

**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 15th day of November, 2012 and duly constituted members of said Board, to wit

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
Shane Hamilton	Director

A quorum was present. All members were in attendance.

ALSO PRESENT were: Ivan Langford, David Sauer, Bob Webb, Nancy Matthews, James Vanderwater, Mack Chapman, George Orum, Bobby Gervais, Karen Ivey, Rafael Ortega, Pramod Bengani, Darrell Richardson, Trent Slovak, Jody Hooks, Scott Carlson, and Rick Gerlach.

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 was no public discussion.
3. Re-Appointment of Board member(s) Eric Wilson and James Cesarini.
 - (a) Statement of Officer
 - (b) Oath of Office

The Statement of Office and Oath of Office were administered by Karen Ivey, notary public for the State of Texas and sworn by Board members Eric Wilson and James Cesarini.

4. Election of Officers and Committee Appointments.

OFFICERS:

President

Russell Jones seconded Ray Holbrook's motion to appoint James McWhorter as President. The motion carried unanimously.

Vice-President

Ray Holbrook seconded James Cesarini's motion to appoint Eric Wilson as Vice-President. The motion carried unanimously.

Secretary-Treasurer

Ray Holbrook seconded James Cesarini's motion to appoint R. Sue Edrozo as Secretary-Treasurer. The motion carried unanimously.

Assistant Secretary-Treasurer

Ray Holbrook seconded James Cesarini's motion to appoint Russell Jones as Assistant Secretary-Treasurer. The motion carried unanimously.

COMMITTEES:

Finance & Insurance Committee

Chair: Russell Jones

Members: Bill Eisen

Ray Holbrook (until new board member sworn in)

Engineering Committee

Chair: James McWhorter

Members: James Cesarini

R. Sue Edrozo

Eric Wilson

Organization and Planning Committee

Chair: R. Sue Edrozo

Members: Russell Jones

James McWhorter

Ray Holbrook

Personnel and Compensation Committee

Chair: Eric Wilson

Members: Bill Eisen

Ray Holbrook

Shane Hamilton

Safety Committee

Chair: James Cesarini

Members: Shane Hamilton

James McWhorter (until new board member is sworn in)

Russell Jones seconded James McWhorter's motion to approve the committee assignments as presented and the motion carried unanimously.

Consent Agenda

5. Approval of the Minutes of the Board of Directors' Regular Meeting held October 18, 2012.
6. Discussion and approval of an Encroachment Agreement between Timothy Wilkinson and the Gulf Coast Water Authority for the construction of a residential pier and paver walkway located in Fort Bend County and authorization for the General Manager to sign the Agreement.
7. Discussion and approval of Quitclaim Deed for an abandoned canal lateral #3 located in Lot 1, Abstract 564, Brazoria County, Texas and authorization for the General Manager to sign the pertinent documents.
8. Discussion and possible action on approval of an agreement with the National Joint Powers Alliance (NJPA), for cooperative purchasing in accordance with the Texas Interlocal Cooperative Agreement Act; and authorization for the General Manager to sign the pertinent documents.

Ray Holbrook seconded Rosalyn Sue Edrozo's motion for approval of consent agenda items 5 through 8. The motion carried unanimously.

9. **Managers Reports**

- (a) Thomas Mackey Water Treatment Plant (Fund 06)
 - 1) WTP Update
 - 2) WTP Operations
 - 3) WTP Capital Projects Update
- (b) Water Treatment Plant Distribution
 - 1) Capital Projects Update
- (c) Canal (Funds 08 & 21)
 - 1) Brazos River Update
 - 2) Canal Capital Projects Update
- (d) Industrial (Fund 02)
 - 1) Industrial Capital Projects Update
- (e) Administrative
 - 1) Legislative Consultant Update
 - 2) Administrative Update

10. **Board Committees**

- (a) Financial Committee
 - 1) Discussion and Approval of Monthly Financial Report
Russell Jones reported that the Committee met and items discussed were the \$250,000 payment to TCDRS to make up contributions for actuarial purposes, increased mowing expenses, and legal expenses. He reported investments for the month ended October 31, 2012 were \$48,219,349.00 with .3 to .5% earnings.
- (b) Engineering Committee
 - James Cesarini reported the Committee met and discussed the monthly contractor engineering report and had no items for discussion on the agenda for this month. He reported that Freese and Nichols would make a presentation the following month on water alternatives.**
- (c) Organization and Planning Committee
 - The Organization and Planning Committee did not meet.**
- (d) Personnel and Compensation Committee
 - The Personnel and Compensation Committee did not meet.**
- (e) Safety Committee
 - The Safety Committee did not meet. Employee safety meetings were conducted at the WTP and Canal offices.**

11. **Advisory Committees**

- (a) Industrial Operating Advisory Committee
 - Darrell Richardson stated the Committee did not meet and that the meeting time would be moved to the first Wednesday of each month beginning on January 2, 2013.**

- (b) Mainland Division Operating Advisory Committee

George Orum reported the Committee met on November 6, 2012 and discussed the WTP Update, maintenance and capital projects, and the Water Master program.

12. Old Business

- (a) Discussion and possible action to proceed with backup electrical generation for the Industrial Pump Station.

Rosalyn Sue Edrozo seconded Eric Wilson's motion to authorize staff to move forward with the preparation of the bid proposal and solicitation for the lease of electrical generation services for the Industrial Pump Station.

13. New Business

- (a) Discussion and possible action on the purchase of a Kobelco Excavator and authorization for the General Manager to sign the pertinent documents.

Russell Jones seconded Eric Wilson's motion for approval of the purchase of a Kobelco Excavator in the amount of \$250,622.00 from CLM through Cooperative Purchasing Program NJPA and authorization for the General Manager to sign the pertinent documents.

- (b) Discussion and possible action on the purchase of a Rubber Tire Backhoe and authorization for the General Manager to sign the pertinent documents.

Eric Wilson seconded Rosalyn Sue Edrozo's motion for approval of the purchase of a Rubber Tire Backhoe in the amount of \$83,247.13 from Hi-Way Equipment Co., LLC through the Cooperative Purchasing Program HGAC Buy and authorization for the General Manager to sign the pertinent documents.

- (c) Discussion and possible action on the purchase of additional interruptible water from Brazos River Authority and authorization for the General Manager to sign the pertinent documents.

The Board of Directors of the Brazos River Authority (BRA) made 102,000 acre feet (A/F) of Interruptible Water available for purchase by it's customers for use in 2013 at their October 2012 meeting. The rate remains as 2012, \$43.75 for ag rate and \$62.50 as system rate. Out of that water a portion was used to honor multi year contracts for Interruptible Water. Currently 60,000 A/F is still available. GCWA and DOW made the largest purchases of interruptible water last year. However, in 2012 DOW signed a multi-year contract with BRA and currently has no plans to purchase any of the 60,000 A/F. GCWA is not looking to purchase at this time just requesting approval to purchase water if needed between Board Meetings. River elevations and conditions would be monitored and if needed the water would be purchased in increments. David Sauer has requested daily credits information from 2011 to better determine what GCWA would need to purchase. This purchase is for 2013. GCWA has 38,000 A/F of ag water from 2012 still unused which will carry us through 2012, leaving our firm water for 2013. We would simply need to convert the contract to a system rate and pay the difference.

Eric Wilson seconded Ray Holbrook's motion for approval of the purchase of up to 60,000A/F of additional interruptible water from Brazos River

Authority and authorization for the General Manager to sign the pertinent documents.

- (d) Discussion and possible action authorizing the General Manager to make priority calls on GCWA's Senior Water Rights.

Ivan Langford explained the process of making a call on Sr. Water Rights. GCWA has never made a call on Sr. Water Rights. Sr. rights are the oldest rights and by state law, the one with the oldest right gets the water when in a water shortage situation. To use this right an actual call must be made to TCEQ. Ivan Langford is proposing a change in GCWA policy regarding water shortages and Sr. Water Rights. In the past, during a water shortage, GCWA purchased more water but never made the call to TCEQ. This has hurt GCWA efforts to get a Water Master in place. Making the call on Sr. Water Rights needs to be a priority. Anytime additional water is purchased due to the river elevation being low, the Sr. Water Rights call needs to be made. TCEQ cannot react quickly enough to impact the river (water is not available immediately, takes 3-4 days). Making the call is building the case for the need of a Water Master. A Water Master is more aware of what is happening on the river and would be able to make immediate adjustments to protect Sr. Water Rights.

Russell Jones seconded Ray Holbrook's motion for approval to authorize the General Manager to make priority calls on GCWA's Senior Water Rights when deemed necessary with authorization for the General Manager to sign all pertinent documentation.

Russell Jones pointed out that it appears there are two separate issues to consider – the approval for the general manager to make the call for Sr. Water Rights and drafting a new policy regarding the general managers' authority to make the call for Sr. Water Rights.

Ray Holbrook seconded Russell Jones' amended motion for approval to authorize the General Manager to make one or more priority calls on GCWA's Senior Water Rights when deemed necessary with authorization for the General Manager to sign all pertinent documentation thru the end of year 2012.

- (e) Discussion and possible action on the award of contract for Clarifier #2 Rehabilitation and authorization for the General Manager to sign the pertinent documents.

Three bids were received – all a little over budget because after looking at the coating it was determined it would be necessary to go down to bare metal and recoat the surface which added about 30K to 40K to the project cost.

Rosalyn Sue Edrozo seconded Eric Wilson's motion for approval of the award of a construction contract to Blastco Texas, Inc. for Clarifier #2 Rehabilitation and authorization for the General Manager to sign the pertinent documents in an amount not to exceed \$128,947.50 which includes 10% for Change Orders.

- (f) Discussion and possible action on an Assignment and Assumption Agreement of water contract with Lyondell to Ascend Performance Materials and authorization for the General Manager to sign the pertinent documents.

Water contract last assigned to Lyondell Basell who contacted GCWA in January 2012 to notify of the termination of contract which was obligated through January 2013. Ascend contacted GCWA to assume the contract. The land the Lyondell facility operates on is owned by Ascend. Contracts are assignable and have been reviewed. Russell Jones recommended this be reviewed by Ad-Hoc Contract Committee.

Eric Wilson seconded Russell Jones' motion to defer this decision until the December meeting to allow time for Ad-HOC Contract Committee to review.

- (g) Discussion and possible action on the emergency repair of the raw water distribution line at Marathon Petroleum and authorization for the General Manager to sign the pertinent documents.

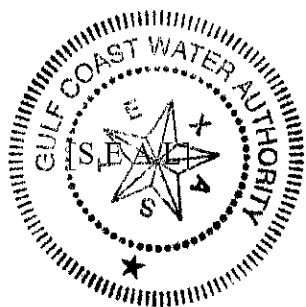
Rosalyn Sue Edrozo seconded James Cesarini's motion for approval of the emergency repair of the raw water distribution line at Marathon Petroleum and authorization for the General Manager to sign the pertinent documents.

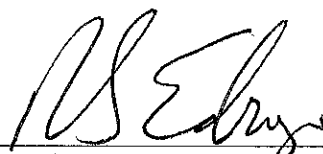
If, during the course of the meeting covered by this Agenda, the Board should determine that an executive session of the Board should be held or is required in relation to any additional items included in this Agenda, then such executive session, as authorized by the Texas Open Meetings Act, will be 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.

14. Adjourn

James McWhorter adjourned the meeting at 5:15 p.m.

PASSED AND APPROVED this the 20th day of December, 2012.





Rosalyn Sue Edrozo
Board Secretary Treasurer