

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

June 12, 2024

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

Tony L. Council, P.E., President
Douglas E. Walker, First Vice-President
Giti Zarinkelk, P.E., Second Vice-President
Joseph G. Soliz, Secretary-Treasurer
Jon M. Sjolander, Assistant Secretary-Treasurer (*Absent*)
Thomas A. Reiser (*Absent*)

CWA Staff

Don Ripley
John Baldwin
David Miller
James Lewis
Todd Vu
Mary Caballero

City of Houston Staff

Dr. Joseph Majdalani

General Legal Counsel

Barron Wallace and Mary Buzak, Bracewell LLP

With the exception of Director Reiser and Director Sjolander, 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 – Tony Council

A. Welcome.

Director Council 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 – Tony Council

Director Council stated that the first item of business was the approval of the Minutes of the Board Meeting of May 8, 2024.

A. Minutes of the May 8, 2024 Board Meeting.

Motion approving the Minutes of the Board Meeting of May 8, 2024.

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

IV. OPERATIONS AND MAINTENANCE – James Lewis

A. Operations Summary Report.

Mr. Lewis stated that currently, Lake Houston is at elevation 42.78 ft. Lake Conroe is approximately at normal pool of 201 ft. and Lake Livingston is at 132.70 ft. Mr. Lewis stated that during the month of May 2024, the Trinity River Pump Station pumped 20.2 billion gallons which is an average of 651 million gallons per day (MGD). The Lake Houston Pump Station pumped 1.3 billion gallons which is an average of 41 MGD. There was no production from Capers Ridge Pump Station (CRPS) due to heavy rainfall across the region and above normal pool conditions at Lake Houston. Mr. Lewis presented raw surface water production for May 2024 noting the total municipal production was 12.5 billion gallons (63% distribution) and industrial production was 7.4 billion gallons (37% distribution).

B. Lynchburg Pump Station.

Mr. Lewis stated the Lynchburg Pump Station C-System pumps consist of six dry-pit centrifugal pumps rated at 50,000 to 56,000 gpm. The C-System pumps provide raw water to the City of Houston (COH)'s East Water Purification Plant (EWPP). Over the last three months, the bearing lubrication oil for Pump P-208 has been increasing in temperature which is indicative of worn bearings that require refurbishment.

CWA issued a bid package for the pump refurbishment in May 2024 and received three bids on May 31, 2024. The low responsive bid was provided by Alfred Conhagen of Texas. The bids were reviewed with the O&M Oversight Committee (O&M Committee) on June 4, 2024, and the O&M Committee recommended bringing this item forward for Board consideration. There were no questions from the Board and Mr. Lewis recommended the motion as presented.

Motion authorizing the Executive Director to accept a bid from Alfred Conhagen of Texas in the amount of \$348,000.00 for repair of Lynchburg Pump Station Pump P-208.

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

Mr. Lewis reported that the motor bearing vibrations and temperatures of Motor P-208 have been increasing over the past nine months, so CWA has decided to refurbish Motor P-208 while Pump P-208 is being rebuilt. CWA issued a bid package in May 2024 and received two bids on May 31, 2024. The low responsive bid was provided by Louis Allis. The bids were reviewed with the O&M Committee on June 4, 2024, and the O&M Committee recommended bringing this item forward for Board consideration. There were no questions from the Board and Mr. Lewis recommended the motion as presented. There were no questions from the Board and Mr. Lewis recommended the motion as presented.

Motion authorizing the Executive Director to accept a bid from Louis Allis in the amount of \$270,609.81 for repair of Lynchburg Pump Station Motor P-208.

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

V. ONGOING PROJECTS – David Miller

A. B-2 System Pipeline Project.

Mr. Miller stated that as discussed in previous Board Meetings, CWA is working with the Texas Water Development Board (TWDB) for funding the B-2 System Pipeline Project (also known as the Raw Water Transmission System). The B-2 Pipeline will be a redundant pipeline to the original B-System Pipeline, which serves the COH's EWPP (Plants 1 and 2) along with industrial facilities along

State Highway 225. The B-2 Pipeline will range in size from 48 inches to 108 inches in diameter.

Mr. Miller stated that CWA's engineer for the initial route studies and preliminary engineering is Binkley and Barfield / DCCM (BBI). BBI was originally selected in late 2023 and has been assisting CWA with preparation of engineering documents required to be submitted with the TWDB application. CWA is now ready to move into Phase 2 of the work with BBI, which includes surveying, geotechnical studies, subsurface utility studies, finalizing the alignment, hydraulic modeling, development of the final design criteria for pipelines (open cut and tunneling), and updating the opinion of probable construction costs. CWA and BBI completed negotiation of the Phase 2 scope and fee in May 2024. This information was reviewed with the Professional Engineering Services Review Committee (PESRC) on June 4, 2024, and the PESRC recommended bringing this item forward for Board consideration. There were no questions from the Board and Mr. Miller recommended the motion as presented.

Motion authorizing the Executive Director to execute a work order with Binkley & Barfield / DCCM in the amount of \$1,267,428.00 for Professional Engineering Services associated with Phase 2 of the B-2 System Pipeline Project Preliminary Engineering Report.

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

Mr. Miller stated CWA is utilizing a multi-year loan commitment through TWDB's State Water Implementation Fund of Texas to finance the planning, design and construction of the B-2 System Pipeline Project. CWA will issue five series of bonds over a five-year schedule (2024 through 2028) that will be purchased by TWDB. Closings on the sale of each series of bonds will occur in November/December of each year of the five-year schedule. CWA has already begun incurring engineering costs for the project route studies and preliminary engineering and intends to recover these costs from the bond proceeds. To allow these costs to be reimbursed from the bond proceeds, a reimbursement resolution was developed by CWA's general legal counsel, Bracewell LLP, for adoption by the Board. There were no questions from the Board and Mr. Miller recommended the motion as presented.

Motion to adopt a Resolution by the Board of Directors of the Coastal Water Authority authorizing reimbursement of costs paid in connection with the B-2 System Pipeline Project (Raw Water Transmission System) from the Texas Water Development Board State Water Implementation Fund of Texas financial assistance program.

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

B. Capers Ridge Pump Station – Additional Pump Capacity.

Mr. Miller stated that as mentioned during the April and May 2024 Board Meetings, CWA has been evaluating contractor procurement options for the Additional Pump Capacity Project at CRPS. This project involves adding four pumps and motors rated at a combined 260 MGD. CWA staff and Carollo (CWA's project engineer) are recommending the Construction Management at Risk (CMAR) delivery method. Mr. Miller noted that the remaining TWDB Luce Bayou Interbasin Transfer Project financing funds will be utilized for this project, and CMAR is a method that is acceptable to the TWDB.

Mr. Miller also noted that because CMAR has not been used by CWA as a construction approach previously, Mr. Greg Hooten with Carollo will provide a brief presentation to the Board to identify the unique aspects of this project and reason CWA is recommending CMAR. Mr. Miller stated that CWA is finalizing the CMAR package, which will be a combination of a Request for Proposal and CWA's standard construction contract, and will submit it to the TWDB for review and approval later this month. It is anticipated that a request to advertise the project will be presented to the Board for approval at next month's

Board Meeting. Following Mr. Miller's report, Mr. Hooten gave a brief presentation to the Board.

C. Bayport Distribution System.

Mr. Miller noted that CWA's Bayport Raw Water Distribution System (Bayport System) was originally constructed from 1965 to 1977 and consists of twenty miles of piping ranging in size from 8-inch to 60-inch diameter. The Bayport

System provides approximately 40 MGD of raw water to thirty-eight industrial customers. Over the past ten years CWA has replaced approximately 85% of the original pipe with new piping. CWA is planning to replace the remaining 15% piping in 2025. CWA is currently drafting a Request for Qualifications (RFQ) for Engineering Services to design the Phase 4 Bayport Distribution System Water Line Replacement Project. CWA anticipates completing the draft RFQ later this month so that it can be reviewed by the PESRC prior to requesting Board authorization to advertise in July 2024. The general scope will consist of approximately 13,000 ft. to 15,000 ft. piping replacement, replacement of a 60-inch magnetic flow meter at the Bayport Pump Station, and the replacement of air-vac assemblies. The approximate construction cost estimate is \$3,500,000 to \$4,000,000. Mr. Ripley noted that CWA will be constrained on the construction cost estimate in relation to the balance of funds in the Bayport Water System Construction Fund.

D. Lake Houston Dam.

Mr. Miller stated this item is an update on two future FEMA/TDEM grant projects at the Lake Houston Dam. The first project is the Lake Houston Dam Spillway Improvement Additional Gates Project which will add eleven new tainter gates to the dam and will increase discharge capacity by 80,000 cfs. Currently, the maximum discharge capacity is 10,000 cfs. at or below normal pool. Mr. Miller noted that in April 2024, FEMA approved an amendment to the existing grant authorizing the final design of the gates. In order for CWA to begin the process, an existing COH and CWA Interlocal Agreement (ILA) will be amended. CWA received a draft of the ILA amendment from the COH on May 29, 2024. Edits to the draft ILA were returned to the COH the following week. It is expected that the final ILA will be brought to the Board for review and approval at the July Board Meeting. Once the ILA is executed CWA will then request Board approval of an amendment to its contract with Black & Veatch (CWA's project engineer) and the final design of the new eleven tainter gates will begin. Mr. Miller stated that the estimate design work will commence in the fourth quarter of 2024.

The Lake Houston Dam Repair Project is a FEMA Legislative Pre-Disaster Mitigation Grant project. CWA and the COH applied for grant funding for grouting repairs for the existing hearth structure and repairing spalled concrete on the buttress walls that support the uncontrolled spillway at the dam. CWA has completed the ILA with the COH and is awaiting approval from the COH's City Council. After approval, CWA will solicit Statements of Qualifications from engineering firms to assist with further inspection and development of a bid package to implement construction services in the fourth quarter of 2024.

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 May 31, 2024. Mr. Baldwin noted that at the end of the five months of the budget year CWA is within budget on all five Operating Funds as forecasted and the revenue stream from the COH and CWA's customers at the Water Treatment Plant and at the Bayport Plant are timely.

B. Internal Management Quarterly Report – March 31, 2024.

Mr. Baldwin stated that this item is the Internal Management Report (Report) for the quarter ending March 31, 2024, which details the investment activities on all of CWA's funds as required by the Texas Public Funds Investment Act. The Report reflects the investment yields available in the marketplace during that time frame. CWA is earning approximately 5% to 8% interest on its investments. All investments were held to maturity and there were no losses on CWA's investments. 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 March 31, 2024.

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

C. Business Insurance Policy Renewal.

Mr. Baldwin stated that this item is CWA's Business Insurance Renewal. CWA has been utilizing the Risk Management Fund of the Texas Water Conservation Association (TWCA) for the renewal of certain business insurance policies, including General and Excess Liability, Errors and Omissions Liability, Property, Automobile and Workers Compensation, since 2016. Mr. Baldwin noted that the TWCA Board is currently meeting to set the rates and at this time the renewal rate is approximately \$960,000 which is an increase of 4% to 5% over last year's rate. The increase is due to property insurance replacement cost claims from other TWCA members. Mr. Baldwin stated that this amount was forecasted in CWA's 2024 insurance category budget, and he will present the Board with the final cost at next month's Board Meeting. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving an Interlocal Agreement as amended with the Texas Water Conservation Association Risk Management Fund for Certain Liability, Property and Worker's Compensation Coverage, effective July 1, 2024, in an amount not to exceed \$960,000.00.

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

D. Notification of Procured Items.

In accordance with CWA's Amended and Restated Resolution (2023-1) Delegating Authority to Executive Officers, Mr. Baldwin presented to the Board a truck that CWA procured in May 2024 that came in between \$25,000 to \$75,000. There were no questions from the Board.

VII. 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 Special Project Equity Fund – in the amount of \$39,171.65; Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$38,522.24; and the Project Fund – in the amount of \$137,033.16. 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 Zarinkelk. The Motion carried unanimously.

VIII. OLD BUSINESS – Don Ripley

No items to discuss.

IX. NEW BUSINESS – Don Ripley

Director Zarinkelk requested that next month's Board Agenda include a discussion of Director assignments to the various CWA Board Committees.

X. EXECUTIVE SESSION – Tony Council

There was no executive session.

XI. ADJOURNMENT – Tony Council

The meeting was adjourned at 10:39 A.M.

[Signature page follows]



Joseph G. Soliz, Secretary-Treasurer