

# COASTAL WATER AUTHORITY

## Minutes of Regular Meeting

October 14, 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*	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  
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 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**

Mr. Steve Green addressed the Board concerning CWA canal easements near Mont Belvieu that Riverside Development wishes to acquire. Mr. Green stated that in his opinion CWA's stated price for acquisition of the easements was too high. He also stated that Riverside Development wants to negotiate in good faith with CWA and he thanked the Board for the opportunity to speak on the issue. Director Klotz thanked Mr. Green for his comments and stated that the Board would be further evaluating Riverside's request.

### **III. ITEMS FOR CONSIDERATION** – Wayne Klotz

#### **A. Minutes of the September 9, 2020 Board Meeting.**

Director Klotz stated that the first item of business was the approval of the Minutes of the Board Meeting of September 9, 2020, as written.

**Motion approving the Minutes of the Board Meeting of September 9, 2020.**  
Motion made by Director Council, Seconded by Director Zarinkelk. The Motion carried unanimously.

**B. Recognition of the re-appointment of the following individuals representing the City of Houston and reappointment by Houston Mayor Sylvester Turner.**

Director Klotz stated that the following Directors had been reappointed by Mayor Sylvester Turner.

- a. Giti Zarinkelk (Position One - Term ending 3/31/2022)
- b. Joseph G. Soliz (Position Two - Term ending 3/31/2022)
- c. Tony L. Council (Position Three - Term ending 3/31/2021)
- d. D. Wayne Klotz (Position Four - Term ending 3/31/2021)

**IV. ONGOING PROJECTS – David Miller**

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

The Directors received a copy of CWA's September 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 project team conducted the monthly progress meetings on September 2, 2020 and September 16, 2020. The contractor for the Capers Ridge Pump Station (CRPS), Renda/Johnson Brothers JV (RJB), is approximately 94% complete.

Major activities performed by RJB in September 2020 included:

- Continued installation of electrical panels and wiring
- Completed the discharge piping concrete slab
- Began upstream river bank rip rap installation
- Completed drywall in the control building
- Conducted inspection and shop testing the major SCADA components
- Sam Houston Electric Cooperative energized 138kV transmission lines

Major work activities planned for October 2020 include:

- Begin installation of above ground piping – 36-inch, 48-inch, and 84-inch diameter
- Begin flow fill placement under crane deck
- Continue rip rap placement on north river bank

Mr. Miller stated that Dannenbaum Engineering is the engineer of record for the CRPS and is providing construction phase services during the construction period. These services include submittal review, RFI responses, site visits, progress meeting attendance and preparation of record drawings. The Dannenbaum contract requires an amendment to extend services commensurate with the contractor's remaining construction schedule. CWA and Dannenbaum completed negotiation of scope and fee for this amendment in September 2020. Mr. Miller noted that this information was reviewed with the Professional Engineering Services Review Committee (PERSC) on October 6, 2020. The PERSC recommended bringing the proposed amendment forward for Board consideration. A copy of the proposal and fee was included as Attachment 1 in the LBITP Monthly Report. Mr. Miller recommended the motion as presented.

**Motion authorizing the Executive Director to issue a Work Order Amendment to Dannenbaum Engineering Corporation in the amount of \$191,260.00 for additional construction phase services on 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.

At this time, Mr. Miller presented progress photos taken at the site to the Board. Director Klotz asked if all of the flushing pipes would be installed even though only four pumps will be installed. Mr. Miller stated yes, that all underground lines which includes the flushing pipes are being installed as a part of the first phase. Director Klotz asked if the SCADA sends data to either the Lynchburg Pump Station or to the downtown office. Mr. Miller stated that it is designed to send operating information to Lynchburg for monitoring. Director Klotz asked if CWA is looking to set up Lynchburg as the central control for all of CWA's facilities. Mr. Ripley stated that CWA would like to move in that direction over time if possible. Director Klotz commented that he felt that would be a good direction to head towards in 2020. There were no further 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 96% complete through September 2020.

Major activity performed by Thalle in September 2020 included:

- Continued electrical conduit/wiring in the pig retrieval facility building
- Began repair of the leak in the north 96-inch line differential settlement joint

Major work activities planned for October 2020 include:

- Conduct final pressure testing
- Complete electrical panel installations
- Install concrete pavement

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 that during the month of September, the project team conducted monthly coordination meetings on September 2, 2020 (Meeting No. 11) and September 16, 2020 (Meeting No. 12). CWA's consultant, Black & Veatch (B&V) completed reports documenting field surveys for wetlands and threatened and endangered species. B&V also began initial hydraulic modeling of the alternatives and they conducted a coordination meeting on September 22, 2020 with KIT, the water quality modeling consultant. The team continued development of the alternatives through the month of September. Mr. Miller noted that on October 22, 2020, the United States Army Corps of Engineers - Galveston District is planning to visit the site with CWA's environmental consultant to inspect/verify the wetlands delineation that was provided in the report. Director Klotz asked Mr. Miller if this project is on schedule and in budget. Mr. Miller stated yes and that the project is on schedule and within budget. There were no further questions from the Board.

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

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

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

**B. Security Guard Contract Extension.**

Mr. Olinger stated that this item is regarding the security guard contract extension. Weiser Security Services, Inc. (Weiser) has provided the service over the last two years and this would be the third year of a three year contract. The contract consists of a base year with two option years and the scope includes round the clock security service at four of CWA's facilities (Lynchburg Pump Station, Lake Houston Pump Station, Bayport Pump Station, Canal Maintenance

Facility – LBITP). Weiser has provided dependable service over the last two years with no notable issues including a good safety record and little turnover. In accordance with the contract provisions, Weiser has requested a 3% increase in their hourly rates and noted that this increase would be passed on to its security guard personnel. This item was briefed to the O&M Oversight Committee on October 6, 2020. A copy of the Weiser request letter was provided in the Board Members' packets. Director Klotz asked if the increased amount was due to the increased coverage for LBITP. Mr. Olinger stated the total increase did include an additional security guard post at LBITP's CMF. Director Klotz asked if whatever they were being paid at Lynchburg, CWA is paying them at the LBITP Canal Facility too. Mr. Olinger stated that was correct. Director Walker asked if CWA will go out for bids next year. Mr. Olinger stated yes, CWA will request bids sometime in October/September of 2021. There were no further questions from the Board and Mr. Olinger recommended the motion as presented.

**Motion authorizing the Executive Director to issue a 1-year contract extension to Weiser Security Services, Inc. in the amount of \$612,508.00 for security services at four Coastal Water Authority facilities.**

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

**C. CWA Canal Abandonment Policy.**

Mr. Ripley stated that this item is regarding CWA's canal abandonment policy. Most of the basic components of CWA's policy are defined by the original 2001 policy which is part of Texas Senate Bill 1646. The updated policy was included in the Board Members' packets for review. Mr. Ripley stated that the changes to previous CWA policy are primarily in three areas. The first is where CWA extended the period wherein CWA required the canal has not been used from five years to ten years. Secondly, CWA is establishing the value that CWA will accept for compensation for an abandonment easement, will be based on the fair market value obtained from CWA's appraiser. The third item is that CWA will be requesting that the firm or individual asking to acquire the easement or piece of the property will pay an administrative fee to CWA for that action. In summary, this is an update of an existing policy with the aforementioned changes. This item was discussed with the O&M Oversight Committee on October 6, 2020 and was authorized to bring forward to the Board for consideration. Director Klotz stated that this updated policy is to provide guidance to people who want to approach CWA as well as guidance, not just for this Board but for future Boards on good ways to handle property issues. Director Klotz stated that he had discussed this with Neil Thomas, Norton-Rose Fulbright, as has Mr. Ripley. Director Sjolander stated that the fair market value for laterals or canal was vague and asked if that was the fair market value of the land that the easement sits on, or is that the fair market value of the easement itself. Mr. Ripley stated the fair market value is the appraised value of the easement or in some cases CWA owns the property. The fair market value is determined by an appraisal of exactly what property CWA is being requested to abandon whether it be fee-owned property or easement or both. There were no further questions from the Board and Mr. Ripley recommended the motion as presented.

**Motion authorizing the Executive Director to adopt and publish a revision to the Coastal Water Authority Canal Abandonment Policy.**

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

**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 September 30, 2020. Mr. Baldwin noted that CWA is ending the ninth month of the budget year with all five of the Operating Funds within the forecasted budget. The expenditures and revenues are doing well. CWA has received timely reimbursements from the City of Houston on its three operating contracts. The Bayport System is also running well on revenue. As mentioned previously, CWA's Water Treatment Plant operating fund, Pasadena Refining

System (PRSI) has had some issues over the past several months with its operation. They are getting back up to its budgeted water usage, however, they are still below their year-to-date usage. CWA is in discussion with them on their forecasted usage next year which will probably less than its usage this year. CWA is still within the revenue covering expenditures this year. The future of the situation with PRSI will be something for CWA to watch closely going forward. A copy of the financial report was included in the Board Members' packets. There were no questions from the Board.

**B. 2020 Pension Plan Audit.**

Mr. Baldwin stated that this item is the 2020 pension plan audit proposal from Weaver & Tidwell, LLC (Weaver) to conduct the annual audit on CWA's Pension Plan for the benefit year ending September 30, 2020. A copy of the proposal engagement letter from Weaver was included in the Board Members' packets. Mr. Baldwin stated that this would be the fourth year for Weaver to perform this audit service for CWA's Pension Plan. Mr. Baldwin noted that Ms. Kerry Franz with Weaver discussed the proposal with the Finance and Audit Committee earlier and was available at today's teleconference meeting to say a few words and to answer any questions from the Board. Mr. Baldwin stated that the proposed fee from Weaver is \$10,000 which is a \$400 increase from the previous three years. It is the first request for an increase since Weaver started providing these audit services in 2017. Ms. Franz thanked the Board for its business and stated that the audit has gone smoothly over the last three years and anticipates it to be the same this year and with that stated that she would be happy to answer any questions from the Board. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

**Motion approving the 2020 Pension Plan Audit Engagement Agreement with Weaver and Tidwell LLP.**

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

**C. Investment Policy Renewal.**

Mr. Baldwin stated that this item is the annual review of CWA's Investment Policy (Policy). The State of Texas Public Funds Investment Act requires the Board to acknowledge the review of the Policy even if no changes are needed by adopting the continuance of the Policy. This year, there was no need for any changes to the Policy. Mr. Baldwin noted that this item was reviewed with the Finance and Audit Committee earlier. A copy of the Policy 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 Resolutions adopting a Continuance of the Investment Policy, Cash and Investment Management Procedure and List of Qualified Brokers/Dealers of the Coastal Water Authority.**

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

**D. Internal Management Report.**

Mr. Baldwin stated this item is CWA's Quarterly Internal Management Report (the Report) detailing the investment activities on all of the Authorities' funds for the quarter ending June 30, 2020 as required by the Texas Public Funds Investment Act. Mr. Baldwin stated that all investments were held to maturity. This item was reviewed with 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 June 30, 2020.**

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

**E. 2021 Budget Preparation Schedule – Update.**

Mr. Baldwin stated that this item was the updated 2021 Budget Preparation Schedule. A Finance and Audit Committee telephonic budget workshop has been scheduled to occur separately after today's Board meeting. All Directors are invited to attend. A copy of the updated schedule was included in the Board Members' packets.

**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 \$16,952.54; the Special Project Equity Fund – in the amount of \$511,386.79; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$35,424.25; the Construction Fund – Series 2015 (Luce Bayou Project) – in the amount of \$229,482.49; the Construction Fund – Series 2016 (Luce Bayou Project) – in the amount of \$1,065,362.18; and the Construction Fund – Series 2017 Loan (Luce Bayou Project) – in the amount of \$783,216.17. 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 Sjolander. The Motion carried unanimously.

**VIII. OLD BUSINESS – Don Ripley**

There were no old business items to discuss.

**IX. NEW BUSINESS – Don Ripley**

Mr. Ripley stated that there were no new business items to discuss, however he did want to take this time to make the Board Members aware that this Friday, October 16, 2020, at 2:00 P.M., there will be a briefing on the Lake Houston Dam Spillway Improvement Project to Congressman Crenshaw at the Lake Houston Pump Station site.

**X. EXECUTIVE SESSION – Wayne Klotz**

**A. Riverside Development Services, Inc. – Request for Abandonment.**

Director Klotz noted the time at 10:35 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 11:02 A.M. Director Klotz stated that no action was taken in Executive Session.

After discussion, in connection with Executive Session, Item A., Riverside Development Services, Inc. – Request for Abandonment, Mr. Neil Thomas, Norton Rose Fulbright, made the following motion.

**Motion to authorize negotiation and approval by the Executive Director of sale or abandonment of the entire remaining identified easement to the applicant at a value that the Board has determined in closed session is acceptable for purchase of the easement.**

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

**XII. ADJOURNMENT** – Wayne Klotz

The meeting was adjourned at 11:03 A.M.



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Thomas A. Reiser, Secretary-Treasurer