

**GULF COAST WATER AUTHORITY
REGULAR BOARD MEETING
MINUTES**

**COUNTY OF GALVESTON §
STATE OF TEXAS §**

The Board of Directors of the Gulf Coast Water Authority convened at 3:00 p.m. on the 21st day of June, 2012 and duly constituted members of said Board, to wit

R. C. Williams	President
Eric Wilson	Vice-President
Rosalyn Sue Edrozo	Secretary-Treasurer
James McWhorter	Assistant Secretary-Treasurer
James R. Cesarini	Director
Bill Eisen	Director
Ray Holbrook	Director
Russell C. Jones	Director
William Pedersen	Director

A quorum was present. R.C. Williams was not in attendance.

ALSO PRESENT were: Ivan Langford, David Sauer, Nancy Matthews, George Orum, Bobby Gervais, Karen Ivey, Rafael Ortega, Charlie Ganze, Jordan Furnans, Jerry Newell, Chris Canonico, Karen Daly, Rick Gerlach, Scott Carlson, Mike Hodge, Molly Cagle, and Darrell Richardson.

AGENDA:

1. Convene Meeting
2. The public shall be allowed to address one or more agenda or non-agenda items. Each person shall be limited to five (5) minutes, regardless of the number of items addressed.
There were no public comments.

Consent Agenda

3. Approval of the Minutes of the Board of Directors' Regular Meeting held May 17, 2012.
4. Discussion and Approval of an Interlocal Agreement between Brazoria Drainage District No. 4 and Gulf Coast Water Authority to replace an existing flume with dual inverted siphon pipes and authorization for the General Manager to sign the Agreement.
5. Discussion and approval of a work authorization with Geotest Engineering, Inc. for construction material testing of Jones Creek Spillway Replacement, Canal Tract A1.045, Dam 1 and authorization for the General Manager to sign the work authorization.
6. Discussion and approval to amend the technical services agreement with Intera, Inc. for additional work related to the accounting plan in an amount not to exceed \$15,000 with authorization for the General Manager to sign the pertinent documents.

James McWhorter seconded Bill Eisen's motion to approve consent agenda items 3 through 6. The motion carried unanimously.

Reports

7. Managers

- (a) Thomas Mackey Water Treatment Plant (Fund 06)
 - 1) WTP Update
 - 2) Filter #4 rehabilitation
 - 3) Hurricane season preparation
 - 4) Purchase of 80 KVA generator
- (b) Thomas Mackey Water Treatment Plant Transmission (Fund 06)
 - 1) Annual Contract for Water Transmission Repairs
- (c) Canal (Funds 08 & 21)
 - 1) Drought/BRA Update
 - 2) Canal A, Tract A1.045, Jones Creek Spillway Replacement (CIP \$700,000)
 - 3) Canal B, Tract B.104-105 Bridge 27, Knight Flume Replacement (CIP \$1,500,000)
 - 4) Emergency repairs to Motors #1 and #2 at Shannon Plant
 - 5) No. 3 Pump Set at Shannon Plant
- (d) Industrial (Fund 02)
 - 1) Project Updates
 - Meter Installation
 - Pump House Replacement/Refurbishment
 - Ashland Meter Leak Update

See Attached Manager Report.
- (e) Administrative
 - 1) Legislative Consultant Update
 - 2) Administrative Update

See Attached Manager Report.

8. Board Committees

- (a) Financial Committee
 - 1) Discussion and Approval of Monthly Financial Report
Russell Jones stated the Committee met prior to the Board meeting and all funds were on target except Chocolate Bayou. Ivan Langford stated that Investments totaled \$52,087,852.95
- (b) Engineering Committee
James McWhorter reported the Committee met on June 14, 2012 with Committee members James McWhorter, William Pedersen, James Cesarini and staff members present and discussed engineering projects on agenda for approval.
- (c) Organization and Planning Committee
James McWhorter reported the Committee met on June 13, 2012 with Committee members James McWhorter, Russell Jones, Rosalyn Sue Edrozo and William Pedersen, Board Member Ray Holbrook and Ivan Langford present. Topics discussed were Region H State plan, water project procedures, water strategies, Brazos Watermaster, organization chart and the status of the Capital Improvement Plan. Mr. McWhorter commended staff for creating a very detailed plan.

- (d) Personnel and Compensation Committee

Did Not Meet

- (e) Safety Committee

Board Safety Committee did not meet. There was a meeting of all personnel on May 24, 2012 regarding hurricane preparedness and on June 19, 2012 for Risk Management Plan and ammonia safety.

9. Advisory Committees

- (a) Industrial Operating Advisory Committee

Darrell Richardson stated the Committee met on June 20, 2012 and discussed the Capital forecast and engineering projects.

- (b) Mainland Municipal Operating Advisory Committee

George Orum reported the Committee met on June 5, 2012 and discussed water plant status, BRA reservoir capacities, and the Drought Contingency Plan.

10. New Business

- (a) Discussion and approval of Auditor selection process.

Ray Holbrook seconded Bill Eisen's motion for the Financial Committee to interview candidates and bring its recommendation to the Board for approval. The motion carried unanimously.

- (b) Discussion and approval of a construction contract with the Proposer offering the best value, based on the competitive sealed proposal method, for Filter Pipe Gallery Painting and authorization for the General Manager to sign the Agreement.

James Cesarini seconded James McWhorter's motion for approval of a construction contract with Blastco Texas, Inc. for Filter Pipe Gallery Painting in an amount not to exceed \$225,820.00 with authorization for the General Manager to approve change orders not to exceed 10% and sign the pertinent documents. The motion carried unanimously.

- (c) Discussion and approval of Change Order No. 1 with Blastco Texas for Filter Pipe Gallery Painting and authorization for the General Manager to sign the related contract documents.

James McWhorter seconded James Cesarini's motion for approval of Change Order No. 1 with Blastco Texas, Inc. for to paint 24-inch to 48-inch pipes in Filter Pipe Gallery with a price reduction of \$40,000.00 with authorization the General Manager to sign the pertinent documents. The motion carried unanimously.

- (d) Discussion and approval of an engineering services contract and work authorization with Jones and Wight, LLC for inspection of Filter / Pipe Gallery Painting at the Thomas Mackey Water Treatment Plant and authorization for the General Manager to sign pertinent documents.

Bill Eisen seconded James McWhorter's motion to approve an Engineering Services Contract and Work Authorization with Jones and Wight, LLC for inspection of Filter/Pipe Gallery Painting at the Thomas Mackey Water Treatment Plant in an amount not to exceed \$12,000.00 with authorization

for the General Manager to sign the pertinent documents. The motion carried unanimously.

- (e) Discussion and approval of a construction contract with the Proposer offering the best value, based on the competitive sealed proposal method, for Annual Contract for Water Transmission and authorization for the General Manager to sign the agreement and related contract documents.
William Pedersen seconded James McWhorter's motion to approve a construction contract with D. Wagner Construction, Inc. with an allocation of \$160,000.00 for an Annual Contract for Water Transmission with authorization for the General Manager to sign the pertinent documents. The motion carried unanimously.
- (f) Consider support of Water Master Program in Brazos River Basin.
James Cesarini seconded Ray Holbrook's motion to approve of GCWA's support of TCEQ's adoption of a Watermaster Program in Brazos River Basin. The motion carried unanimously.
- (g) Discussion and approval of Second Crop Water to the Rice Farmers and authorization for the General Manager to sign the pertinent documents.
William Pedersen seconded Bill Eisen's motion to approve of Second Crop Water to the Rice Farmers at the price of \$33.34/Acre with authorization the General Manager to sign the pertinent documents. The motion carried unanimously.
- (h) Discussion and approval of a Water Capacity Lease Agreement with the City of South Houston to lease/purchase 1 MGD with authorization for the General Manager to sign the pertinent documents in substantially the same form as presented.
Ray Holbrook seconded James McWhorter's motion to approve of a Water Capacity Lease Agreement with the City of South Houston to lease/purchase 1 MGD contingent upon the City of Houston's approval with authorization for the General Manager to sign the pertinent documents in substantially the same form as presented. The motion carried unanimously.
- (i) Discussion and approval of the First Addendum to First Supplement to Second Amended and Restated Water Supply Contract between Gulf Coast Water Authority and the City of League City for the lease/sale of 1 MGD with authorization for the General Manager to sign the pertinent documents in substantially the same form as presented.
Rosalyn Sue Edrozo seconded Bill Eisen's motion to approve the First Addendum to First Supplement to Second Amended and Restated Water Supply Contract between Gulf Coast Water Authority and the City of League City for the lease/sale of 1 MGD with authorization for the General Manager to sign the pertinent documents in substantially the same form as presented. The motion carried unanimously.
- (j) Discussion and approval of GCWA accounting plan submittal to TCEQ and authorization for the General Manager to sign the pertinent documents.
James Cesarini seconded Rosalyn Sue Edrozo's motion to approve GCWA accounting plan submittal to TCEQ after final review by Staff and Legal Representatives with authorization for the General Manager to sign the pertinent documents. Jordan Furnans gave a report regarding accounting plan requirements. The motion carried unanimously.

- (k) Discussion and approval of the sole source purchase of air scour equipment for Filters 1 through 4 at the Thomas S. Mackey WTP with authorization for the General Manager to sign the pertinent documents.
Bill Eisen seconded William Pedersen's motion to approve the sole source purchase of air scour equipment for Filters 1 through 4 at the Thomas S. Mackey WTP from WWaterTech, Inc. in the amount of \$366,900.00 and authorization for the General Manager to sign the pertinent documents. The motion carried unanimously.
- (l) Discussion and approval of the purchase of a Baldor TS80 (80 KVA trailer mounted) emergency generator for use at the Thomas S. Mackey WTP, and elsewhere within GCWA if needed, and authorization for the General Manager to sign the purchase requisition.
James McWhorter seconded Bill Eisen's motion to approve the purchase of a Baldor TS80 (80 KVA trailer mounted) emergency generator from USA Bluebook in the amount of \$30,945.00 with authorization for the General Manager to sign the purchase requisition. The motion carried unanimously.
- (m) Discussion of audio/visual equipment options for the Administration Office.
Board discussed the possible solutions presented. No action taken.

The Board adjourned to Executive session at 4:40 pm.

11. Executive Session

- (a) The Executive Session is held in accordance with Texas Open Meeting Act, (Vernon's Civil Statutes) Texas Government Code, Section 551.071 – Consultation with attorney and Section 551.072 -- Deliberation regarding real property, to discuss the following:
- 1) GCWA Canal A Certificate of Adjudication – Accounting Plan preparation and proposal.
 - 2) Pending mediation at TCEQ involving Fort Bend WCID #1 and/or City of Sugar Land request to amend Certificate of Adjudication to add irrigation use.
 - 3) Pending litigation regarding Brazos River Authority System Operations Permit – Accounting Plan and Water Management Plan.

Board reconvened from Executive Session at 6:25 p.m. with the exception of William Pedersen who left at 5:37 p.m.

12. Discussion and consideration of possible action involving the following:

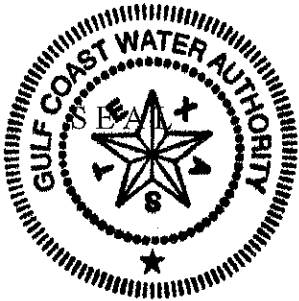
- (a) GCWA Canal A Certificate of Adjudication – Accounting Plan preparation and proposal.
No action taken.
- (b) Pending mediation at TCEQ involving Fort Bend WCID #1 and/or City of Sugar Land request to amend Certificate of Adjudication to add irrigation use.
No action taken.
- (c) Pending litigation regarding Brazos River Authority System Operations Permit – Accounting Plan and Water Management Plan.
No action taken.

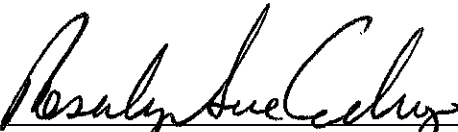
13. Adjourn.

If, during the course of the meeting covered by this Agenda, the Board should determine that an executive session of the Board should be held or is required in relation to any additional items included in this Agenda, then such executive session, as authorized by the Texas Open Meetings Act, will be held by the Board at the date, hour, and place given in this Agenda concerning any and all subjects and for any and all purposes permitted by Sections 551.071-551.084 of the Texas Government Code, including, but not limited to, Sections 551.071 and 551.072 for the purpose of a private consultation with the Board's attorney on any or all subjects or matters authorized by law.

Eric Wilson adjourned the meeting at 6:25 p.m.

PASSED AND APPROVED this the 19th day of July, 2012.





Rosalyn Sue Edrozo
Secretary-Treasurer

**GULF COAST WATER AUTHORITY MISSION STATEMENT:
-EXCELLENCE-**

To deliver a reliable quantity and quality of water cost effectively to our customers and provide employees the opportunity to learn, grow & succeed in a safe working environment.

Assistant General Manager's Report

June 21, 2012

(b) Thomas Mackey Water Treatment Plant Distribution (Fund 06)

• Annual Contract for Water Transmission Repairs

As stated at the May 17th board meeting we do have under New Business Item 10 (e) an agenda item for approval of an Annual Contract for water transmission repairs. A Scope of work for various types of pipe repairs was developed, advertised and Competitive Sealed Proposals were submitted. A total of 5 bid packets went with only 3 contractors submitting bids. We can discuss further under the actual agenda item.

(e) Canal (Funds 08 & 21)

1) Drought/BRA System Update

• 2012 Brazos River Reservoir Levels (System Total):

- June 13, - 94%, May, - 95%, April - 96%, March – 85%, Feb – 78%, Jan – 63%
- System Total in June 2011 - 86%
- This time last year we were already releasing 450cfs. To date no releases have been called for and none are expected in the near future.
- **System Projection has been suspended since all reservoirs are still in good shape**

• Somerville:

- June 13, 100%, May, - 101% , April – 133%, March – 80%, Feb -58% , Jan – 40%,

• Lake Limestone:

- June 13, 93%, May, - 97%, April – 100%, March – 91%, Feb – 75%, Jan – 53%,

• Stillhouse:

- June 13, 96%, May, - 94%, April – 93%, March – 65%, Feb – 61%, Jan – 61%

• Belton:

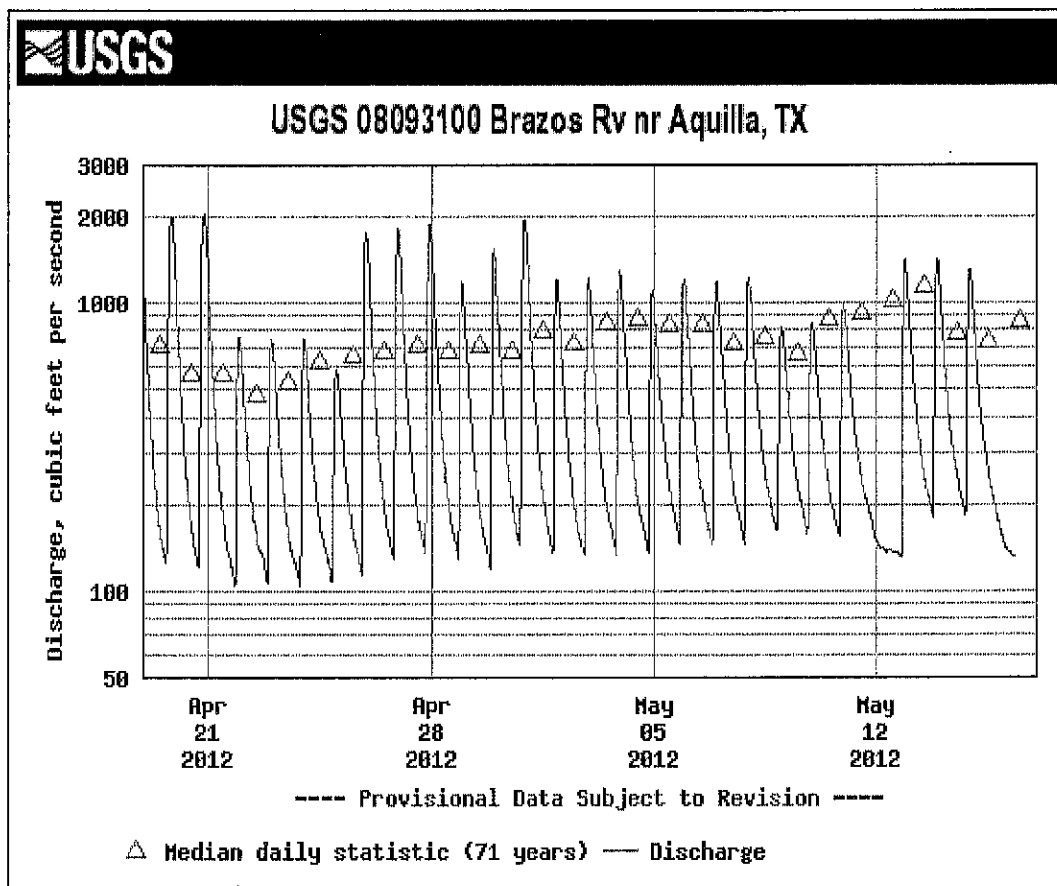
- June 13, 100%, May, - 100%, April 11– 103%, March – 92%, Feb – 76%, Jan – 70%,

• Possum Kingdom:

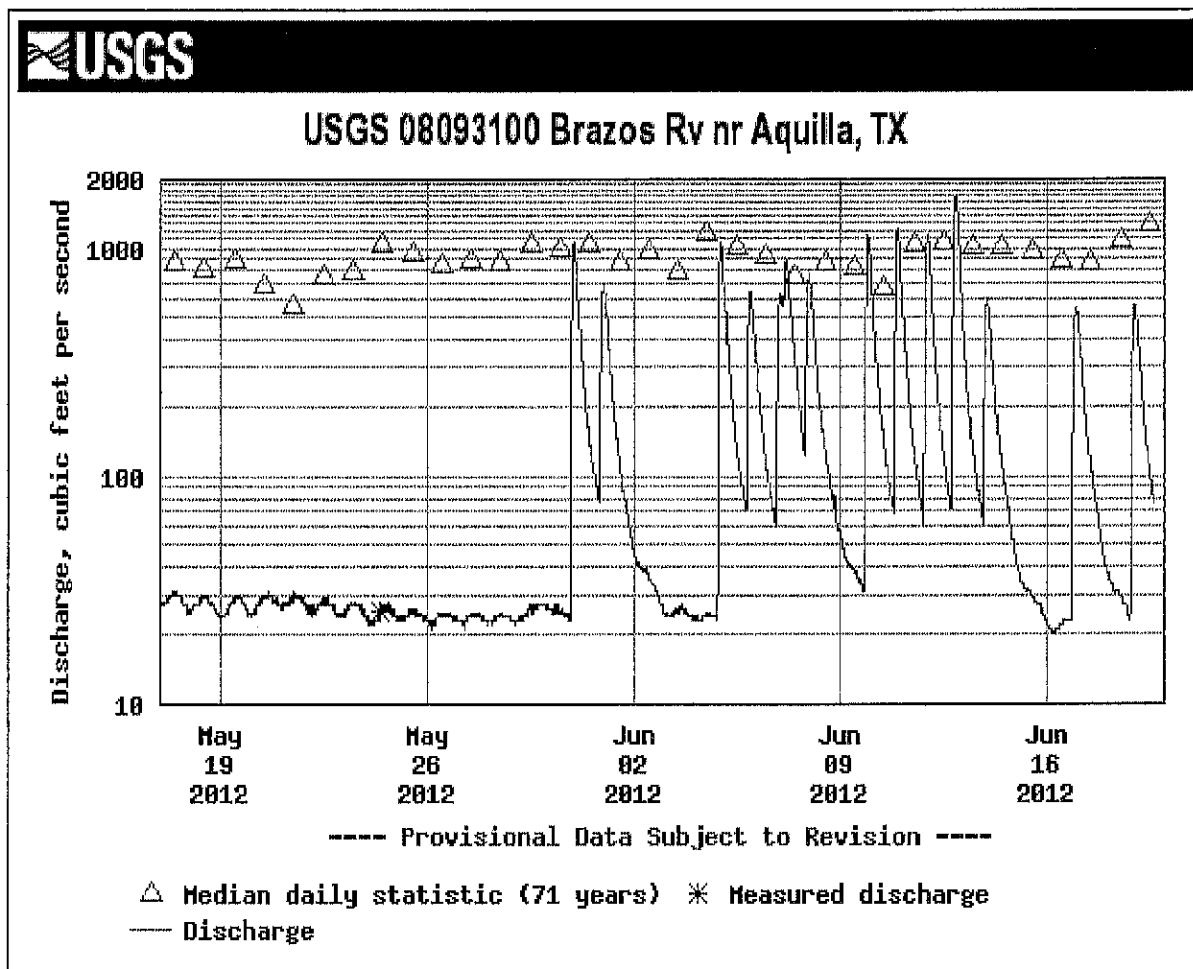
- June 13, 84%, May, - 86%, April 11 – 88%, March – 84%, Feb – 81%, Jan – 75%

As of today we have purchased the following quantities of Interruptible Water from the listed sources and at the following price. All costs will be reimbursable from the customers for which the water was purchased.

Contract Source	Quantity (A/F)	Price	Use Type
BRA #1	36,527	\$ 1,598,081.21	Rice Irrigation
BRA #2	629	\$ 27,543.75	Rice Irrigation
City of Rosenberg	4,380	\$ 274,350.00	Industrial
City of Richmond	2,892	\$ 181,350.00	Industrial
Totals	44,428	\$ 1,900,156.31	



The graph above represents release for power generation out of Lake Whitney between April 20 and May 16. Each day beginning around 3:00pm and continuing until approximately 10:00pm anywhere from 1,500cfs and 2,000cfs is being released for power generation. BRA's storage at this time was 100%



The graph above represents releases for power generation out of Lake Whitney between May 17 and June 19. BRA storage is currently 99%.

- 2) **Canal A, Tract A1.045, Jones Creek Spillway Replacement (CIP \$850,000)**
 Final Completion inspection was performed on June 12th. There are a few outstanding invoices, but we feel the project will be completed for \$848,630.65.

- 3) **Canal B, Tract B.104-105 Bridge 27, Knight Flume Replacement (CIP \$1,500,000)**
 The project is complete, however, one warranty item remains to be completed which is a small leak at bent #3. Efforts by NBG Contractors to repair the leak from the outside were successful on one side of the flume; however, the opposite side continues to leak a very small amount. Freese Nichols is evaluating optional repair methods for that site. As-Built Drawings were recently received and will be reviewed with the Engineering Committee at the July meeting. The project was completed for \$1,520,337.06, which was \$20,337.06 over budget.

- 4) **Emergency Repairs to Motors # and #2 at Shannon Plant**
At the May 17th board meeting emergency repairs not to exceed \$250,000 was approved to repair motors flooded during the May 12th rainfall event. Both motors were pulled and sent to Southwest Industrial Motors on Tuesday May 15th to be cleaned, checked and dried. Pump #1 was back in operation on May 22 at 4:00pm. Pump # 2 took a little longer for repair due to some issues with the motor bearings It was placed back in service on June 6, 2012at 9:00am. The Operators state the pumps have not been this smooth in a long time.

5. **No. 3 Pump Set at Shannon Plant**
We had anticipated supplying water to our customers with #3 pump, the smallest pump at the Shannon Plant which pumps approximately 40,000gpm. However, after several attempts to start it we determined the impeller was spinning on the shaft. Pump and Motor #3 were both pulled for repair. The motor went to SW Industrial Motors, the pump was sent to Ruhrpumpen. We have a meeting at 9:00am Friday at Ruhrpumpen's shop to look at the pump and hopefully we will have a recommendation at the July board meeting for approval. This repair is not being treated as part of the emergency repairs.

Industrial (Fund 02)

1) **Project Updates**

• **Meter Installation**

SUE work has been completed on all sites with the exception of Marathon. Genesis Pipeline is installing a new line and is currently working at this site. Once their work is complete the SUE work will be done at that location. So far none of the exploration has revealed any major obstructions that would hinder the meter installation.

• **Pump House Replacement/Refurbishment**

LAN is proceeding with non-destructive testing of existing 36" and 42" discharge piping as well as the underwater investigation of the existing wet well. When we have the results of these two items, we will present the results to the Industrial Committee and the Board for further review. The non-destructive testing is scheduled for Wednesday, July 11th. Our crews will make the excavation and LAN will perform the testing. Parts have been ordered and will be on hand to make any repairs necessary in the event of a pipe failure

• **Ashland Meter Leak Update**

All parts are on hand and Hugh Patrick is scheduled to begin repairs Monday, June 25th. Repairs should be complete within 2 - 3 days.

Date June 19, 2012
To Board of Directors
From Ivan Langford
RE General Manager's Monthly Highlight Report for June

Customer visits –

May 18 – League City and South Houston; with Mike Loftin and Mayor Paulissen, and City of South Houston staff to discuss water purchase of 1 MGD from South Houston – (SE water plant water).

May 25 – Sugarland; informal meeting with city staff, SuEllen and Karen, to discuss settlement of outstanding issues from TCEQ mediation.

June 6 – League City; on-going discussion with City of League City on alternate water supplies.

June 12 – Missouri City; attended ribbon cutting of their new surface water treatment. Also met with Assistant City Manager of College Station, Frank Simpson, to discuss possibility of obtaining return flow water from their bed and banks permit.

June 18 – League City; meeting with Mike Loftin, Mayor Paulissen, and city staff, further discussion on water supply options.

June 18 – Sugarland; informal meeting with city staff, SuEllen Staggs and Karen Daly, to discuss settlement of outstanding issues from TCEQ mediation.

June 21 – Dickinson; meeting with WCID#1 General Manager David Paulissen, to discuss interruptible water supply contract.

Internal Operations –

May 24 – TMWTP; all employee meeting to present new Hurricane Procedure Policy. May 25 – TMWTP; local engineer, Jim Gartrell, to discuss re-evaluation of wind load rating on control building.

May 29 – TMWTP; discussion of problems on filters 1 – 4, and possible solutions.

May 30 – Admin; First review of TMWTP CIP.

June 4 – Admin; presentation by HDR Engineering on future surface water treatment considerations.

June 7, 8, 11, 12 – Admin; CIP preparation with staff.

June 8 – Admin; meeting with Ron Freeman, Molly Cagle, and Jordan Furnans to review Juliff / Briscoe accounting plan.

June 19 – League City; attended WEB EOC software application training provided by Galveston County Office of Emergency Management. Gives GCWA full access to county- wide emergency response operations, including man-made and natural disasters.

External Contacts –

May 22 – Milano, Texas; meeting with Gary Westbrook, General Manager of the Post Oak – Savannah Ground Water District to discuss possibility of permits to transfer groundwater to GCWA via Brazos River.

May 22 – BRA – Waco; attended Brazos River Authority customer workshop on system water rates.

May 23 – Beaumont – LNVA; with David, Mack, and Juan for joint meeting with Lower Neches Valley Water Authority staff to compare canal operational procedures, vegetation control, rice farming metering and tour their facilities.

May 24 – Texas City; speech to Galveston County Economic Development Alliance Board of Directors.

May 25 – Richmond; meeting with City Manager and Mayor of Richmond to finalize purchase of their BRA stored water.

May 25 – GCWA Dam 1- Sugarland; with Fort Bend County and City to discuss needed repairs to Dam 1 structure. Drainage District/County and Sugarland to repair this summer.

May 30 – Houston; meeting with COH Deputy Director of Public Works, Mark Loethen, to discuss replacement of 42" water line along Hwy 3 to League City.

June 1 – Austin; TWDB office with Robert Mace, Larry French, and Ruben Solis to discuss groundwater discharge into the Brazos River (conjunctive use) and, possible funding / grant opportunities for study of low flow water loss of groundwater discharged up stream in the Brazos River to GCWA.

June 4 –Rosenberg; TCEQ public hearing on proposed Watermaster Program for the Brazos River.

June 5 –Bryan; meeting with BRA staff to discuss how BRA calculates "inflow credits" for senior rights holders that predate construction of reservoirs on the Brazos River.

June 5 – Bryan; BRA sponsored public hearing on their proposed Water Management Plan (System Ops Permit).

June 6 – Lake Conroe; quarterly Region H Water Planning Group, sat in as alternate for R. Istre.

June 7 – Texas City; Galveston County Office of Emergency Management, kickoff meeting of hurricane season.

June 11 – Texas City; meeting with President of the Coastal Water Authority, Wayne Klotz, to discuss obtaining more water from COH, Southeast Plant expansion, and replacement of 42" Hwy 3 COH water line.

June 14/15 – Horseshoe Bay; attended Texas Water Conservation Association conference.

June 19 – Freeport; meeting with Gena' and other DOW Chemical staff, along with Jordan, to discuss 'inflow credits' and lower Brazos basin water modeling.

Upcoming –

June 25 – Brazoria County; Agri-Life sponsored tour on farming in Brazoria County.

June 27 – Admin; meeting with representatives of Goodman Corporation on desalination considerations.

June 28 – Dam 3 vegetation control rake mechanism; meeting with Sugarland staff to discuss option to build something similar upstream of Dam 1.

June 29 – Alvin; Board retreat.

July 17 & July 30/31 – Waco; BBASC meeting at BRA offices.