

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

October 9, 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

Gabriel Mussio

General Legal Counsel

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 September 11, 2024.

A. Minutes of the September 11, 2024 Regular Board Meeting.

Motion approving the Minutes of the Regular Board Meeting of September 11, 2024.

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

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

Director Council 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. Copies of the handout are available upon request.

IV. OPERATIONS AND MAINTENANCE – David Miller

A. Operations Summary Report.

Mr. Miller stated that currently, Lake Houston is approximately six inches below normal pool while Lake Conroe and Lake Livingston are about one foot below normal pool as we are in the early stages of a drought across the region. During September 2024, the Trinity River Pump Station pumped 20.8 billion gallons which is an average of 693 million gallons per day (MGD). The Lake Houston Pump Station pumped 1.6 billion gallons which is an average of 53 MGD. The Capers Ridge Pump Station pumped 2.9 billion gallons which is an average of 96 MGD.

Mr. Miller presented raw surface water production for September 2024, noting the total municipal production was 12.7 billion gallons (63% distribution) and industrial production was 7.6 billion gallons (37% distribution).

B. Lynchburg Pump Station.

Mr. Ripley provided the Board a brief overview of the Lynchburg Pump Station (LPS) noting that LPS is the second largest raw water pump station in Texas which provides water used by all municipal entities, regional water authorities, business centers, and sixty-three large industrial facilities. Over four million people are served by water from LPS. As the Board was previously made aware, CWA recently encountered a number of challenges with LPS pump transformers and harmonic filters, as well as delays with pump rehabilitations. These issues all developed over a short period of time. Mr. Ripley noted that despite all of the challenges, LPS remained fully operational and water was provided to all entities with no drop in service due to the successful efforts of Mr. Miller and CWA's operation staff. CWA expects to have a majority of the issues resolved over the next few months. Critical spare parts have been ordered and will be arriving soon and CWA will be requesting authorization to purchase a replacement transformer for one of the pumps. During the first quarter of next year, CWA will engage with a consultant to assist in developing a long-term plan to deal with the aging infrastructure at LPS which is 40-60 years old in some cases. In response to a question from Director Walker, Mr. Ripley stated that high temperatures coupled with the age of the equipment contributed to the failures of the equipment and noted that some of the equipment components are also at the end of their useful life.

To provide further details, Mr. Miller stated that CWA had two transformers fail on the A-System, an input transformer on P-106 in May 2024 which was caused by an electrical storm, and an isolation transformer on P-104 about six weeks ago. After consultation with the variable frequency driver (VFD) manufacturer, the solution was to purchase a new replacement isolation transformer. The vendor for the isolation transformer is Wholesale Electric located in California. CWA is recommending purchase of this new transformer on an expedited basis so it can be manufactured and delivered in 8-10 weeks. Mr. Miller noted that this item was reviewed with the O&M Oversight Committee (O&M Committee) on October 1, 2024, and the O&M Committee recommended bringing this item forward for Board consideration. In response to a question from Director Council, Mr. Ripley stated that the wait time for regular delivery is approximately forty weeks, which would require the A-System to operate without a spare pump, so he is recommending that CWA pay the expediting fee. Mr. Ripley also informed the Board that CWA staff are working with CWA's insurance provider to cover some of the costs of this equipment. There were no

further questions from the Board and Mr. Miller recommended the motion as presented.

Motion authorizing the Executive Director to issue a purchase order to Wholesale Electric in the amount of \$427,769.00 for the purchase of an isolation transformer for the Lynchburg Station.

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

At this time, Mr. Miller briefed the Board on LPS harmonic filters. Mr. Miller stated that the harmonic filters associated with P-210 and P-212 located on the C-System at LPS overheated, causing them to short and fail and rendering the pumps inoperable. The P-212 harmonic filter was removed and sent to the original manufacturer who is currently refurbishing the unit. It is expected the unit will be returned in 6-8 weeks. Regarding the harmonic filter for P-210, Mr. Miller stated that CWA had the necessary spare parts available at LPS for CWA staff to rebuild it. CWA expects to get that pump back on line within the next week.

Mr. Miller stated CWA's response actions moving forward include placing orders this week for spare parts for replacement transformers, harmonic filters and filter components, including capacitors, reactors and fuses. CWA has also engaged a company that specializes in testing medium voltage equipment which includes transformers, harmonic filters, conductors, fuses, capacitors and reactors to make sure that they are in good working condition. CWA will also be adding large fans to blow cool air onto and around these units to keep temperatures down. Mr. Miller noted that the transformers and filters are located on top of the LPS and the units generate a significant amount of heat. When coupled with elevated ambient temperatures the top of the pump station can reach approximately 125 degrees.

Regarding the pumps and motors, CWA will begin the process of adding two new A-System pumps (P-101 and P-102) to fill the open bay/slots. Longer term, CWA will begin the process of planning for the replacement of all remaining pumps, motors and VFDs. Mr. Miller noted that the City of Houston (COH) and the regional water authorities are making large investments in adding/upgrading water infrastructure including water treatment plants, transmission lines, and booster pump stations and distribution systems. The majority of the water being used by these entities originates from LPS and other CWA facilities and CWA needs to ensure that the infrastructure replacements and upgrades keep pace. In response to a question from Director Sjolander, Mr. Miller stated that some of the costs for the infrastructure upgrades are in CWA's five-year Capital Improvement Plan (CIP), but CWA will need to start stretching its CIP out to ten years due to the size and scale of the needed upgrades. Mr. Miller noted funding for these projects will be coordinated with Mr. Greg Eyerly and Mr. Gabe Mussio, COH/Houston Public Works/Houston Water Division. Director Huberty noted that it is vital to keep water flowing for the region and there needs to be a strategy to request assistance from the State during the upcoming legislative session. Director Council concurred and noted to Director Huberty that his relationship with the State will be advantageous to CWA in seeking out possible funding opportunities, and the Board welcomes this assistance.

At this time, Mr. Miller recognized the following CWA staff members for their successful efforts to keep the CWA systems up and running and delivering water:

- Mr. James Lewis, General Superintendent
- Mr. Saad Al Tai, Electrical Instrumentation Control Manager
- Mr. Pat Aiken, LPS Manager
- Mr. Kirk Hardesty, Master Electrician
- Mr. Gene Sandefur, Maintenance Superintendent
- Mr. Eugene Smith, Purchasing Agent
- Mr. Jonathon Jung, Procurement Manager

In response to a question from Director Zarinkelk, Mr. Miller stated that CWA's asset management program is in place and monitoring items that need repair and replacement. There were no further questions from the Board.

C. Equipment Purchases.

Mr. Miller stated that on an annual basis, CWA purchases and/or replaces equipment used to maintain its canal system pipelines and pump station. This month CWA is requesting Board authorization to purchase some of this equipment, including an 80 horsepower (HP) mini excavator, a 110 HP backhoe/loader, a 160 HP tractor and a 2.5-ton crane truck. CWA received bids for this equipment in September 2024. The bids were reviewed with the O&M Committee on October 1, 2024, and the O&M Committee recommended bringing this item forward for Board consideration. There were no questions from the Board and Mr. Miller recommended the motions as presented.

Motion authorizing the Executive Director to accept a bid in the amount of \$124,091.00 from Nueces Power Equipment for the purchase of a new mini excavator.

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

Motion authorizing the Executive Director to accept a bid in the amount of \$120,439.00 from Mustang Cat for the purchase of a new backhoe.

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

Motion authorizing the Executive Director to accept a bid in the amount of \$95,903.20 from King Ranch for the purchase of a new tractor.

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

Motion authorizing the Executive Director to accept a bid in the amount of \$141,348.06 from Tommy Vaughn Ford for the purchase of a new crane truck for the Bayport System.

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

D. Upcoming Bids/Procurement.

Mr. Miller stated that CWA's procurement policy requires Board notification of upcoming purchases expected to be greater than \$150,000. Before the end of 2024 CWA is planning to advertise bids for the following items:

- Bayport Distribution System:
 - Air Vacuum Valve Coating – for the B and C-System pipelines
 - C-Line Protective Concrete Cap – for the C-Line which sits below a petroleum coke stockpile facility
- Equipment:
 - Crane Truck
 - Boom mower

V. ONGOING PROJECTS – David Miller

A. Lake Houston.

Mr. Miller stated that there are two projects for Board consideration on the Lake Houston Dam.

The first project is the Lake Houston Dam Spillway Improvement Project – New Gates. The Interlocal Agreement between CWA and the COH was approved by the COH City Council in September 2024. CWA is prepared to execute the

contract with its engineer for the project, Black & Veatch. The contract will be for the design of an eleven-gate structure which will increase discharge capacity by approximately 80,000 cubic feet per second. The contract scope and fee were reviewed with the Professional Engineering Services Review Committee (PESRC) on October 1, 2024, and the PESRC recommended bringing this item forward for Board consideration.

Motion authorizing the Executive Director to execute a contract with Black & Veatch in the amount of \$10,719,144.00 for Engineering Services for Preliminary Engineering and Final Design related to the Lake Houston Dam Spillway Improvement Project.

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

The second project is the Lake Houston Dam Repair Project. As previously discussed, this is a FEMA pre-disaster mitigation grant project valued at \$10,000,000. The repairs include grouting voids below the hearth structure and repairing spalled concrete on the buttress walls and weir walls. CWA requires an engineer to complete further inspections, perform design and engineering for the repairs, and develop a bid package for contractor procurement. A Request for Qualifications (RFQ) for engineering services was developed and reviewed with the PESRC on October 1, 2024, and the PESRC recommended bringing this item forward for Board consideration. Once approved for advertisement the schedule will be as follows:

- Advertise RFQ – October 9, 2024
- Pre-Proposal Site Visit – October 15, 2024
- Statements of Qualifications Due Date – October 30, 2024

Motion authorizing the Executive Director to publish a Request for Qualifications for Engineering Services associated with the Lake Houston Dam Repairs.

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

VI. BUSINESS REVIEW – John Baldwin

A. Monthly Financial Statements for the Previous Month.

Mr. Baldwin presented the Board with the financial statements for the month ending September 30, 2024. At the end of the ninth month of the budget year, all five of the Operating Funds are within the parameters of the forecasted budget in the expenditures and the revenue stream. Mr. Baldwin noted that the last quarter of the budget year will include some of the expenses for the repairs at LPS which were discussed earlier. There were no questions from the Board.

B. 2024 Pension Plan Audit.

Mr. Baldwin stated that this item is the 2024 pension plan audit proposal from Weaver and Tidwell, L.L.P. (Weaver) to conduct the annual audit on CWA's Pension Plan for the benefit year ending September 30, 2024. Mr. Baldwin stated that this would be the seventh year for Weaver to perform this audit service for CWA's Pension Plan. The proposed fee from Weaver is \$12,260, which is a \$300 increase from the previous year. Mr. Baldwin noted that Mr. Steven Smith with Weaver discussed the proposal with the Finance and Audit Committee (FAC) on September 19, 2024, and was in attendance to answer any questions from the Board. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving the 2024 Pension Plan Audit Engagement Agreement with Weaver and Tidwell, L.L.P.

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

C. 2024 Annual Financial Audit.

Mr. Baldwin presented to the Board the audit engagement proposal from Weaver for audit services related to the 2024 Financial Statements to be conducted after December 31, 2024, which is the end of CWA's fiscal year. The proposed fee from Weaver is \$49,750 which is a \$1,250 increase from last year. The auditors from Weaver presented their proposal to the FAC on September 19, 2024. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving the 2024 Audit Engagement Agreement with Weaver and Tidwell L.L.P. for the annual audit of CWA's 2024 Financial Statements.

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 an item that CWA procured in September 2024 that came in between \$25,000 to \$75,000: a purchase order to Knapp Chevrolet for a 2024 Chevy 3500 4x4 with a service body. 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 \$276,539.84; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$18,982.31; and the Project Fund – in the amount of \$151,855.26. 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 thanked the Board for their feedback concerning the format of CWA's Board Meeting presentation. All comments will be taken into consideration. Mr. Ripley also reminded the Board about the need to reconvene for a Special Board Meeting on October 23, 2024.

IX. NEW BUSINESS – Don Ripley

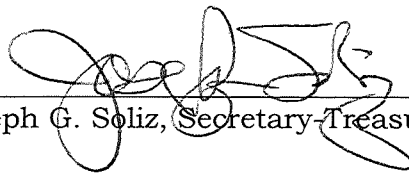
No items to discuss.

X. EXECUTIVE SESSION – Tony Council

There was no executive session.

XI. ADJOURNMENT – Tony Council

The meeting was adjourned at 10:29 A.M.



Joseph G. Soliz, Secretary-Treasurer