

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

September 11, 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*)
Daniel G. Huberty

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, 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 recognition of appointment by Mayor Whitmire of Daniel G. Huberty to the Board. Director Huberty completed the Statement of Officer and executed the Oath of Office prior to today's meeting.

A. Recognition of Appointment by Mayor John Whitmire of Daniel G. Huberty to Coastal Water Authority Board of Directors, Representing City of Houston, Position Four, for a term to expire March 31, 2025.

Director Council stated that the next two items of business were the approval of the Minutes of the Regular Board Meeting of August 14, 2024 and the Minutes of the August 23, 2024 Special Board Meeting.

B. Minutes of the August 14, 2024 Regular Board Meeting.

Motion approving the Minutes of the Regular Board Meeting of August 14, 2024.

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

C. Minutes of the August 23, 2024 Special Board Meeting.

Motion approving the Minutes of the Special Board Meeting of August 23, 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 42.44 feet. Lake Conroe is at 200.05 feet and Lake Livingston is at 130.63 feet. During August 2024, the Trinity River Pump Station pumped 22.1 billion gallons which is an average of 713 million gallons per day (MGD). The Lake Houston Pump Station (LHPS) pumped 1.6 billion gallons which is an average of 52 MGD. The Capers Ridge Pump Station (CRPS) pumped 2.3 billion gallons which is an average of 74 MGD.

Mr. Lewis presented raw surface water production for August 2024, noting the total municipal production was 13.4 billion gallons (62% distribution) and industrial production was 8.3 billion gallons (38% distribution).

B. Annual Chemical Contracts.

Mr. Lewis stated as part of the operation of the Lynchburg Pump Station (LPS), CWA introduces liquid chlorine and aqueous ammonia to pretreat the raw water being supplied to the City of Houston (COH)'s East Water Purification Plant and Southeast Water Purification Plant. CWA annually solicits bids for these two chemicals. Bids for both chemical supply contracts were received on August 23, 2024. The low responsive bids were \$138.97/ton for aqueous ammonia, and \$1,684/ton for liquid chlorine. The bids were reviewed with the O&M Oversight Committee (O&M Committee) on September 3, 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 motions as presented.

Motion authorizing the Executive Director to issue a purchase order to Airgas Specialty Products in the amount of \$566,024.81 for aqueous ammonia.

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

Motion authorizing the Executive Director to issue a purchase order to PVS DX, Inc. in the amount of \$6,517,080.00 for liquid chlorine.

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

C. Security Guard Services Contract.

Mr. Lewis stated that CWA requires armed security guard services at six facilities (Bayport Pump Station; Canal Maintenance Facility; Canal

Maintenance Station; LPS; CRPS; and LHPS/Lake Houston Dam). With the existing contract expiring in October 2024, CWA advertised a request for bids in August 2024 and received eight bid proposals on August 23, 2024. The bids were reviewed with the O&M Committee on September 3, 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 motions as presented.

Motion authorizing the Executive Director to issue a contract to HP Security and Patrol in the amount of \$1,154,838.40 for security guard services at six Coastal Water Authority facilities.

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

D. Upcoming Bids/Procurement.

Item IV.D. was postponed to next month's meeting.

V. ONGOING PROJECTS – Don Ripley/David Miller

A. Lake Houston Gates.

Mr. Ripley noted that there are two Interlocal Agreements (ILAs) on the COH City Council meeting agenda today for pending Lake Houston projects that will be undertaken by CWA.

The first ILA addresses rehabilitation of the existing dam. The estimated total budget for this project is \$10,000,000. The primary focus of the project will be grout voids under the existing and to repair damaged concrete in the buttress walls. In anticipation of receiving the fully-executed ILA for this project, CWA will begin the process of hiring a consultant for the design phase of the project. CWA has prepared the Request for Qualifications (RFQ) which, subject to Board approval, will be published after the October 9, 2024 Board Meeting. CWA anticipates recommending Board approval of award at the December 11, 2024 Board Meeting.

The second ILA is for the Lake Houston Dam Spillway Improvement Project (LHDSIP). This ILA authorizes CWA to proceed with the final design of the LHDSIP. The engineer for this project is Black & Veatch (B&V). After the ILA is approved by the COH City Council and is fully executed, CWA will proceed with amending the B&V contract to authorize the final design. Should CWA receive the fully executed ILA in time to include in next month's agenda, the Board will be asked to approve the amendment to the B&V contract to proceed with the final design.

B. Bayport Distribution System.

Mr. Miller stated that as discussed over the past few Board Meetings, CWA is ready to begin Phase 4 of the Bayport Waterline Replacement project. Phase 1 began in 2012 and Phase 3 was completed in 2023. Phase 4 will be the last phase of this project. CWA issued an RFQ for Engineering Services in July 2024 and received six Statements of Qualifications (SOQs) on August 9, 2024. The SOQs were scored and reviewed with the Professional Engineering Services Review Committee (PESRC) on September 3, 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 negotiate a contract with Schaumburg and Polk, Inc. for Engineering Services for the Bayport Distribution System Phase 4 Waterline Replacement.

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

C. Red Bluff Water Treatment Plant – Property Purchase.

Mr. Miller stated that CWA owns and operates the Red Bluff Water Treatment Plant (RBWTP) located in the City of Pasadena (COP). The RBWTP treats 3-4 MGD of raw water from the B-System pipeline and then distributes to two industrial customers. CWA is currently planning upgrades to the facilities at the RBWTP, including design and construction of a new 5,000 square foot control building and one to two new 90-foot clarifiers to be located on CWA's property to the southwest. An aerial photo of the RBWTP was presented to the Board.

Mr. Miller noted that CWA's property is divided by a 0.6-acre section of land owned by the COP that was originally planned as a roadway. However, in discussion with the COP in March 2024, the COP stated that it no longer plans to build the road or to use the land for any other purpose. Therefore, CWA desires to purchase the COP property to allow unencumbered access to all of CWA's property for the construction of the new facilities. CWA engaged AW&S Real Estate in May 2024 to prepare an appraisal report and is ready to provide an initial offer to the COP based on the amount in the appraisal report as indicated in the handout provided to the Board. In response to a question from Director Walker, Mr. Miller stated that CWA's offer will likely be presented to the COP's City Council for approval. There were no further questions from the Board and Mr. Miller recommended the motion as presented.

Motion authorizing the Executive Director to submit an initial offer letter to the City of Pasadena for the purchase of a parcel of land adjacent to the Red Bluff Water Treatment Plant.

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

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 August 31, 2024. At the end of the eighth 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 is adequate. There were no questions from the Board.

B. 2025 CWA Operating Budget Preparation Schedule – Update.

Mr. Baldwin presented the Board with the updated 2025 Operating Budgets Schedule. Mr. Baldwin noted that a summary briefing will be presented to the Finance and Audit Committee (FAC) on September 19, 2024, and that meeting will be followed by the FAC Budget Workshop occurring immediately after the October 9, 2024 Board Meeting. All Board Members are invited to attend the workshop. Mr. Baldwin then provided the Board with a brief summation of the proposed budget schedule and protocol that will follow the FAC Budget Workshop. There were no questions from the Board.

C. Internal Management Quarterly Report – June 30, 2024.

Mr. Baldwin stated that this item is the Internal Management Report (Report) for the quarter ending June 30, 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. All investments were held to maturity and there were no losses on CWA's investments. CWA is earning 4.8% to 5.3% interest on its 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 June 30, 2024.

Motion made by Director Sjolander, Seconded by Director Zarinkelk. 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 the items that CWA procured in August 2024 that came in between \$25,000 to \$75,000: three purchase orders to Mac Haik Ford for three trucks; a purchase order to Tommy Vaughn Ford for a truck; and a purchase order to ASCO Equipment for a portable generator. 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 \$211,440.92; Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$9,470.97; and the Project Fund – in the amount of \$163,957.59. 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

Mr. Ripley notified the Board that CWA engaged in the very initial stages of preparing for Hurricane Francine, which did not materialize in this area.

IX. NEW BUSINESS – Don Ripley

No items to discuss.

X. EXECUTIVE SESSION – Tony Council

There was no executive session.

XI. ADJOURNMENT – Tony Council

The meeting was adjourned at 10:24 A.M.

[Signature page follows]



Joseph G. Soliz, Secretary-Treasurer