

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

December 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 (*Absent*)
Giti Zarinkelk, P.E., Second Vice-President
Joseph G. Soliz, Secretary-Treasurer
Jon M. Sjolander, Assistant Secretary-Treasurer
Thomas A. Reiser
Daniel G. Huberty

CWA Staff

Don Ripley
John Baldwin
David Miller
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 Walker, 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 November 13, 2024 Board Meeting Minutes.

A. Minutes of the November 13, 2024 Regular Board Meeting.

Motion approving the Minutes of the Regular Board Meeting of November 13, 2024.

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

IV. OPERATIONS AND MAINTENANCE – David Miller

A. Operations Summary Report.

Mr. Miller stated that currently, Lake Houston level is 42.34 feet. Lake Conroe is one foot below normal pool at 199.74 feet. Lake Livingston is one foot below normal pool at 129.91 feet. During November 2024, the Trinity River Pump Station (TRPS) pumped 19.6 billion gallons which is an average of 653 million gallons per day (MGD). The Lake Houston Pump Station pumped 1.2 billion gallons which is an average of 40 MGD. The Capers Ridge Pump Station (CRPS) pumped 5.4 billion gallons which is an average of 180 MGD.

Mr. Miller presented raw surface water production for November 2024, noting the total municipal production was 12 billion gallons (62% distribution) and industrial production was 7.3 billion gallons (38% distribution).

B. Texas SmartBuy Membership Program.

Mr. Miller stated that CWA's procurement and contracts staff have been evaluating a cooperative purchasing program offered through the State of Texas Comptroller's Office called the Texas SmartBuy Program (the Program). The Program leverages the multi-billion dollar purchasing volume of the State of Texas, resulting in lower prices for its membership. Equipment, supplies and services of interest to CWA include heavy equipment, fleet vehicles, tires, ac/heating supplies, uniforms and waste disposal. The current annual membership fee is \$100.00 a year. CWA will enter the Program this month and begin utilizing it in 2025. The Program offers procurement training and certification which CWA will utilize for its procurement staff. In response to a question from Director Zarinkelk, Mr. Miller stated this Program is similar to the Houston-Galveston Area Council Buy Board Program, of which CWA is a member. Mr. Ripley noted that this Program requires the Board to approve a Resolution authorizing CWA to apply for membership before enrollment. The Resolution was reviewed and approved by CWA's general legal counsel, Bracewell LLP. There were no further questions from the Board and Mr. Miller recommended the motion as presented.

Motion adopting the Resolution authorizing CWA to apply for membership in the Texas SmartBuy Membership Program.

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

V. ONGOING PROJECTS – (PROJECT UPDATES) – David Miller

A. B-2 Pipeline.

Mr. Miller stated the B-2 Pipeline Project is approximately sixteen miles in length, ranges in size from 48 inches to 96 inches diameter and will be installed parallel to CWA's existing B-System Pipeline. The purpose of the project is to provide additional capacity and redundancy to the City's East Water Purification Plant and industrial facilities. In 2023, CWA selected Binkley and Barfield to prepare a Preliminary Engineering Report for the project, which is expected to be complete in January 2025. Throughout 2024, CWA has been working with Binkley and Barfield, BGE, Inc. (CWA's general engineering consultant), Bracewell LLP (CWA's bond counsel) and Masterson Advisors LLC (CWA's financial advisor) to secure Texas Water Development Board (TWDB) State Water Implementation Fund of Texas (SWIFT) Program funding for the project. The TWDB SWIFT funding will be \$320 million over a five year period. Closing on the first year loan of \$25 million occurred on November 20, 2024. This funding will be used to complete the design and engineering work scheduled from 2025 into 2026. With the funding in place, CWA is planning to advertise for Program Management and Pipeline Design Services beginning in January 2025. CWA will ask the Board to considering publishing the Request for Qualifications at the January 2025 Board Meeting and anticipates having

firms selected by March 2025 so that the design/engineering work can begin by late May 2025. There were no questions from the Board.

B. Lynchburg Pump Station – B-System Improvements.

Mr. Miller stated the Lynchburg Pump Station (LPS) B-System Improvement Project is being implemented at the request of the City of Houston (COH)/Houston Public Works (HPW) to increase capacity of the B-System Pumps. This is water that is provided to the B-1 and B-2 pipelines and is in relationship to the B-2 pipeline project discussed earlier. The existing 25,000 gallons per minute (GPM) Pump P-201 will be upsized to 55,000 GPM and a new 55,000 GPM Pump P-206 will be added. The design engineer on this project is BGE, Inc., which has been working on this project since 2023. The purchase orders for the pumps, motors and variable frequency drives (VFDs) were placed in late 2023 and the equipment is scheduled to be ready for shipment in the late second quarter of 2025. In advance of that delivery, CWA will advertise a construction bid package in January 2025 to perform the installation. Construction is expected to start in April 2025. CWA anticipates installation, startup and testing of the two new pumps to be completed by December 2025.

In response to questions from Director Huberty, Mr. Ripley stated that CWA has separate funding requests with the COH relating to the Capital Improvement Program (CIP) that must be approved separately from CWA's O&M budget. Mr. Miller noted that CWA has been coordinating with Greg Eyerly, COH/HPW, and his staff on funding needs for comprehensive upgrades/replacements of pumps, motors and VFDs for LPS. There were no further questions from the Board.

C. Capers Ridge Pump Station – Additional Pump Capacity Project.

Mr. Miller noted that the CRPS – Additional Pump Capacity Project is also being implemented at the request of COH/HPW and includes adding the final four pumps and motors to increase pumping capacity from 240 MGD to 500 MGD. CWA's design engineer for this project is Carollo. The construction delivery method is Construction Management at Risk (CMAR) and the contractor that was selected by CWA two months ago is ORC, Inc. Under the CMAR, Carollo is expected to complete the 100% design in April-May 2025 and afterward, CWA, Carollo and ORC will negotiate the final price, referred to as the Guaranteed Maximum Price (GMP). Following negotiation of the GMP and Board approval of the contract, the contractor will place the orders for the pumps/motors and electrical gear in the second quarter of 2025. Construction will take place when the pumps/motors/electrical gear are delivered in mid-2026. The new pumps should be in place and ready to pump by late 2026 or early 2027. There were no questions from the Board.

D. Lake Houston Dam.

Mr. Miller stated the Lake Houston Dam has two project updates. The first project is the Lake Houston Dam Spillway Improvement Additional Gates Project, which will add eleven new tainter gates to the dam for an additional 79,000 cubic feet per second of controlled discharge capacity. The design work is underway and will run through 2026. Current field activities underway include ground and bathymetric surveys. The geotechnical soil borings, environmental investigations including wetlands, endangered species and archeological sites will begin next week. The design team is also scheduling meetings with all of the permitting agencies, including Texas Commission on Environmental Quality (TCEQ), United States Army Corps of Engineers (USACE-Galveston) and Texas Parks and Wildlife Department (TPWD), regarding project details and schedules. CWA met with the TCEQ last week and will meet with USACE-Galveston and TPWD in the coming weeks to inform them of the project details and to obtain an understanding of their respective review schedules and the possibilities of expediting those review schedules. In response to questions from Director Sjolander and Director Huberty, Mr. Ripley stated that this project will increase discharge capacity during flood events which will provide upstream benefits. Planning is also underway for a larger

project to replace the existing 75-year old Lake Houston Dam. CWA will have Black & Veatch begin a high-level Lake Houston Dam Replacement Study in 2025.

The Lake Houston Dam Repair Project is the \$10 million Pre-Disaster Mitigation Grant Project that is being implemented for immediate repairs, including grouting voids below and around the dam structure and repairing the spalled concrete on spillway buttress walls. CWA and CWA's project engineer, Freese and Nichols, Inc., are currently working on the scope and fee for additional field investigations and design/engineering work and expect to bring this item to the Board for consideration in January 2025. The engineering work will specify the repair locations and approach to be implemented during construction. It is estimated that investigation and engineering work will take approximately six to eight months and construction will take approximately six to nine months in duration. There were no further questions from the Board.

E. Supervisory Control and Data Acquisition (SCADA).

Mr. Miller reported that CWA plans to replace the SCADA systems at all pump stations, remote terminal unit locations and the water treatment plant with the latest state of the art control/communications systems including hardware and software as part of CWA's five-year (2024-2028) capital improvement plan (CIP). Most of the existing systems are between 15-20 years of age. CWA selected Tetra Tech earlier this year to prepare an overall SCADA master plan to inventory all existing SCADA hardware and software at each facility, assess the condition of these systems, determine CWA's needs for the systems, evaluate current cybersecurity measures at each of the facilities, determine if the systems are at end-of-life and recommend replacement systems on a facility by facility basis along with the associated costs.

The master plan is scheduled to be complete in the first quarter of 2025. When the master plan is complete, Tetra Tech will make a presentation to the Board to summarize the findings and recommendations for replacements, and CWA will begin the engineering/design/installation for those replacements. Director Council commented that the SCADA upgrades are very important and will result in much more efficient CWA systems.

F. Facilities Improvements.

Mr. Miller stated that this project is also a major component of CWA's five-year CIP referred to as facilities improvements. Control, administration and maintenance buildings at CWA facilities are all approximately fifty years of age and require replacement or major renovations to accommodate CWA staff and equipment. CWA contracted with Huitt-Zollars in May 2024 to prepare a facilities improvement master plan. This master plan assesses the condition of the existing facilities, determines the current and future needs of and recommends replace/renovation approaches for each facility. A draft of the master plan was received two weeks ago and a workshop review was completed with Huitt-Zollars earlier this week. CWA will ask Huitt-Zollars to present the final master plan recommendations to the Board in early 2025. CWA is expecting to begin architectural/engineering work for these facilities in early 2025 so that construction can begin by late 2025. Mr. Miller noted that the top three priorities will be the LPS, which houses the majority of CWA staff, the Canal Maintenance Station, and then the TRPS. There were no questions from the Board.

In reporting on the status of CWA's facilities generally, Mr. Miller also presented the Board with pictures of the Union Pacific train derailment that occurred on Friday, December 6, 2024, at approximately 6:00 P.M. at CWA's Main Canal approximately three miles northeast of the Lynchburg Reservoir and resulted in two tanker cars containing liquid petroleum gas falling into the Main Canal. CWA maintained close coordination with the COH/HPW and Harris County Pollution Control during the event. Water supply to the LPS was suspended as the tanker cars were inspected for leaks. After confirming there was no damage to the tanker cars, water supply to the LPS was resumed at approximately 9:30 A.M. on Saturday, December 7, 2024. Union Pacific was able to mobilize

quickly and pull both of the tanker cars out of the canal by 11:30 A.M. Mr. Miller thanked CWA staff member John Sealy, who spent almost sixteen hours at the wreckage site coordinating with incident command.

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 November 30, 2024. Mr. Baldwin noted that at the end of the eleventh month of CWA's budget year, all five Operating Funds are in good shape and are forecasted to come in under budget at year-end. There were no questions from the Board.

Mr. Baldwin noted that the 2025 Operating Budgets for the Lake Houston Facilities, Trinity River Conveyance System, and the Luce Bayou Water System Project are on the COH's City Council Agenda today for approval.

B. Revised Employee Vacation Leave Policy.

Mr. Baldwin stated that CWA amended its Sick and Vacation Leave Policy in 2012 to match with the COH's Plan A and Plan B for both sick and vacation leave. Mr. Baldwin noted that the COH has recently revised its Plan B Vacation Policy, and CWA would like to amend its Plan B Vacation Policy to match the COH. The amendment allows for accrual and carry-over of vacation to the following year and for employees to be paid for a certain amount of unused/earned vacation hours, dependent on tenure and the maximum payable accrual hours. This item was reviewed with the Finance and Audit Committee (F&A Committee) on November 20, 2024, and the F&A Committee agreed with Mr. Baldwin's recommendation to bring this item forward for Board consideration. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion adopting the Amended and Restated Resolution (2024) of the Board of Directors of CWA approving a Revised Employee Vacation Leave Policy.

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

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

Mr. Baldwin stated that this item is the Internal Management Report (Report) for the quarter ending September 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 yield available in the marketplace during that time frame, which was 5% but has dropped to nearly 4% and is expected to drop to the mid-3%-range next year as the Federal Reserve keeps dropping the Fed rates. All CWA investments were held to maturity and there were no losses. 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 September 30, 2024.

Motion made by Director Reiser, Seconded by Director Sjolander. 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 November 2024 that came in between \$25,000 to \$75,000: two purchase orders to Deere & Company for a 15 foot flexing mower and a utility tractor and a purchase order to Omega Divers, LLC for dam inspection at CWA's Lake Houston Facility. 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 \$226,430.92; the Construction Fund – Series 2017 (Luce Bayou Project) – in the amount of \$112,138.66; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$9,916.51; and the Project Fund – in the amount of \$48,266.22. 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 Reiser, 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

A. Westlake – Luce Bayou Interbasin Transfer Project.

B. CWA Organization Update.

C. Executive Officer Compensation.

Director Council noted the time at 10:32 A.M. and stated that the Board would at this time convene in Executive Session pursuant to the provisions of Sections 551.071-551.084 of the Texas Government Code. No action would be taken in Executive Session.

XI. RECONVENE – OPEN SESSION

Open session was reconvened at 10:53 A.M. Director Council stated that no action was taken in Executive Session.

After discussion, in connection with Item X.C., Executive Officer Compensation, Director Reiser recommended the motion as presented.

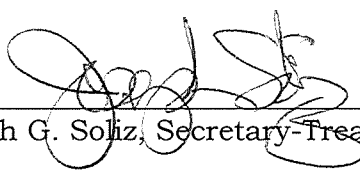
Motion approving the salary increase for the Executive Director in accordance with the “Schedule of Salary Increase” to be effective December 11, 2024.

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

At this time Director Reiser and Director Council stated that CWA staff should discuss the Union Pacific train derailment incident with the State of Texas and determine if there is some type of assistance program that can be accessed to fund the construction of protective infrastructure around CWA water supply canals crossed by railroads. Mr. Ripley responded that CWA staff will investigate further.

XII. ADJOURNMENT – Tony Council

The meeting was adjourned at 10:53 A.M.



Joseph G. Soliz, Secretary-Treasurer