

**COASTAL WATER AUTHORITY**

**Minutes of Regular Meeting**

**August 14, 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  
Thomas A. Reiser (*Absent*)

**CWA Staff**

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

**City of Houston Staff**

Greg Eyerly

**General Legal Counsel**

Barron Wallace and Mary Buzak, Bracewell LLP

With the exception of Director Reiser, 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 July 10, 2024.

**A. Minutes of the July 10, 2024 Board Meeting.**

**Motion approving the Minutes of the Board Meeting of July 10, 2024.**

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

**B. Amended and Restated Resolution (2024) Ratifying and Confirming the Creation of CWA Committees and Committee Appointments.**

Mr. Ripley stated this item is a Resolution that was prepared by CWA's general counsel, Bracewell, LLP (Bracewell). The Resolution was previously provided to the Board in draft form and final form for review and comments. There were no questions from the Board and Mr. Ripley recommended the motion as presented.

**Motion to adopt a Resolution ratifying and confirming the creation of Coastal Water Authority Committees and confirming the authority of the President of the Board of the Coastal Water Authority to make Committee appointments.**

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

At this time, Director Zarinkelk requested that the meeting minutes reflect that for perception purposes, she did not agree with the Board President overseeing the Professional Engineering Services Review Committee (PESRC).

**C. Appointments to CWA Committees and designation of the Committee Chairs by the President of the CWA Board of Directors.**

Mr. Ripley stated this item is an acknowledgment of the Board President's appointments to CWA Committees and designations of the Committee Chairs as indicated in a handout provided to the Board. There were no questions from the Board.

**IV. OPERATIONS AND MAINTENANCE – James Lewis**

**A. Operations Summary Report.**

Mr. Lewis stated that currently, Lake Houston is at 42.53 feet. Lake Conroe is at 200.83 feet and Lake Livingston is at 131.07 feet. During July, the Trinity River Pump Station (TRPS) pumped 20.6 billion gallons which is an average of 686 million gallons per day (MGD). The Lake Houston Pump Station pumped 1.3 billion gallons which is an average of 41 MGD and there was no production at Capers Ridge Pump Station (CRPS) due to rainfall and the above normal pool conditions at Lake Houston.

Mr. Lewis presented raw surface water production for July 2024, noting the total municipal production was 12.3 billion gallons (62% distribution) and industrial production was 7.4 billion gallons (38% distribution).

**B. Lake Houston Dam.**

Mr. Lewis stated that following the storm events through the first six months of 2024, a significant amount of vegetative debris has been deposited on the 3,000 linear foot spillway of Lake Houston Dam. CWA developed and advertised a bid package for the debris removal in July 2024 and received four bids on August 2, 2024. The bids were reviewed with the O&M Oversight Committee (O&M Committee) on August 6, 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 issue a contract to Looks Great Services of Mississippi, Inc. in the amount of \$115,000.00 for debris removal from the Lake Houston Dam.**

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

**C. Lynchburg Pump Station.**

Mr. Lewis presented the Board with a photograph showing the structural steel supporting the A-System pumps' variable frequency drive houses and reported that the paint on the steel has begun to weather and peel and is in need of

primer and repainting. CWA received three bids on August 2, 2024. The bids were reviewed with the O&M Committee on August 6, 2024, and the O&M Committee recommended bringing this item forward for Board consideration. In response to a question from Director Walker, Mr. Lewis stated that Preferred Quality Industrial Specialist had done previous painting work for CWA and CWA was satisfied with the work. In response to a question from Director Sjolander, Mr. Lewis stated the structure had not been painted in the past few decades. There were no further questions from the Board and Mr. Lewis recommended the motion as presented.

**Motion authorizing the Executive Director to issue a contract to Preferred Quality Industrial Specialist in the amount of \$115,316.00 for painting structural steel at the Lynchburg Pump Station.**

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

**V. ONGOING PROJECTS – David Miller**

**A. Lake Houston Dam – Emergency Action Plan Update.**

Mr. Miller stated that CWA and the City of Houston (COH) are required by the Texas Commission on Environmental Quality (TCEQ) to maintain a current Emergency Action Plan (EAP) for the Lake Houston Dam. The EAP provides a prioritized notification to local and state officials and agencies, emergency management offices, radio and television stations in the event of any emergency condition at the dam. . In addition, the EAP provides details on possible dam breach scenarios and resultant inundation areas downstream.

The EAP is required to be updated when there are changes in personnel at any of the agencies identified on the EAP flow chart as well as when there are changes in the Hydraulics and Hydrology (H&H) leading into the lake as well as any changes to the predicted Probable Maximum Flood (PMF). Mr. Miller noted that the last update to the EAP was performed in 2020.

CWA requested a proposal and fee from CWA's general engineering consultant, BGE Inc. (BGE), in June 2024 to provide updates to the EAP. CWA and BGE completed negotiation of the fee and scope in July 2024. BGE is scheduled to complete the updates and provide to the TCEQ for approval in December 2024. This item was reviewed with the PESRC on August 6, 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 issue a work order to BGE, Inc. in the amount of \$159,150.00 to update the Lake Houston Dam Emergency Action Plan.**

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

**B. Trinity River Pump Station – Access Road Repairs/Replacement Project.**

Mr. Miller noted that the TRPS is located in Liberty County along the west bank of the Trinity River and 2.6 miles east of FM 1409. CWA's 2.6-mile access road connecting FM 1409 to the TRPS was originally constructed in 1969 and there have been numerous overlays and repairs over the last fifty years. The condition of the road has deteriorated significantly over the past five years with the freezes, flood events, droughts, etc. and is due for replacement. The scope of replacement includes complete removal of the asphalt, treating the subbase with fly ash or lime, importing crushed base materials and installing new asphalt pavement for the full 2.6 mile length of the road at an average width of 20 – 22 feet. The areas around the TRPS, including an access ramp and crane deck, will be upgraded to concrete pavement.

CWA requested Statements of Qualifications from three firms to prepare a bid package for construction of the needed repairs/replacement. CWA selected H-Town Engineers to prepare the bid package and then negotiated the scope and

fee in July 2024. This item was reviewed with the Professional Engineering Services Review Committee (PESRC) on August 6, 2024, and the PESRC recommended bringing this item forward for Board consideration. During discussion, it was noted that H-Town Engineers is represented by Mr. Bob Haseman and Mr. Brandon Nguyen who provided the design for the CRPS road while they were with Nathylene A. Kennedy & Associates. After Nathylene A. Kennedy & Associates was acquired by WSB, Mr. Haseman and Mr. Nguyen started their own firm, H-Town Engineers.

In response to questions from Director Walker and Director Sjolander, Mr. Hasemen stated that the expected life span for the access road replacement is about fifty years and that drainage along the existing road is very good and it is not expected that drainage improvements will be necessary with the new road.

At this time, Director Zarinkelk clarified that after Nathylene A. Kennedy & Associates was bought out by WSB, Mr. Haseman and Mr. Nguyen branched out from WSB to start their own firm, H-Town Engineers.

There were no more questions or comments from the Board and Mr. Miller recommended the motion as presented.

**Motion authorizing the Executive Director to execute a contract with H-Town Engineers in the amount of \$285,362.00 for the engineering design of the Trinity River Pump Station Access Road Repairs and Replacement Project.**

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

**C. B-2 Pipeline Project.**

Mr. Miller stated that the Texas Water Development Board (TWDB) approved CWA's \$320 million multi-year State Water Implementation Fund of Texas (SWIFT) Program financing request for the B-2 Pipeline Project (Transmission Expansion Project) at its July 23, 2024 Board Meeting. The multi-year financing will be distributed over five years from 2024 through 2028 as follows:

- 2024 - \$25,000,000
- 2025 - \$50,000,000
- 2026 - \$75,000,000
- 2027 - \$75,000,000
- 2028 - \$95,000,000

CWA, the COH, Bracewell (CWA's bond counsel) and Masterson Advisors LLC (CWA's financial advisor) have a number of actions to complete over the next four months in advance of closing on the initial \$25,000,000 TWDB loan.

First, CWA and the COH must amend an existing projects contract to authorize CWA to execute the project and issue contract revenue bonds to the TWDB to evidence the financial assistance being provided by the TWDB under the SWIFT Program. The Sixth Supplement to the Projects Contract was prepared by Bracewell, and similar supplements will be prepared and submitted for approval by the Board and the COH City Council each year from 2025 through 2028 in connection with CWA's issuance of each subsequent series of contract revenue bonds under the TWDB multi-year commitment.

Second, the TWDB SWIFT Program requires participants to execute a financing agreement which details the TWDB and CWA commitments and schedule for each bond issuance under the multi-year commitment. The TWDB provided a draft of the Financing Agreement for the initial proposed issuance of bonds in late July 2024 which was reviewed and finalized by Bracewell. Similar financing agreements will be required in connection with each subsequent issuance of bonds under the multi-year commitment. Mr. Miller introduced Mr. Jonathan Frels with Bracewell, who prepared the necessary documents and is coordinating with the TWDB on this transaction. Director Council thanked Mr. Frels for his work and stated that the Board looks forward to working with him.

In response to a question from Director Walker about the proposed construction schedule, Mr. Miller stated that construction is anticipated to begin in 2026 and be completed by 2031. The project will be divided into approximately six segments. The existing B-1 pipeline has segments that can't be taken out of service for inspection and repairs, so the corresponding parallel B-2 pipeline segments will be constructed and brought on-line to provide immediate redundancy to these B-1 segments.

Mr. Ripley noted to the Board that a COH ordinance approving the Sixth Supplement to the Projects Contract and the issuance of CWA's initial series of contract revenue bonds for the B-2 Pipeline Project was Item Number 57 on the August 14, 2024 COH City Council Agenda.<sup>1</sup> There were no further questions from and Mr. Miller requested the motion as presented.

**Motion to adopt a Resolution approving and authorizing execution of a Sixth Supplement to Projects Contract between the City of Houston, Texas, and the Coastal Water Authority relating to the CWA Transmission Expansion Project; and approving certain other matters relating to the foregoing.**

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

**Motion to adopt a Resolution approving and authorizing execution of a Financing Agreement between the Texas Water Development Board and the Coastal Water Authority relating to the CWA Transmission Expansion Project; and approving certain other matters relating to the foregoing.**

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

At this time, Mr. Miller introduced CWA's new Engineering Manager, Mr. Aaron Hargrove. Mr. Hargrove has over thirty years of civil engineering experience and will be managing the B-2 Pipeline Project.

## **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 July 31, 2024. At the end of the seventh month of the budget year, all five of the Operating Funds are within forecasted budget. The revenue stream from the COH and CWA's customers at the Water Treatment Plant and at the Bayport Treatment Plant are timely. There were no questions from the Board.

### **B. 2025 CWA Operating Budget Preparation Schedule.**

Mr. Baldwin presented the Board with the 2025 Operating Budgets Schedule and stated that CWA is working on the preliminary 2025 Operating Budgets for all five Operating Funds. Mr. Baldwin noted that a summary briefing will be presented to the Finance and Audit Committee (FAC) on September 26, 2024, and that meeting will be followed by the FAC Budget Workshop occurring immediately after the October 9, 2024 Board Meeting. All of the Board Members are invited to attend the workshop. There were no questions from the Board.

### **C. 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 with an item that CWA procured in July 2024 that came in between \$25,000 to \$75,000: a purchase order to AAA Asphalt Paving, Inc. for asphalt paving of a portion of CWA's access road at CRPS. There were no questions from the Board.

## **VII. DISBURSEMENTS – John Baldwin**

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<sup>1</sup> The COH City Council approved the item at its August 14, 2024 City Council meeting following adjournment of the Board meeting.

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 \$276,448.47; Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$17,852.51; and the Project Fund – in the amount of \$27,290.18. 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 Sjolander, Seconded by Director Soliz. The Motion carried unanimously.

**VIII. OLD BUSINESS – Don Ripley**

No items to discuss.

**IX. NEW BUSINESS – Don Ripley**

Mr. Ripley notified the Board that CWA is involved in an ongoing matter with a pipeline company concerning the Luce Bayou Interbasin Project. CWA is currently working to resolve this matter with an attorney referred by Mr. Barron Wallace. There is a possibility that a special Board meeting will be scheduled to update the Board with specific details on this matter before CWA's next regular Board meeting in September 2024.

**X. EXECUTIVE SESSION – Tony Council**

There was no executive session.

**XI. ADJOURNMENT – Tony Council**

The meeting was adjourned at 10:28 A.M.

[Signature page follows]



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Joseph G. Soliz, Secretary-Treasurer