

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

March 12, 2025

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
Greg Olinger
Aaron Hargrove
James Lewis
Seth Deutsch
Dania Cato
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. Director Sjolander entered the meeting in progress.

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.

At this time, Director Council recognized Ms. Scout Odegaard with the City of Houston (COH) Mayor's Advisor for Boards and Commissions, who made some brief comments regarding her role at the COH.

III. ITEMS FOR CONSIDERATION – Tony Council

Director Council stated that the first item of business was the approval of the February 12, 2025 Board Meeting Minutes.

A. Minutes of the February 12, 2025 Regular Board Meeting.

Motion approving the Minutes of the Regular Board Meeting of February 12, 2025.

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

IV. OPERATIONS AND MAINTENANCE – Aaron Hargrove

A. Operations Summary Report.

Mr. Hargrove stated that currently, Lake Houston is at 41 feet, Lake Conroe is at 201 feet and Lake Livingston is at 131.2 feet. During February 2025, the Trinity River Pump Station (TRPS) pumped 16.9 billion gallons which is an average of 603 million gallons per day (MGD). The Lake Houston Pump Station (LHPS) pumped 1.1 billion gallons which is an average of 40 MGD. The Capers Ridge Pump Station (CRPS) pumped 3.1 billion gallons which is an average of 110 MGD.

Mr. Hargrove presented raw surface water production for February 2025, noting the total municipal production was 10.5 billion gallons (62%) and industrial production was 6.6 billion gallons (38%).

B. Upcoming Bids/Procurement.

Mr. Hargrove noted that CWA's procurement policy requires the Board to be notified of upcoming purchases expected to be greater than \$150,000 and reported that CWA is planning to advertise bids for the following budgeted items:

- Lynchburg Pump Station (LPS):
 - Two Pump Rehabilitations
 - Two Motor Rehabilitations
 - Two Gas Circuit Breaker Upgrades
 - Camera Upgrade/Installation
 - Air Vacuum and Manway Coating
 - Pressure Reduction SCADA Upgrade
- TRPS:
 - One Pump Rehabilitation
 - Three Motor Rehabilitations
 - Two Safety Rack Replacements
 - One Forklift Purchase
- LHPS:
 - One Pump Rehabilitation
 - One Motor Rehabilitation
 - Annual Dam Debris Removal
- CRPS:
 - 5KV Cable Replacement

All bids will be presented to the O&M Oversight Committee (O&M Committee) and the O&M Committee's recommendations will be presented to the Board for consideration.

In response to a request from Director Huberty, Mr. Ripley stated that the COH controls dissemination of information regarding water levels at LHPS. Going forward, CWA will report any maintenance work performed at LHPS on the CWA website.

V. ONGOING PROJECTS – Greg Olinger/Aaron Hargrove

A. Lynchburg Pump Station – Engineering Assessment and Modernization Study.

Mr. Olinger stated that this item is the proposal to conduct a comprehensive engineering assessment and modernization study of the LPS that was discussed at last month's Board meeting. This pump and motor capital improvements effort lines up directly with the fourth goal in the Board-approved CWA Strategic Plan, which calls for capital improvement plans that increase system reliability, redundancy, and resiliency. LPS has been in operation since the early 1970s. Eleven of the sixteen pump systems were originally installed prior to 1990, and four of those systems were originally installed in January 1975. All of this equipment was installed in multiple contracts over the years, with different equipment manufacturers, models, sizes, and remaining service life across pump lineups, creating challenges with standardizing CWA's maintenance procedures and obtaining repair parts.

In 2024 numerous challenges were encountered at LPS, especially during the summer months, including transformer failures, harmonic filter failures, and variable frequency drive (VFD) outages primarily due to age of the equipment and the heat.

CWA is proposing to conduct a complete condition assessment and modernization study for LPS to evaluate the current and future raw water demands, condition assessment of each system, proposed standardized replacement pump systems, estimated construction costs, and a prioritized implementation schedule. The ultimate intent is to field all new and standardized pumps, motors, and VFDs through a prioritized and phased approach over the next 10 to 15 years as part of CWA's Capital Improvement Program. This effort will be closely coordinated with the ongoing general facilities improvement project that includes several of CWA's building replacements at LPS. CWA is working closely with the COH to secure the required funds.

CWA staff has developed a Request for Qualifications (RFQ) and scope description for use in procuring an engineer to conduct the study. The proposed schedule includes advertisement of the RFQ on April 10, 2025; a pre-proposal conference at LPS on April 17, 2025; submittal of Statements of Qualifications (SOQs) by May 8, 2025; and presentation of the recommended selection at the June Board Meeting. Mr. Ripley noted that CWA may need leeway by 30 to 60 days on the proposed schedule due to the B-2 pipeline schedule. Director Council asked CWA to keep the Board updated with any changes in schedule.

This item was reviewed with the Professional Engineering Services Review Committee (PESRC) on March 4, 2025, and the PESRC recommended bringing this item forward for Board consideration. There were no questions from the Board and Mr. Olinger recommended the motion as presented.

Motion authorizing the Executive Director to advertise a Request for Qualifications for Engineering Services associated with the Assessment and Modernization Study for Lynchburg Pump Station.

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

B. Facilities Improvement Master Plan.

Mr. Olinger stated that this item is a project update for the CWA Facilities Master Plan. CWA engaged Huitt-Zollars, Inc. (HZI) in early 2024 to complete a comprehensive condition and needs assessment for six critical CWA facilities, including TRPS, LPS, Bayport Pump Station (BPS), Red Bluff Water Treatment Plant, LHPS, and the Canal Maintenance Station. Most of the buildings were built in early 1970 and now lack the required space to facilitate efficient operations, especially during major storm events. CWA personnel safety and

implementation of current safety standards were important considerations in HZI's assessment.

Mr. Joseph Nash with HZI gave a brief presentation on the project to the Board.

C. Bayport Pump Station – Arc Flash Study.

Mr. Olinger this item is an arc flash study for the BPS which involves conducting a site visit to survey and document the BPS's electrical equipment and protective device settings. Modeling of the system including a short circuit study and load flow analysis that generates arc flash boundaries that ensure safe working distances from incident energy. Work within these boundaries requires use of suitable and proper personal protection equipment. The analysis and findings will be documented in an arc flash report including updated drawings and the resulting arc flash boundaries are marked with placards and labels at the facility. CWA is recommending the selection of Ayam Tech LLC. to complete the work. Mr. Olinger noted that Ayam Tech performed good work on a similar arc flash study for the LHPS.

This item was reviewed with the PESRC on March 4, 2025, and the PESRC recommended bringing this item forward for Board consideration. There were no questions from the Board and Mr. Olinger recommended the motion as presented.

Motion authorizing the Executive Director to issue a work order to Ayam Tech LLC. for \$57,000.00 to conduct an Arc Flash Study for the Bayport Pump Station.

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

D. B-2 Pipeline – Update.

Mr. Hargrove stated that CWA has received nineteen SOQs in response to the RFQ for Program Manager and Pipeline Segment Designer—six for Program Manager and thirteen for Pipeline Segment Designer. The PESRC and CWA staff have identified a shortlist of firms for the selection of Program Manager and will be conducting interviews with the shortlisted firms this month, with a recommendation for selection at next month's Board Meeting.

Mr. Hargrove noted that the firms that were not selected for the Program Manager will be considered for Pipeline Segment Designer. CWA expects to present its recommended selection for Pipeline Segment Designer in April or May.

This item was reviewed with the PESRC on March 4, 2025, and the PESRC recommended bringing this item forward for Board consideration. There were no questions from the Board and Mr. Hargrove recommended the motion as presented.

Motion approving the selection of AECOM, ARDURRA, Binkley-Barfield, and Quiddity as firms shortlisted for interviews for Program Management Services for the B-2 Pipeline Project.

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

VI. BUSINESS REVIEW – Seth Deutsch

A. Monthly Financial Statements for the Previous Month.

Mr. Deutsch stated that this item is the Financial Statements for the month ending February 28, 2025. All five of the Operating Funds are under budget and are reflecting expenditures and revenues as anticipated for the first two months of the budget year. There were no questions from the Board on the Financial Statements.

Mr. Deutsch noted that CWA is currently in the middle of the annual audit of its 2024 Financial Statements and expects to receive the first draft letter from the auditor, Weaver and Tidwell, L.L.P., later this month. Mr. Deutsch stated that the final audit letter should be ready to present to the Finance and Audit Committee (F&A Committee) and then to the Board at next month's Board Meeting.

B. Internal Management Report – December 31, 2024.

Mr. Deutsch stated that this item is the Internal Management Report (Report) for the quarter ending December 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. All investments were held to maturity and there were no losses on CWA's investments. CWA earned 4% to 4.5% interest on its investments for this quarter and is currently seeing rates trending downward to around 3.75%.

This item was discussed with the F&A Committee on March 4, 2025, and the F&A Committee recommended bringing this item forward for Board consideration. There were no questions from the Board and Mr. Deutsch recommended the motion as presented.

Motion approving the Coastal Water Authority's Internal Management Report for the Quarter ending December 31, 2024.

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

C. 2024 Arbitrage Liability Rebate Report.

Mr. Deutsch stated this item is the 2024 Arbitrage Liability Rebate Report as of December 31, 2024. A rebatable arbitrage and yield restriction analysis is required on CWA's applicable outstanding contract revenue bonds and State funding agreements. The analysis for 2024 was conducted by Hilltop Securities. The analysis, which is based on the interest rates of CWA's loans and bonds, the earnings received and the remaining proceeds, indicated that no rebatable arbitrage exists on any of CWA's applicable outstanding contract revenue bonds, contract revenue refunding bonds or State participation funding agreements with the Texas Water Development Board, and no payment to the Internal Revenue Service is required.

This item was discussed with the F&A Committee on March 4, 2025, and the F&A Committee recommended bringing this item forward for Board consideration. There were no questions from the Board and Mr. Deutsch recommended the motion as presented.

Motion accepting the Arbitrage Liability Rebate Report for the Coastal Water Authority Contract Revenue Bonds and the Texas Water Development Contract Fundings as of December 31, 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. Deutsch presented to the Board the items that CWA procured in February 2025 that came in between \$25,000 and \$75,000: a purchase order to GE Energy Power Conversion USA for VFD repairs and programming at the LPS; and a purchase order to Team Industrial Services for airvac repair at the BPS. There were no questions from the Board.

VII. DISBURSEMENTS – Seth Deutsch

Mr. Deutsch 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 Bayport Capital Improvement Fund – in the amount of \$86,982.77;

Special Project Equity Fund – in the amount of \$84,902.40; Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$6,140.98; Construction Fund - Series 2015 (Luce Bayou Project) – in the amount of \$206,298.36; the Project Fund – in the amount of \$1,465,749.05; Lake Houston Dam Spillway Improvement Project – in the amount of \$284,490.00; and the Lake Houston Dam Repair – FEMA Project – in the amount of \$12,276.24. There were no questions from the Board and Mr. Deutsch recommended the motion as presented.

Motion approving the Disbursement of Funds as presented.

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

VIII. OLD BUSINESS – Don Ripley

No items to discuss.

IX. NEW BUSINESS – Don Ripley

No items to discuss.

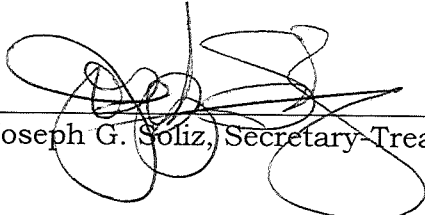
X. EXECUTIVE SESSION – Tony Council

There was no executive session.

XI. ADJOURNMENT – Tony Council

The meeting was adjourned at 10:31 A.M.

[Signature page follows]



Joseph G. Soliz, Secretary-Treasurer