

COASTAL WATER AUTHORITY

Minutes of Regular Meeting

May 8, 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 – Tony Council

Director Council stated that the first item of business was the approval of the Minutes of the Board Meeting of April 10, 2024.

A. Minutes of the April 10, 2024 Board Meeting.

Motion approving the Minutes of the Board Meeting of April 10, 2024.

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

IV. OPERATIONS AND MAINTENANCE – James Lewis

A. Operations Summary Report.

Mr. Lewis stated that in late April 2024 to early May 2024, the region experienced very significant rainfall which resulted in major flooding along the San Jacinto and Trinity Rivers and their tributaries. Regarding the regional drinking water reservoirs, Mr. Lewis stated that Lake Houston, Lake Conroe and Lake Livingston are above normal pool. Lake Conroe is currently at 201.34 ft. Lake Houston is at 44.18 ft. Lake Livingston is at 131.59 ft. Mr. Lewis stated the peak dam discharges were Lake Livingston Dam – 124,000 cfs, Lake Conroe Dam – 72,000 cfs and Lake Houston Dam – 181,000 cfs. Regarding CWA's surface water production, during the month of April 2024, the Trinity River Pump Station pumped 19.2 billion gallons which is an average of 640 million gallons per day (MGD). The Lake Houston Pump Station pumped 1.3 billion gallons which is an average of 43 MGD. The Capers Ridge Pump Station pumped 2.4 billion gallons. Mr. Lewis presented raw surface water production for April 2024 noting the total municipal production was 12 billion gallons (62.5% distribution) and industrial production was 7.2 billion gallons (37.5% distribution).

V. ONGOING PROJECTS – David Miller

A. Facilities Improvement Master Plan.

Mr. Miller stated that at the April 2024 Board Meeting the Board authorized CWA to negotiate a contract, scope and engineering fee with Huitt-Zollars, Inc. for a CWA Facilities Master Plan (Master Plan). The Master Plan is the beginning step in the upgrade, renovation or replacement of CWA's older buildings at its pump stations and maintenance facilities. These buildings range from 30-60 years of age. The Master Plan scope of work includes condition assessments, needs assessments and space planning, conceptual floor plans and building layouts. Information will be assembled into a Master Plan which will include recommended improvements for each facility including costs and construction schedules. CWA and Huitt-Zollars completed contract, scope, fee and schedule negotiations and this information was reviewed with the Professional Engineering Services Review Committee (PESRC) on April 30, 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 Huitt-Zollars, Inc. in the amount of \$250,000.00 for Professional Engineering Services associated with development of a Facilities Improvement Master Plan.

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

B. B-2 System Pipeline Project.

Mr. Miller stated that on April 11, 2024, CWA was notified by the Texas Water Development Board (TWDB) that it was invited to submit a full application for a State Water Implementation Fund of Texas loan to finance the CWA B-2 System Pipeline Project (Transmission Expansion Project). The Transmission Expansion Project will provide much-needed redundancy for a number of CWA pipelines, specifically the B-System and C-System pipelines, which cannot be taken out of service for inspection and repairs, and will also increase capacity for future demands from the City of Houston (COH) water purification plants and many industrial facilities in Deer Park, La Porte and Pasadena. The Transmission Expansion Project is approximately seventeen miles in length and the pipeline will range in size from 48 inches to 96 inches in diameter. The Transmission Expansion Project, which is estimated to cost \$320,000,000, was identified as a critical need for CWA and the COH and included in the TWDB's

2022 State Water Plan as a project that would require financial assistance. Over the past month the COH, CWA, BGE, Inc. (CWA's general engineering consultant), Bracewell LLP (CWA's bond counsel) and Masterson Advisors LLC (CWA's financial advisor) have been working on finalizing the application and providing the supporting documents for submittal to TWDB by May 13, 2024. A Resolution requesting financial assistance and authorizing the filing of the application with TWDB was prepared for adoption by the Board. There were no questions from the Board and Mr. Miller requested the motion as presented.

Motion to adopt a Resolution by the Board of Directors of the Coastal Water Authority, requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith.

Motion made by Director Sjolander, Seconded by Director Walker. 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 April 30, 2024. Mr. Baldwin noted that at the end of the first four months of the budget year CWA is within budget on all five Operating Funds as forecasted and the revenue stream from CWA's two customers at the Water Treatment Plant and at the Bayport Plant is satisfactory. The reimbursements from the COH and CWA's two customers, Bayport and Red Bluff Treatment Plant, are timely. There were no questions from the Board.

B. Group Medical and Dental Insurance Policy Renewal.

Mr. Baldwin stated that this item is the annual renewal of group medical and dental insurance for CWA employees. CWA has been working with representatives of Marsh McLennan Insurance Company (Marsh) to renew the CWA Employees Group Medical and Dental Insurance Policies. The current policies are with the Cigna Insurance Company (Cigna). The current year would be Cigna's third year of their coverage.

Mr. Baldwin noted that the initial renewal proposal received from Cigna was a 14.2% increase in the medical policy premiums and a 15% increase in the dental coverage. According to Cigna, the increase in premiums was due to high claims. A discussion was held to negotiate a best and final proposal from Cigna, focusing on Cigna's claims paid history over the past twelve months, Cigna's forecast of continuing to pay high claims for several CWA employees' dependents, and the fact that the age of the current work force is lowering since the recent new hires are much younger than the employees that are leaving. Cigna's best and final proposal was a 5% increase for medical renewal policy rates and 6% increase in dental renewal policy rates.

The representatives from Marsh, citing similar experiences with other clients, advised that accepting Cigna's best and final proposal would be advantageous to CWA. Mr. Baldwin therefore recommended the Board approve the renewal of the Group Medical Policy bundled with the Dental Policy from Cigna based upon their best and final proposal. Mr. Baldwin also recommended that the employee contribution amounts for the cost of the monthly premiums be increased to share in the additional cost of the total monthly premiums. The contribution rates for dental insurance will continue at \$15/month for employee and \$30/month for employee plus dependents. Mr. Baldwin then recommended continuing the contributions to the Medicare Advantage Insurance Program for CWA's eligible retired employees and their spouses at the existing rates due to no increase in the cost of those two programs at the present time. Mr. Baldwin stated that Mr. Rich Black with Marsh was in attendance to answer questions from the Board. There were no questions from the Board and Mr. Baldwin recommended the motion as presented.

Motion approving a Group Medical and Dental Insurance Policy with Cigna and the continuation of the Medicare Advantage Program for CWA eligible retirees meeting the minimum combination of age and years of service with Aetna Medicare Advantage beginning July 1, 2024 with employee/employer contribution rates as presented by the Chief Financial Officer.

Motion made by Director Zarinkelk, Seconded by Director Sjolander. 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 an item CWA procured in April 2024 that came in between \$25,000 to \$75,000. 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 \$33,372.12; Construction Fund – Series 2013 (Luce Bayou Project) – in the amount of \$132,721.96; and the Project Fund – in the amount of \$56,976.67. 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 Walker. The Motion carried unanimously.

VIII. OLD BUSINESS – Don Ripley

No items to discuss.

IX. NEW BUSINESS – Don Ripley

Mr. Ripley noted that Mr. Miller has distributed information to Board Members concerning the Construction Management at Risk (CMAR) project delivery method. At the June Board Meeting, CWA staff will be presenting a proposal to utilize CMAR for the first time for the Luce Bayou Expansion Project. Mr. Ripley asked the Board to reach out to CWA staff before the June Board Meeting with any questions or request for more information. Director Council encouraged the Board to review CMAR before next month's Board Meeting.

X. EXECUTIVE SESSION – Tony Council

There was no executive session.

XI. ADJOURNMENT – Tony Council

The meeting was adjourned at 10:17 A.M.

[Signature page follows]



Joseph G. Soliz, Secretary-Treasurer