

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

November 13, 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 (*Absent*)
Thomas A. Reiser
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

Mary Buzak, Bracewell LLP

With the exception of Directors Sjolander and 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 following Board Meeting Minutes:

A. Minutes of the October 9, 2024 Regular Board Meeting.

Motion approving the Minutes of the Regular Board Meeting of October 9, 2024.

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

B. Minutes of the October 9, 2024 Finance and Audit Committee 2025 Budget Workshop Meeting.

Motion approving the Minutes of the Finance and Audit Committee 2025 Budget Workshop Meeting of October 9, 2024.

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

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

Motion approving the Minutes of the Special Board Meeting of October 23, 2024.

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

IV. OPERATIONS AND MAINTENANCE – James Lewis/David Miller

A. Operations Summary Report.

Mr. Lewis stated that currently, Lake Houston is at 42.50 feet. Lake Conroe is one foot below normal pool at 200 feet. Lake Livingston is one foot below normal pool at 130 feet. During October 2024, the Trinity River Pump Station pumped 22.6 billion gallons which is an average of 729 million gallons per day (MGD). The Lake Houston Pump Station pumped 1.5 billion gallons which is an average of 49 MGD. The Capers Ridge Pump Station (CRPS) pumped 4.5 billion gallons which is an average of 145 MGD.

Mr. Lewis presented raw surface water production for October 2024, noting the total municipal production was 13.5 billion gallons (62% distribution) and industrial production was 8.1 billion gallons (38% distribution).

B. Equipment and Services Purchases.

Mr. Lewis stated that in October 2024, CWA solicited bids for a 2.5 ton utility/crane truck for the Trinity River System. The truck will be used by CWA staff for mechanical and electrical repairs at pump stations, the maintenance station and the water treatment plant. The low bid was submitted by Southfork Ram. The bids were reviewed with the O&M Oversight Committee (O&M Committee) on November 5, 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 accept a bid in the amount of \$147,449.00 from Southfork Ram for the purchase of a new crane truck.

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

Mr. Lewis stated that in October 2024, CWA solicited bids for a 30-foot boom mower. The boom mower will be used to mow steep slopes on the main canal as well as at the Lynchburg Reservoir. The low bid was submitted by King Ranch Ag & Turf. The bids were reviewed with the O&M Committee on November 5, 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 accept a bid in the amount of \$265,560.00 from King Ranch Ag & Turf for the purchase of a new boom mower.

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

Mr. Lewis stated that in October 2024, CWA solicited bids for coating services on the Bayport Distribution System air vacuum valves (air/vac) assemblies. The scope of these services includes blasting and coating twelve air/vac

assemblies on the Bayport Distribution System. CWA received three bids on November 1, 2024, and the low bid was submitted by Preferred Quality Industrial Specialist. The bids were reviewed with the O&M Committee on November 5, 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 accept a bid in the amount of \$93,000.00 from Preferred Quality Industrial Specialist for air vacuum valves blasting and coating for CWA's Bayport Distribution System.

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

Mr. Miller stated that with the increase in annual operation and maintenance projects along with CWA's significant capital improvement projects (CIP), CWA requires a program and project management information system that facilitates communications, file transfers, on-line reviews, bid management, invoice submittals/reviews, preparation of monthly and quarterly reports and archival of records. CWA evaluated four commercially available software offerings and selected Kahua, Inc (Kahua). Once Kahua is implemented, all engineers, consultants and contractors will be required to utilize the system when working on CWA projects.

Kahua is a cloud-based system and the pricing includes setup of the system, training of users and storage of all data under a five-year agreement. CWA will request Board authorization of the annual payments each year. The first year payment is for initial licensing, installation and training on the system. This item was reviewed with the O&M Committee on November 5, 2024, and the O&M Committee recommended bringing this item forward for Board consideration. Mr. Ripley noted that this system is also being utilized by other regional water authorities. There were no questions from the Board and Mr. Miller recommended the motion as presented.

Motion authorizing the Executive Director to execute an agreement with Kahua Inc. for a Project Management and Information Software Annual Subscription in the amount of \$50,000.00 for the initial one year license fee and \$68,000.00 for software installation and training for a total authorization of \$118,000.00.

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

C. City of Houston – Houston Public Works – Contracts Connect.

Mr. Miller reported that on October 24, 2024, CWA participated in the City of Houston/Houston Public Works (COH/HPW) 17th Annual Contracts Connect Conference at the George R. Brown Convention Center, which provides opportunities for Small and MWDBE businesses to network with local agencies such as CWA, COH/HPW, Houston Airport Systems, and METRO, along with various larger local and national engineers, consultants, and contractors to understand their upcoming programs and projects. Mr. Miller, Mr. Aaron Hargrove, Engineering Manager, and Mr. Jonathon Jung, Contracts Manager, attended the event. During a breakout session, CWA presented its CIP and annual Operating and Maintenance contracting opportunities. CWA looks forward to participating in future COH/HPW Contracts Connect Conferences.

V. ONGOING PROJECTS – David Miller

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

Mr. Miller noted that the CRPS – Additional Pump Capacity Project is being implemented at the request of COH/HPW and will add the final four pumps and motors to increase capacity to 500 MGD. As discussed at previous Board Meetings, CWA is using a Construction Management at Risk (CMAR) delivery approach. CWA received five CMAR proposals in late August 2024. After review, CWA and CWA's design engineer, Carollo, shortlisted two firms and

conducted interviews with those firms on September 12, 2024. The firm selected was ORC, Inc.

After selection CWA and Carollo began negotiation of the pre-construction services for the contract. The pre-construction services include removal and detailed inspection of an existing pump at the CRPS, reinstallation of that pump after inspection, participation in design review process, development of subcontractor and equipment procurement packages which will be reviewed by CWA and Carollo, and development of cost estimates. Upon completion of the design CWA will negotiate the guaranteed maximum price. CWA reviewed the pre-construction pricing with the Professional Engineering Services Review Committee (PESRC) on November 5, 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 execute a Construction Management at Risk contract with ORC Inc. in the amount of \$858,185.00 for Pre-Construction Services for construction of the Capers Ridge Pump Station Additional Pump Capacity Project as part of the Luce Bayou Interbasin Transfer Project.

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

B. Lake Houston Dam.

This item is the FEMA/TDEM pre-disaster mitigation grant project awarded to COH and CWA in January 2024, which will provide \$10,000,000 in funding for the repair of the existing Lake Houston Dam. The repairs include grouting voids below the hearth structure and repairing spalled concrete on the buttress walls and weir walls at numerous locations across the dam. CWA received Statements of Qualifications (SOQs) from three engineering firms in October 2024. Following review of the SOQs, CWA staff is recommending Freese and Nichols, Inc. for award to provide the necessary engineering and preparation of construction documents specifying the repairs. This item was reviewed with the PESRC on November 5, 2024, and the PESRC recommended bringing this item forward for Board consideration.

In response to questions from Director Huberty, Mr. Miller stated that the \$10,000,000 will cover additional dam inspections, design and engineering services and construction of the repairs and will reduce the risk of having a near term undermining of sections of the dam which would necessitate a costly emergency repair. Mr. Miller referenced an emergency project implemented earlier this year by the Trinity River Authority on the Lake Livingston Dam which cost approximately \$40 million and noted that the Lake Houston Dam is near the end of its design life and CWA is planning for a dam replacement project. Mr. Ripley noted that this project would keep the Lake Houston Dam in compliance with State of Texas dam safety requirements. There were no further questions from the Board and Mr. Miller recommended the motion as presented.

Motion authorizing the Executive Director to negotiate a contract with Freese and Nichols, Inc. for Inspection and Engineering Services for the Lake Houston Dam Repairs Project.

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

C. Bayport Distribution System.

Mr. Miller noted that the Board authorized CWA to negotiate a contract for engineering services with Schaumberg Polk Inc. in September 2024 for the Phase 4 Bayport Waterline Replacement Project. This project is the replacement of approximately 14,000 linear feet of piping ranging in size from 16 inches to 60 inches in diameter. The scope will also include the replacement of valves and adding a new magnetic flow meter at the Bayport Pump Station. CWA completed negotiation of the scope, fee and schedule in October 2024. This item was reviewed with the PESRC on November 5, 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 execute a contract with Schaumburg Polk Inc. in the amount of \$812,151.00 for Engineering Services associated with the Phase 4 Waterline Replacement Project on the Bayport System.

Motion made by Director Zarinkelk, Seconded by Director Reiser. 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 October 31, 2024. At the end of the tenth month of the budget year, all five of the Operating Funds are within the parameters of the forecasted budget in expenditures. The revenue stream from the COH and CWA's two customers, Bayport and Red Bluff Treatment Plant, are timely. There were no questions from the Board.

B. Adoption of the 2025 Operating Budgets for the Trinity River Conveyance System, the Lake Houston Facilities and the Luce Bayou Water System Project.

Mr. Baldwin stated that this item is CWA's proposed Fiscal Year 2025 Operating Budgets with the COH for the Trinity River Conveyance System, the Lake Houston Facilities and the Luce Bayou Water System Project. The draft budgets were reviewed at the October 9, 2024 Budget Workshop and then the final draft budgets were reviewed with the Finance and Audit Committee Meeting on October 23, 2024. No changes were made to the budgets from the Budget Workshop Meeting. Following Board approval of the final budgets, CWA will forward the budgets to the COH/HPW. HPW will then recommend the budgets to Mayor Whitmire and City Council for approval. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion adopting the 2025 Operating Budgets for the Trinity River Conveyance System, the Lake Houston Facilities and the Luce Bayou Water System Project and authorizing the Chief Financial Officer to submit said Budgets to the City of Houston Mayor and City Council for their review and approval.

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

C. Adoption of the 2025 Operating Budgets for the Bayport Water System Project and the Red Bluff Water Treatment Plant.

Mr. Baldwin stated that this item is CWA's proposed Fiscal Year 2025 Operating Budgets for the Bayport Water System Project and the Red Bluff Water Treatment Plant. These two budgets were also reviewed at the October 9, 2024 Budget Workshop. During the Budget Workshop Meeting, the Board authorized CWA to increase the rates on both budgets. Regarding the Red Bluff Water Treatment Plant budget, the treatment rates went up slightly based on its lower usage rate as budgeted than the last couple of years but their expenses stayed the same. Regarding the Bayport Water System Project budget, the transmittal delivery fee was raised from 19 cents per 1,000 gallons of treated water to 25 cents per 1,000 gallons of treated water. The excess money, after the operation and maintenance is paid for, will go into the Construction Fund for the upcoming Bayport Waterline Project. The final draft budgets which included the increased rates were reviewed with the Finance and Audit Committee Meeting on October 23, 2024. There were no questions for the Board and Mr. Baldwin recommended the motion as presented.

Motion approving the Resolutions adopting the 2025 Operating Budgets for the Bayport Water System Project and the Red Bluff Water Treatment Plant.

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

D. Investment Policy Renewal.

Mr. Baldwin stated that this item is the annual review of CWA's Investment Policy (Policy). The State of Texas Public Funds Investment Act requires the Board to acknowledge the review of the Policy even if no changes are needed by adopting the continuance of the Policy. With the exception of the newly added B-2 Pipeline Project TWDB Contract Fund for \$25,000,000 when the subject bond transaction closes next week, there were no significant changes to the Policy this year. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving the Resolution adopting a Continuance of the Investment Policy, Cash and Investment Management Procedure and List of Qualified Brokers/Dealers of the Coastal Water Authority.

Motion made by Director Reiser, 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 October 2024 that came in between \$25,000 to \$75,000: two purchase orders to King Ranch AG and Turf for three rotary cutter mowers and a purchase order to Lansdowne Moody Company for a flexible mower. 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 \$520,885.56; the Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$7,595.82; and the Project Fund – in the amount of \$46,754.20. 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 Soliz. The Motion carried unanimously.

VIII. OLD BUSINESS – Don Ripley

No items to discuss.

IX. NEW BUSINESS – Don Ripley

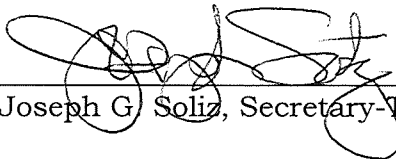
No items to discuss.

X. EXECUTIVE SESSION – Tony Council

There was no executive session.

XI. ADJOURNMENT – Tony Council

The meeting was adjourned at 10:23 A.M.



Joseph G Soliz, Secretary-Treasurer