

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

April 12, 2023

The Board of Directors (the “Board”) of Coastal Water Authority (“CWA”) convened its Regular Meeting, open to the public, at the CWA Conference Room, 1801 Main Street, Suite 800, Houston, Texas, 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	

CWA Staff

Greg Olinger
John Baldwin
David Miller
James Lewis
Mary Caballero
Todd Vu

City of Houston Staff

(Absent)

General Legal Counsel

Barron Wallace and Mary Buzak, Bracewell LLP

All Members of the Board were present thus constituting a quorum.

Copies of the agenda materials were included in the Board Members’ packets.

I. CALL TO ORDER – Wayne Klotz

A. Welcome.

Director Klotz opened the meeting at 10:00 A.M. and welcomed all guests to the meeting. (The sign-in sheets for those in attendance at the meeting are attached hereto.)

- B. Pledge of Allegiance.**
- C. Salute to the Texas Flag.**
- D. Moment of Silence.**

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 approval of the Minutes of the Board Meeting of March 8, 2023.

A. Minutes of the March 8, 2023 Board Meeting.

Motion approving the Minutes of the Board Meeting of March 8, 2023.
Motion made by Director Council, Seconded by Director Reiser. The Motion carried unanimously.

IV. EXECUTIVE DIRECTOR'S REPORT – Greg Olinger

A. Operations Summary Report.

Mr. Olinger stated that during the month of March 2023, the Trinity River Pump Station (TRPS) pumped 19.1 billion gallons, with a daily average of 615 million gallons per day (MGD), and was 10% above the projected amount of 17.3 billion gallons. With slightly less demands from the East Water Purification Plant, the Lake Houston Pump Station (LHPS) pumped 1.6 billion gallons, with a daily average of 52 MGD, and was 11% less than the projected amount of 1.8 billion gallons. The Capers Ridge Pump Station (CRPS) pumped 1.9 billion gallons, an average of 97 MGD, and was 15% above the projected amount of 2.6 billion gallons. March 2023 was drier than expected with no Lake Houston gate openings during the month. As a result, there were no suspensions in operations at CRPS. There were no questions from the Board.

B. CWA Professional Services Procurement Policy Update.

Mr. Olinger stated that as a follow-up from last month's Board Meeting, CWA staff has completed a review and update of CWA's Professional Services Procurement Policy (Policy). The Policy outlines CWA's process for selecting and awarding contracts for professional services and is consistent with Texas Government Code Chapter 2254, the Professional Services Procurement Act (Act). Mr. Olinger noted that the updates include clarification of the roles and responsibilities of the proposal evaluation and interview teams, the Professional Engineering Services Review Committee (PESRC) and the Finance and Audit Committee (FAC), as well as CWA's Executive Director and Chief Financial Officer. The revisions also include a notation relating to the provisions of the Act applicable to contingent fee contracts for legal services. CWA's general legal counsel, Bracewell LLP, assisted with CWA's review and update of the Policy. The Policy was reviewed with the PESRC on April 4, 2023. Director Klotz observed that the intent of the Policy is to be transparent and compliant with the Act and noted that the Policy will be posted on CWA's website. There were no questions from the Board and Mr. Olinger recommended the motion as presented.

Motion adopting the updated Coastal Water Authority Professional Services Procurement Policy effective April 12, 2023.

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

C. Capers Ridge Pump Station.

Mr. Olinger stated this item is the CRPS Additional Pump Capacity Engineering Services Request for Qualifications (RFQ). As mentioned at last month's Board Meeting, the City of Houston's Houston Public Works has given CWA its consent to proceed with the addition of the four remaining pump and motor systems to build out the CRPS to its full capacity of 500 MGD. The first step in the process involves selecting a firm to complete the design and bid packages. CWA has prepared an RFQ for this effort. The schedule is as follows: CWA will publish the RFQ to its website on April 13, 2023; a pre-proposal site visit will be held on April 19, 2023; RFQ proposals will be due on May 11, 2023; and the RFQ selection recommendation will be presented to the PESRC and subsequently to the Board for consideration during the month of June 2023. Mr. Olinger noted that this item was briefed to the PESRC on April 4, 2023. Director Klotz noted that the remaining Texas Water Development Board Luce Bayou Interbasin Project financing funds will be utilized for this project and that the RFQ process is an open competition for selection of the best qualified firm. There were no questions from the Board and Mr. Olinger recommended the motion as presented.

Motion authorizing the Executive Director to issue a Request for Qualification to provide Engineering Services for the Additional Pump Capacity Project at Capers Ridge Pump Station as part of the Luce Bayou Interbasin Transfer Project.

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

Mr. Olinger stated the next item is an update on the pipeline relocations at the CRPS access road. Coordination with three pipeline owners was initiated last year and design and construction reimbursement agreements for the four pipeline lowerings were executed. The 10-inch Enterprise line was completed last month and the two 10-inch Oneok lines will be completed within the next week. The lowering of the remaining Westlake Chemical (Westlake) line has had schedule challenges resulting from disagreements over reimbursable expenses in the \$2 million range. CWA has worked with Westlake to reach a reasonable agreement on the projected amount of actual additional required expenses, which is now \$104,000 and includes reimbursement of remobilization costs and increased materials costs including pipes, valves, etc. Westlake's contractor is scheduled to remobilize this week and anticipates a 14-day total shutdown construction schedule. Once complete, this will be the last of the required pipeline lowerings for CRPS and CWA will then be able to proceed with the completion of the access road paving and drainage work in the area. Mr. Olinger noted that this item was briefed with the O&M Oversight Committee on April 4, 2023. In response to a question from Director Klotz on the schedule for completion of construction on the roadway and drainage once the line is lowered, Mr. Olinger estimated that the work will be completed in approximately three to four months. On behalf of the Board, Director Klotz recognized Mr. Olinger's diligence and perseverance. There were no further questions from the Board and Mr. Olinger recommended the motion as presented.

Motion authorizing the Executive Director to issue a Contract Amendment with Westlake Chemical in the amount of \$104,000.00 for the lowering of a 10-inch diameter ethylene pipeline below the proposed Capers Ridge Access Road as part of the Luce Bayou Interbasin Transfer Project.

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

D. Request for Canal Abandonment – SE Lateral J.

Mr. Olinger stated this item is a follow up on the request for abandonment of a portion of SE Lateral J. The Board approved publication of a Notice of Intent to Abandon for a 30-day public review period at the February 8, 2023 Board Meeting. A vicinity map with the general location of the canal segment was provided to the Directors. Public notice was published in the Baytown Sun and the Houston Business Journal for four consecutive weeks. During this period, CWA did not receive any inquiries or comments from the public or from adjacent landowners. This item was briefed with the O&M Oversight Committee on April 4, 2023. In response to a question from Director Klotz, Mr. Olinger confirmed that CWA's appraisal utilized the acreage valuation to determine the fair market value of the abandoned easement. There were no further questions from the Board and Mr. Olinger recommended the motion as presented.

Motion to adopt a Resolution for the release, abandonment, and quitclaim of a portion of CWA's SE Lateral J. Canal.

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

E. Vehicle Purchases.

Mr. Olinger stated this item is related to the purchase of two replacement vehicles for two current high-mileage vehicles. Both vehicles are more than five years old with over 100,000 miles. CWA's purchasing agent continually monitors for local inventory and was able to receive multiple bids for each

replacement vehicle. The lowest quote for each vehicle was received from Baytown Ford. This item was briefed with the O&M Oversight Committee on April 4, 2023. 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 Baytown Ford in the amount of \$62,544.00 for the purchase of two replacement vehicles.

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

F. CWA Website Update.

Mr. Olinger stated this item is related to the update of CWA's website. CWA has completed a very significant update to the website with the objectives of creating a more modern look and streamlining the experience for the site's users and visitors. The new website includes an updated "Facility Page", with the updated photos of CWA's facilities; a "Careers Page", to highlight key and critical open positions; a "Permitting Page", to make the utility crossing and new service application process easier; and a "Frequently Asked Questions Page", to allow the public faster access to commonly requested information. Mr. Olinger noted that an off-line version of the website was circulated to the Board for review and comments. Mr. Olinger expressed his appreciation for the Board's feedback and welcomed any other thoughts from the Board to make the site even better. CWA anticipates transitioning to the new site in the next couple of days with the Board Members' comments incorporated. Mr. Olinger recognized the project lead on this effort, CWA's IT Manager, Todd Vu. Mr. Vu conceived the idea of an update, garnered input from the staff, conducted multiple test runs on the site to ensure it was running effectively and efficiently, and saw it all through to completion. Mr. Olinger also recognized John Sealy, CWA's resident drone operator, who provided the bulk of the photos and videos for the upgrade. Mr. Olinger thanked Mr. Vu and Mr. Sealy for a job well done, and on behalf of the Board, Director Klotz recognized Mr. Vu and Mr. Sealy for their stellar efforts.

V. 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, 2023. 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 the revenue stream is adequate and timely. There were no questions from the Board.

B. 2022 Financial Statements Audit Report.

Mr. Baldwin stated that this item is the CWA 2022 Financial Statements Audit Report (Report) for the year ending December 31, 2022, prepared by CWA's Auditors, Weaver and Tidwell, LLP (Weaver). Mr. John DeBurro with Weaver gave a brief presentation to the Board and stated that the Report reflects an "unmodified (clean) opinion" as to the condition of CWA's financial statements. Director Walker and Director Klotz thanked Mr. Baldwin for another successful Report. 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, 2022.

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

VI. DISBURSEMENTS – John Baldwin

Mr. Baldwin stated that this item is the disbursements for the month on the various construction funds. The disbursements to be approved by the Board included the Bayport Capital Improvement Fund – in the amount of \$31,167.00; the Special Project Equity Fund – in the amount of \$399,526.26; and the Construction Fund – Series 2017 Loan (Luce Bayou Project) – in the amount of \$18,243.92. 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.

VII. OLD BUSINESS – Greg Olinger

No items to discuss.

VIII. NEW BUSINESS – Greg Olinger

No items to discuss.

IX. EXECUTIVE SESSION – Wayne Klotz

There was no executive session.

X. ADJOURNMENT – Wayne Klotz

The meeting was adjourned at 10:29 A.M.

[Signature page follows]



Thomas A. Reiser, Secretary-Treasurer