

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

**TO: The Board of Directors' of the Gulf Coast Water Authority of Galveston County, Texas and to all other interested persons:**

Notice is hereby given that the Board of Directors of the Gulf Coast Water Authority of Galveston County, Texas, will meet on Thursday, July 19, 2012, at 3:00 p.m. at the Authority's Administrative Office located at 3630 Highway 1765, Texas City, Texas, for the following purpose(s):

The Board of Directors of the Gulf Coast Water Authority convened at 3:00 p.m. on the 19<sup>th</sup> day of July, 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
Bill Pedersen	Director

A quorum was present. Rosalyn Sue Edrozo arrived at 3:12 p.m.

**ALSO PRESENT** were: Ivan Langford, David Sauer, Bob Webb, Nancy Matthews, John Martinez, James Vanderwater, George Orum, Karen Ivey, Bobby Gervais, Darrell Richardson, Missy Davidson, Ron Cox, Jerry Newell, Rafael Ortega, Brenda Bradley Smith, Jason Afinowicz, Mike Hodge, Cody Cockroft, Rick Gerlach, and Jeff Peters.

**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 June 21, 2012.
4. Approval of the Minutes of the Board of Directors' Retreat held June 23, 2012.
5. Discussion and Approval of a Crossing Agreement between Gulf Coast Water Authority and Corum Production Company for a 2 and 7/8-inch natural gas pipeline crossing under Tract G-49 in Texas City, Texas with authorization for the General Manager to sign the Agreement.
6. Discussion and Approval of the sole source purchase of plastic inserts for Filters 1 through 3 at the Thomas S. Mackey Water Plant with authorization for the General Manager to sign the pertinent documents.

**William Pedersen seconded Eric Wilson's motion to approve consent agenda items 3 through 6. The motion carried unanimously.**

Reports

7. Managers (See attached report from David Sauer)
  - (a) Thomas Mackey Water Treatment Plant (Fund 06)
    - 1) WTP Update
    - 2) Liquid Copper Sulfate Feed System
    - 3) Emergency Generator
  - (b) Canal (Funds 08 & 21)
    - 1) Brazos River Update
    - 2) No. 3 Pump Set at Shannon Plant
  - (c) Industrial (Fund 02)
    - 1) Project Updates
      - Pump House Replacement/Refurbishment/Header Inspection
      - Ashland Meter Leak Update
  - (e) Administrative (See attached report from Ivan Langford)
    - 1) Legislative Consultant Update
    - 2) Administrative Update
  
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 Wayne Baker and Albert Shannon of Frost Bank gave investment portfolio presentation. The Committee will be taking another look at the investment policy. Ivan Langford stated that Investments totaled \$51,766,000.**
  - (b) Engineering Committee  
**James McWhorter stated Committee met on July 12 with members James McWhorter, James Cesarini, and William Pedersen present. The Committee discussed Freese and Nichols' proposal to update Region H projects, update on Archer Lakes improvement project, Interruptible water contracts, and potential for future improvement projects.**
  - (c) Organization and Planning Committee  
**Committee did not meet**
  - (d) Personnel and Compensation Committee  
**Committee did not meet**
  - (e) Safety Committee  
**R. C. Williams reported safety meetings were held at TMWTP for ammonia safety and FIT testing and in Alvin for oxygen/acetylene safety. He reported there had been no recordable accidents for one year.**
  
9. Advisory Committees
  - (a) Industrial Operating Advisory Committee  
**Darrell Richardson reported the Committee met and concentrated on CIP and were concerned water rates would be considerably higher. Committee requested that budget only what could be addressed within the coming year to keep budget increases at a minimum. He stated the Committee declined the rental of emergency generators for the IPS.**
  - (b) Mainland Municipal Operating Advisory Committee  
**George Orum reported the Committee met and discussed WTP update, ongoing maintenance, future water supply, and the sale of Interruptible water contracts. The Committee set August 7<sup>th</sup> at 9:00 a.m. for budget presentation.**

10. New Business

- (a) Discussion and possible action of selection of the firm, Jansen and Gregorczyk, to perform a Management Audit as required by the Texas Administrative Code, Chapter 292.1 with authorization for the General Manager to sign the pertinent documents.

**Russell Jones seconded Bill Eisen's motion to approve the selection of Jansen and Gregorczyk to perform a Management Audit as required by the Texas Administrative Code, Chapter 292.1 in an amount not to exceed \$30,000.00 with authorization for the General Manager to sign the pertinent documents. Ivan Langford reported ten (10) firms were sent proposal packages and only two responses were received. He stated Jansen and Gregorczyk was the only qualified respondent and the process would take thirty to sixty days to complete. The motion carried unanimously.**

- (b) Discussion and possible action to retain Ron Cox Consulting to provide Human Resource related services in an amount not to exceed \$17,000 and authorization for the General Manager to sign the pertinent documents.

**Eric Wilson seconded James McWhorter's motion for approval to retain Ron Cox Consulting to provide Human Resource related services in an amount not to exceed \$17,000 and authorization for the General Manager to sign the pertinent documents. James Cesarini questioned whether 15% administrative fees were negotiable and Ron Cox agreed to lower administrative fees to 10%. Ivan Langford reported items to address include GCWA Personnel Policy Review, Classification and Pay Plan, Hiring Procedures, and Employee Training. A discussion followed regarding the Condrey Report performed in 2011 and its failure to address these issues and be properly implemented by the Board. Eric Wilson stated salary compression was a concern and requested the Classification and Pay plan deal with tenured employees. Ron Cox stated these items would be addressed and overall would offer plans for development and implementation and draft procedures would be presented to the Personnel Committee. The motion carried unanimously.**

- (c) Discussion and possible action of a construction contract with the most qualified bidder, based on the competitive sealed proposal method, for Air Scour for Filters Numbers 1 to 4 at the Thomas S. Mackey Water Treatment Plant and authorization for the General Manager to sign the related documents.

**James Cesarini seconded James McWhorter's motion for approval of a construction contract with Pepper-Lawson Waterworks, LLC for Air Scour for Filters Numbers 1 to 4 at the Thomas S. Mackey Water Treatment Plant and authorization for the General Manager to sign the related documents in an amount not to exceed \$387,200.00. James Vanderwater explained the contract is for installation of air scours as required by TCEQ. He stated this installation would increase backwash efficiency and had been reviewed by the Engineering Committee. The motion carried unanimously.**

- (d) Discussion and possible action of a construction contract with the best bid, for Potable Transmission System 36" Water Line Repair over the Causeway and authorization for the General Manager to sign the related documents subject to City of Galveston approval of contract and authorization to use bond proceeds from Water System Contract Revenue Bonds City of Galveston Series 2002.

William Pedersen seconded Eric Wilson's motion to approve a construction contract with BRH-Garver Construction, L.P. for Potable Transmission System 36" Water Line Repair over the Causeway and authorization for the General Manager to sign the agreement and related contract documents in an amount not to exceed \$1,007,198.50 subject to City of Galveston approval of contract and authorization to use bond proceeds from Water System Contract Revenue Bonds City of Galveston Series 2002. Eric Wilson stated Galveston's original line was installed in 1894, the 30-inch line was installed in 1919, and the 36-inch line was installed in 2002 as part of the TMWTP expansion. James Vanderwater reported this construction contract would provide joint rehabilitation and replace some sections underground to extend the life of the line by 7 to 10 years. The motion carried unanimously.

- (e) Discussion and possible action of a work authorization with Jones and Wight, LLC for inspection of Potable Transmission System 36" Water Line Repair over the Causeway with authorization for the General Manager to sign pertinent documents subject to approval by the City of Galveston.

**James Cesarini seconded Eric Wilson's motion for approval of a work authorization with Jones and Wight, LLC for inspection of Potable Transmission System 36" Water Line Repair over the Causeway in an amount not to exceed \$64,125.00 and authorization for the General Manager to sign pertinent documents subject to City of Galveston approval of contract and authorization to use bond proceeds from Water System Contract Revenue Bonds City of Galveston Series 2002. The motion carried unanimously.**

- (f) Discussion and possible action of Grazing Leases with authorization for the General Manager to sign the pertinent documents.

**David Sauer made recommendation to Board to reject all leases due to imminent drainage project that would destroy all the grass. David stated that the high bidder could not remove brush as stipulated in lease agreement. David explained the land was purchased for a future 500 acre Reservoir C. James McWhorter stated a study needs to be done to determine what to do with the property and bring back to the Board with a recommendation. Rosalyn Sue Edrozo seconded William Pedersen's motion to reject all Grazing Leases on Parcel I and Parcel II located on the Industrial Reservoir property in Texas City, Texas. The motion carried unanimously.**

- (g) Discussion and possible action of the rental of generator(s) for the Industrial Pump Station during hurricane season and authorization for the General Manager to sign the pertinent documents.

**Agenda Item withdrawn by General Manager as recommended by the Industrial Advisory Committee. No action taken.**

- (h) Discussion and possible action of work authorization with Freese and Nichols for further evaluation of selected future water supply strategies in an amount not to exceed \$35,000.00 with authorization for the General Manager to sign the pertinent documents.

**Bill Eisen seconded James Cesarini's motion for approval of work authorization FN0909 with Freese and Nichols for further evaluation of selected future water supply strategies in an amount not to exceed \$35,000.00 with authorization for the General Manager to sign the pertinent**

documents. Ivan Langford reported that a technical memorandum was required to submit to Region H Planning Committee for approval of inclusion on State Water Plan. The motion carried unanimously.

- (i) Discussion and possible action authorizing the General Manager to enter into Interruptible Water Contracts with current GCWA customers of the Thomas Mackey Water Treatment Plant.

**Russell Jones seconded James McWhorter's motion for approval to authorize the General Manager to enter into Interruptible Water Contracts with current GCWA customers of the Thomas Mackey Water Treatment Plant for one year and amend to add stipulation for inclusion of capital costs. Ivan Langford reported the City of League City would be offered the same interruptible contract as WCID#1 and offered to other customers if available based on plant capacity. Ray Holbrook opposed and James Cesarini abstained. The motion passed.**

- (j) Set date and time for dedication of Juliff Pump Station.  
**James Cesarini seconded James McWhorter's motion for approval to set the date and time of the dedication of the Juliff Pump Station for August 29, 2012 at 9:00 a.m.**

**Board Convened to Executive Session at 4:40 p.m.**

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 J 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 in Open Session at 5:23 p.m.**

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

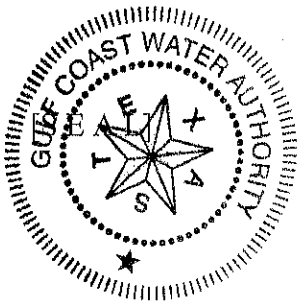
- (a) GCWA Canal J Certificate of Adjudication – Accounting Plan preparation and proposal.  
**No Action Taken.**
- (b) Pending mediation at TCEQ involving Fort Bend WCID #1 and/or City of Sugar Land request to amend Certificate of Adjudication to add irrigation use.  
**No Action Taken.**
- (c) Pending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

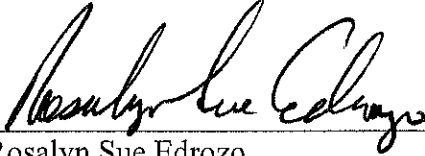
13. Adjourn.

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.

R.C. Williams adjourned the meeting at 5:24 p.m.

**PASSED AND APPROVED** this the 16<sup>th</sup> day of August, 2012.



  
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Rosalyn Sue Edrozo  
Secretary-Treasurer

## David Sauer's Manager Report

July 19, 2012

**(a) Thomas Mackey Water Treatment Plant (Fund 06)**

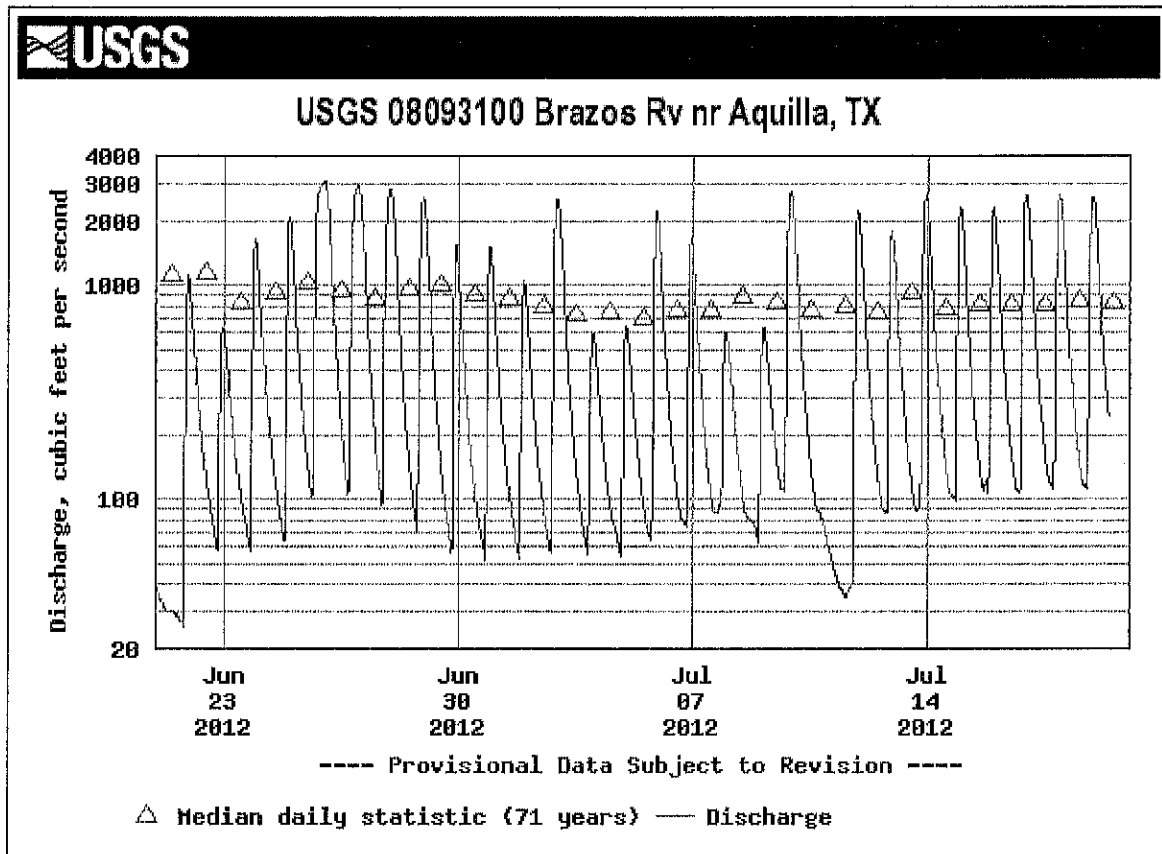
- 1) WTP Update
- 2) Liquid Copper Sulfate Feed System
- 3) Emergency Generator Update

**(b) Canal (Funds 08 & 21)****1) Brazos River Update**

- **2012 Brazos River Reservoir Levels (System Total):**
  - July 11, -92%, June - 94%, May, - 95%, April - 96%, March – 85%, Feb – 78%, Jan – 63%
  - System Total in July 2011 - 79%
- **Somerville:**
  - July 11, 97%, June, 100%, May, - 101% , April – 133%, March – 80%, Feb -58% , Jan – 40%,
- **Lake Limestone:**
  - July 11, 90%, - June, 93%, May, - 97%, April – 100%, March – 91%, Feb – 75%, Jan – 53%,
- **Stillhouse:**
  - July 11, 94%, June 96%, May, - 94%, April – 93%, March – 65%, Feb – 61%, Jan – 61%
- **Belton:**
  - July 11, 98%, June 100%, May, - 100%, April 11– 103%, March – 92%, Feb – 76%, Jan – 70%,
- **Possum Kingdom:**
  - July 11, 84%, June, 84%, May, - 86%, April 11 – 88%, March – 84%, Feb – 81%, Jan – 75%

The recent rains increased flows in the lower basin. Flows at the Bryan gauge peaked at 1,800 cfs on 7/11. Flows at Hempstead peaked at 2,860 cfs on 7/12. Flows at Richmond peaked at 14,800 cfs on 7/13 and flows at Rosharon peaked at 14,100 cfs on 7/14. This morning flows at Hempstead were down to 1,550 cfs and Rosharon was down to 3,290 cfs.

We did not see significant rain above Bryan/College Station to make a difference. However, as indicated in the graph below, power generation continues at Lake Whitney which helps with the flow in the central basin.



2. **No. 3 Pump Set at Shannon Plant**

We visited Ruhrpumpen's shop on June 22<sup>nd</sup> and determined a new impellor needed to be cast. A scope was prepared and informal quotes were received. All quotes received exceeded the sealed bid requirements. We are meeting next week to finalize the scope of work.

(c) **Industrial (Fund 02)**

1) **Project Updates**

• **Pump House Replacement/Refurbishment/Header Inspection**

We met with two vendors regarding the underwater robotic inspection of the wet pits at the IPS. Each vendor will provide a recommendation for the evaluation based on the site visit. We also conducted non-destructive testing of the existing 36" and 42" discharge piping. When we have the results of these two items, we will present the results to the Industrial Committee and the Board for further review.

• **Ashland Meter Leak Update**

Hugh Patrick began repairs on Monday, June 25<sup>th</sup> as scheduled. The project was completed July 6<sup>th</sup>. The reason the repair took so long was because Ashland's pipe was 2/3 full of clams and they requested we pull off and let them remove the clams.



**MEMO**

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

**Customer visits –**

June 28 - Meeting with Matt Abraham, INEOS; contract negotiations.

June 28 – Meeting at Dam 3 vegetation control rake mechanism with City of Sugar land staff to discuss option to build something similar upstream of Dam 1.

July 2 – Meeting with Mike Loftin, City of League City on alternate water supply.

July 11 – Customer workshop.

July 13 – Meeting with Texas City staff regarding reservoir development off Century Blvd.

July 16 – Meeting with League City staff and Mayor.

**Internal Operations –**

June 22 – Review teardown of Shannon Pump #3 at Ruhrpumpen, Houston.

June 23 – Meeting with Mustang Engineering, discussed their capabilities and concerns of GCWA liability release requirements.

June 26 – Meeting with F/N to complete requirements needed to complete the State required Dam Safety EAP.

June 27 – Meeting with manufacturer reps on vacuum assisted drying beds; under consideration at TMWTP to replace current land application practices.

June 29 – Board retreat, Alvin.

July 2 – Meeting with F/N on developing tech memo for submittal to Region H on alternative water supplies.

July 6 – Meeting with Jonathan Frels, bond advisor on financing capital projects.

July 12 – Meeting with City of League City staff and Gal. Cnty. Grant staff to discuss possibility of grant for water line rehabilitation.

July 16 – Meeting with NRG Energy Services regarding back up power for IPS.

July 17 – Meeting with GCWA staff and League City staff/consultants to “scope” water line rehabilitation project if funded by grant.

**External Contacts –**

June 21 – Meeting with Charlie Ganz Gulf Coast Waste Disposal Authority.

June 25 – Brazoria County Agri-Life (Extension Service); Agri-Life sponsored day long tour of the agriculture industry in southern Brazoria County. Representatives from three state legislative offices, other county elected officials, and farmers were present.

June 27 – Meeting with representatives of Goodman Corporation on desalination considerations.

June 27 – TC-LM Chamber legislative committee meeting.

July 9 – Meetings with City of College Station and City of Bryan concerning GCWA purchase of their return flow water in the Brazos River.

July 12 – Brazoria County Alliance quarterly meeting in Angleton.

July 17 – Waco; BBASC meeting at BRA offices; and meeting with BRA staff on explanation of credits and interruptible water contracts.

**Upcoming –**

July 20 – Texas Water Conservation Association – Authority General Managers quarterly briefing.

July 23 – Region H Population Subcommittee meeting, Houston.

July 24 – Laserfiche project briefing.

July 24 – Meeting with City of Manvel.

July 25 – Follow up meeting with NRG Services.

July 30/31 – BBASC meeting in Waco with BRA and other Brazos River customers and interests.

August 7 – Presentation of budget to Mainland Advisory Committee

August 8 – Presentation of budget to Industrial Advisory Committee.

August 9 – Waco; BBASC meeting at BRA offices.