and a second revised proposal from UHC. Cigna and Aetna declined to submit a quote. A copy of the summary pages of the submittals from UHC and BCBS was included in the Board Member's packets. UHC's final proposal reflected an increase in the monthly premiums of about 12.2% from the current premiums. BCBS's proposal reflected an increase over the current cost of 10.8%. BCBS also proposed a "bundling" rate reduction of 1% if we added its Dental Proposal to its Medical Proposal. BCBS achieved this slightly lower premium cost by increasing the deductibles, co-insurance limits and pharmaceuticals costs for the employee. The cost difference between UHC's final proposal for "bundling" Medical and Dental is about \$14,900 higher than BCBS's "bundling" proposal for Medical and Dental. Mr. Baldwin stated that he believed considering UHC's last proposal bundled with no increase in the Dental Insurance premium, CWA should continue with UHC and not make another switch at this time. The 2020 Operating Budgets can accommodate this increase as CWA anticipated a rate increase in preparation of the Budget for this year's Medical and Insurance renewal. Mr. Baldwin also stated the increase in the contribution rates for CWA employees helps to cover this difference between the two proposals. This item was discussed with the FAC earlier. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

**Motion approving a Group Medical Insurance Policy with United Health Care and continue the Medicare Advantage Program for CWA eligible retirees meeting the minimum combination of age and years of service with Aetna Medicare Advantage and Kelsey Care Advantage for Benefit Year beginning July 1, 2020 with employee/employer contribution rates as presented by the Chief Financial Officer.**

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

**D. Group Dental Insurance Policy Renewal.**

Mr. Baldwin stated that this item is the renewal of the group dental insurance for CWA employees. The dental renewal policy is part of the "bundling" with United HealthCare's medical insurance policy with no rate increase for the next year. Currently the employee contributions are \$13 per month for a single employee and \$28 per month for an employee with dependents. Mr. Baldwin stated that since there was no increase he is recommending that the employee contributions remain the same for the next year. This item was discussed with

the FAC earlier. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

**Motion approving a Group Dental Insurance Policy with United Health Care for Benefit Year beginning July 1, 2020 with employee/employer contribution rates as presented by the Chief Financial Officer.**

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

**E. Internal Management Report.**

Mr. Baldwin stated that this item is the Internal Management Report for the quarter ending March 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. The market interest rates are continuing to inch downward. All investments were held to maturity and there were no losses on our investments. This report was presented to the FAC on May 28, 2020. 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 March 31, 2020.**

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

**F. Amendment to CWA Pension Plan.**

Mr. Baldwin stated that this item is an Amendment to the CWA Pension Plan. The Internal Revenue Service regulations were changed earlier this year. One of those changes impact rules related to employees withdrawing funds from their Pension Plan accounts. The change that impacts the CWA Pension Plan is the ability of an employee still working at CWA to request the disbursement of certain amounts of his vested interest in the Plan. Mr. Baldwin noted that prior to this rule change, an employee had to leave employment with CWA before they were eligible to withdraw funds. The new rule would be limited to employees aged 59½ or older. Mr. Baldwin stated that he worked with CWA's Attorneys at Norton Rose Fulbright on this issue and drafted the Amendment to the CWA Pension Plan. A copy of the Amendment was provided in the Board Members' packet. Directors Council and Zarinkelk asked if there would be any tax implications. Mr. Baldwin stated, yes; there are tax implications and the employees will be advised accordingly. Director Sjolander asked Mr. Baldwin to clarify if this is optional. Mr. Baldwin stated, yes it is an option offered to the employees. Director Walker asked how much can the employee withdraw. Mr. Baldwin stated, that if the employee is fully vested, which is five years, they will be able to withdraw all of their funds or any amount up to their vested interest in the Pension Plan. There were no further questions from the Board and Mr. Baldwin recommended the motion as presented.

**Motion approving an Amendment to the CWA Pension Plan to permit participants to take in-service distribution on or after attaining the age of 59 ½.**

Motion made by Director Reiser, 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 \$15,541.48; the Special Project Equity Fund – in the amount of \$1,961,684.17; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$498,269.15; the Construction Fund – Series 2015 (Luce Bayou Project) – in the amount of \$2,833.84; the Construction Fund – Series 2016 (Luce Bayou Project) – in the amount of \$1,344,982.91; and the Construction Fund – Series 2017 Loan

(Luce Bayou Project) – in the amount of \$471,345.57. 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 Reiser, Seconded by Director Sjolander. 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.

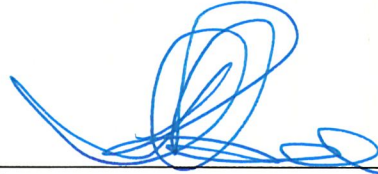
**X. EXECUTIVE SESSION** – Tony Council

There was no executive session.

**XI. ADJOURNMENT** – Tony Council

The meeting was adjourned at 10:34 A.M.

[Signature page follows]

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Thomas A. Reiser, Secretary-Treasurer