

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

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

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 and 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 – Don Ripley

Mr. Ripley stated that the first item of business was the approval of the Minutes of the Board Meeting of February 14, 2024.

A. Minutes of the February 14, 2024 Board Meeting.

Motion approving the Minutes of the Board Meeting of February 14, 2024.
Motion made by Director Zarinkelk, Seconded by Director Walker. The Motion carried unanimously.

IV. OPERATIONS AND MAINTENANCE – David Miller

A. Operations Summary Report.

Regarding CWA's regional drinking water reservoirs, Mr. Miller stated that Lake Livingston is slightly above normal pool at 131.35 ft. and currently releasing 5,000 cfs; Lake Conroe is slightly below normal pool at 200.96 ft.; Lake Houston is at normal pool at 42.40 ft. Regarding CWA's surface water production, during the month of February 2024, the Trinity River Pump Station pumped 18.7 billion gallons which is an average of 646 million gallons per day (MGD). The Lake Houston Pump Station pumped 1.2 billion gallons which is an average of 41 MGD. The Capers Ridge Pump Station (CRPS) production was 100 million gallons. Mr. Miller reported that CRPS was shut down for most of the month February as levels in Lake Houston were above normal pool due to the rain events that occurred in late January 2024 through early February 2024. Mr. Miller noted that CRPS was turned back on two weeks ago. Regarding raw surface water production for February 2024, Mr. Miller provided the following:

- Raw Surface Water to City of Houston (COH)
 - East Water Purification Plant – 7.6 billion gallons (262 MGD)
 - Southeast Water Purification Plant – 3.2 billion gallons (110 MGD)
- Raw Surface Water to City of Deer Park and Bay Area Water Authority
 - 500 million gallons (17 MGD)
- (Total Municipal Production – 11.3 billion gallons (62% distribution))
- (Total Industrial Production – 6.9 billion gallons (38% distribution))

There were no questions from the Board.

B. Upcoming Bids/Procurement.

Mr. Miller stated that there are no major upcoming bids or procurements to report this month and noted that he expects to have a few items to report on next month.

V. ONGOING PROJECTS – David Miller

A. Lake Houston Dam Pre-Disaster Mitigation Grant.

Mr. Miller stated that at the February 2024 Board Meeting the Board was briefed that the COH was awarded a \$10 Million FEMA/TDEM Pre-Disaster Mitigation grant in January 2024. This grant funding will be used to make needed repairs to the existing Lake Houston Dam. The scope includes grouting voids below the spillway hearth/discharge channels/retaining walls and repairing spalled concrete on approximately 75% the buttress walls that support the spillway. To execute these repairs, an Interlocal Agreement (ILA) between the COH and CWA was prepared by the COH's attorneys to specify the terms and conditions, including scope of work, schedule, use of grant funds, payment obligations, etc. The ILA was reviewed by CWA's general legal counsel, Bracewell LLP.

In response to a question from Director Council, Mr. Miller stated that the COH will interface directly with FEMA and TDEM. In response to a question from Director Zarinkelk, Mr. Miller stated that this project will require services from both engineers and contractors. There will be a need for additional ground penetrating radar investigations to identify all of the voids and the exact locations, and then CWA will need an engineer to specify the repair methods followed by a construction contractor to perform the repairs. There were no further questions from the Board and Mr. Miller recommended the motion as presented

Motion authorizing the Executive Director to execute an Interlocal Agreement with the City of Houston to implement the Pre-Disaster Mitigation Grant related to the Lake Houston Dam Repair Project.

Motion made by Director Walker, Seconded by Director Sjolander. 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 February 29, 2024. All five of the Operating Funds are reflecting expenditures and revenues as anticipated for the first two months of the budget year. There were no questions from the Board.

Mr. Baldwin noted that CWA is currently in the middle of its annual audit of CWA's 2023 Financial Statements and expects to receive the first draft letter from CWA's auditor, Weaver and Tidwell, L.L.P., later this month. Mr. Baldwin stated that the final audit letter should be ready to present to the Finance and Audit Committee and then to the Board at next month's Board Meeting.

B. Internal Management Quarterly Report – December 31, 2023.

Mr. Baldwin stated that this item is the Internal Management Report (Report) for the quarter ending December 31, 2023, 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 5% to 5.5% 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 December 31, 2023.

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

C. Resolution Adopting the CWA Records Management Program.

Mr. Baldwin stated that at last month's Board Meeting, the Board adopted a Resolution designating Mr. Seth Deutsch as CWA's new Records Management Officer. This item is a Resolution establishing the CWA Records Management Program and authorizing CWA's Records Management Officer to adopt the appropriate records control schedules issued by the Texas State Library and Archives Commission as CWA's Records Management Program. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion to adopt a Resolution establishing the CWA Records Management Program.

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

D. 2023 Arbitrage Liability Rebate Report.

Mr. Baldwin stated that this item is the 2023 Arbitrage Liability Rebate Report as of December 31, 2023. A rebatable arbitrage and yield restriction analysis is required on CWA's applicable outstanding Contract Revenue Bonds and the State Funding Agreements. The analysis for 2023 was conducted by the financial services firm of First Southwest. The analysis indicated that no rebatable arbitrage exists on any of CWA's applicable Contract Revenue Bonds, Contract Revenue Refunding Bonds and the State Participation Funding with the Texas Water Development Board (TWDB).

Mr. Baldwin noted that for the most part all of the earlier loans from the TWDB are down to zero, but there are some remaining proceeds from the Series 2013; Series 2015; and Series 2017 loans. CWA's two other loans are Contract Revenue Refunding Bonds, Series 2010 and Series 2014, which are backed by the COH on the original Trinity River Project. Based on the interest rates of the loans and the bonds, the earnings, and the remaining proceeds, no payment was required from CWA to the Internal Revenue Service. There were no questions from the Board and Mr. Baldwin 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, 2023.

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

E. Notification of Procured Items.

In accordance with CWA's Amended and Restated Resolution (2023) Delegating Authority to Executive Officers, Mr. Baldwin presented to the Board the name of a project awarded in February 2024 that came in between \$25,000 to \$75,000. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

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 \$31,813.73; Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$89,949.52; and the Project Fund – in the amount of \$16,340.04. 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 Walker, 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. Cedar Point Lateral System Right-of-Way.

Director Council noted the time at 10:15 A.M. and stated that the Board would at this time convene in Executive Session pursuant to the provisions of Sections 551.071, 551.072, 551.074, and 551.076 of the Texas Government Code. No action would be taken in Executive Session.

XI. RECONVENE – OPEN SESSION

Open session was reconvened at 10:26 A.M. Director Council stated that no action was taken in Executive Session.

After discussion, in connection with Item X.A., Cedar Point Lateral System Right-of-Way, Mr. Ripley recommended the motion as presented.

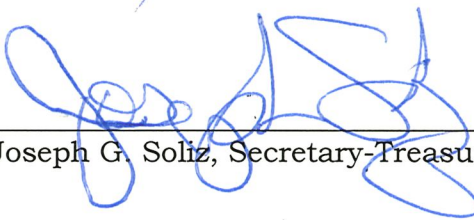
Motion authorizing CWA to make an offer to Chambers County Logistics LP for the purchase of 0.993 acres of property adjacent to the Cedar Point Lateral in Chambers County, Texas, in the amount designated by CWA's appraiser.

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

XII. ADJOURNMENT – Tony Council

The meeting was adjourned at 10:27 A.M.

[Signature page follows]



Joseph G. Soliz, Secretary-Treasurer