

CLEAR LAKE CITY WATER AUTHORITY

900 Bay Area Boulevard • Houston, Texas 77058 • 281/488-1164
• FAX 281/488-3400

August 15, 2011

To: All Persons Interested in the Meeting of the Clear Lake City Water Authority Board of Directors:

Notice an agenda is hereby given that the Board of the Clear Lake City Water Authority will convene in Regular Session open to the public at 900 Bay Area Boulevard within such Authority at 7:00 p.m. on August 18, 2011 for the following purposes:

1. Approve or correct minutes of the July 12, 2011 Regular Meeting;
2. Approve or correct minutes of the July 26, 2011 Special Meeting;
3. Comments from the floor (5 minute limitation);
4. Consider and act upon approving a revised inter-local agreement to participate with Pasadena and the other SEWPP Plant Co-Participants to contest the City of Houston true-ups;
5. Consider and act upon Write-off of Uncollectable Water/Sewer Accounts;
6. Receive Tax Assessor/Collector Report ending July 31, 2011;
7. Consider and act upon the Financial Report ending June 30, 2011;
8. Consider and act upon the Operating Disbursement's Report ending July 31, 2011;
9. Review and approve Pay Application No. 6 & Final for Interior and Exterior Recoating of Elevated Storage Tank No. 4;
10. Review and approve Change Order No. 3 for Sanitary Sewer Phase 41 Rehabilitation;
11. Review and approve Pay Application No. 6 & Final for Sanitary Sewer Phase 41 Rehabilitation;
12. Review and approve Pay Application No. 5 for El Camino Real Aerial Utility Crossing at Cow Bayou;
13. Receive bids and award construction contract for Sanitary Sewer Phase 44 Manhole Rehabilitation;
14. Receive bids and award construction contract for Sanitary Sewer Phase 49 TV Surveys;
15. Receive bids and award construction contract for Storm Sewer Phase 19 Rehabilitation;

16. Review and act upon the Engineer's Report and any matters pertaining to construction contracts;
17. Consider and act upon approval of the Capital Projects Disbursements;
18. Receive and act upon Attorney's Report;
19. Consider and act upon the Investment Summary ending June 30, 2011;
20. Receive General Managers Report;
21. Old and New Business

Following the Board's consideration, and action if any, on the above items, the Board will adjourn from Regular Session and reconvene in Closed Session pursuant to §551.071 of the Government Code for the purpose of consulting with its attorney, pursuant to §551.072 of the Government Code to deliberate regarding real property and pursuant to §551.074 of the Government Code to discuss personnel matters.

A black rectangular redaction box covers the signature of James H. Byrd. The box is positioned above the typed name and title.

James H. Byrd
General Manager
Clear Lake City Water Authority

(SEAL)



CLEAR LAKE CITY WATER AUTHORITY
Board of Directors'
Regular Meeting Minutes
August 18, 2011

Regular Meeting

The Board of Directors of the Clear Lake City Water Authority convened in regular session open to the public at the regular meeting place in its office at 7:00 p.m. on the 18th of August 2011 and the roll was called of the members:

Quorum Present

Ms. Gayle I. Yoder, President;
Mr. John Branch, Vice President;
Mr. Robert T. Savely, Secretary;
Mr. Vince Johnson, Director;
Mr. John Ferguson, Director;

All were present.

Also present were:

James H. Byrd, General Manager;
Curtis Rodgers, Director of Utilities;
Bill Rosenbaum, Engineer;
Bill Schweinle, Attorney;

(See visitor roster attached hereto as part of these minutes and identified as Exhibit A.)

1. Minutes of 7/12/11
Regular Meeting
Approved

Reading of the minutes of the 7/12/2011 meeting was waived due to all Directors having received copies prior to the meeting.

Thereupon, by motion duly made by Director Branch and seconded by Director Savely the Board voted unanimously to approve the minutes of the 7/12/2011 meeting.

2. Minutes of 7/26/11
Special Meeting
Approved

Reading of the minutes of the 7/26/2011 meeting was waived due to all Directors having received copies prior to the meeting.

Thereupon, by motion duly made by Director Branch and seconded by Director Ferguson the Board voted unanimously to approve the minutes of the 7/26/2011 meeting.

3. Comments from the
Floor

None.

4. Inter-local Agreement
with Pasadena and the
other SEWPP Co-
Participants to Contest
the City of Houston
Approved

A revised Inter-local Agreement to participate with Pasadena and the other SEWPP Co-Participants to contest the City of Houston was presented to the board for approval. There is a disagreement between the City of Houston and the other co-participants about the timeframe allowed to go back on a true-up and collect payment. The costs are split between the co-participants pro-rata based on the share owned in the SEWPP. (Copy attached hereto as part of these minutes and identified as Exhibit B.)

By motion duly made by Director Branch and seconded by Director Ferguson the Board voted unanimously to approve the request for an Inter-local agreement to participate with the City of Pasadena and the other SEWPP Co-participants to contest all of the City of Houston's true-up assessments.

5. Write-off of Uncollectable Water/Sewer Accounts Approved

Mrs. Kelly presented a report of uncollectible water/sewer accounts for the Board's review and approval. (Copy attached hereto as part of these minutes and identified as Exhibit C.)

By motion duly made by Director Ferguson and seconded by Director Savely, the board voted unanimously to approve the write-offs in the amount of \$3,866.97.
6. Tax Collector Report

Ms. Cumming presented a report of taxes collected and taxes outstanding as of July 31, 2011 for the Board's review. (Copy attached hereto as part of these minutes and identified as Exhibit D.)
7. Financial Report Approved

The Financial Report ending June 30, 2011 was presented for the Board's approval. (Copy attached hereto as part of these minutes and identified as Exhibit E.)

Thereupon, by motion duly made by Director Branch and seconded by Director Ferguson the Board voted unanimously to approve the Financial Report ending June 30, 2011.
8. Operating Disbursements Report Approved

The Operating Disbursements Report ending July 31, 2011 was presented for the Board's approval. (Copy attached hereto as part of these minutes and identified as Exhibit F.)

Thereupon, by motion duly made by Director Branch and seconded by Director Ferguson the Board voted unanimously to approve the Operating Disbursements Report ending July 31, 2011.
9. Pay Application No. 6 & Final for Interior and Exterior Recoating of Elevated Storage Tank No. 4 Approved

Mr. Rosenbaum presented Pay Application No. 6 & Final Interior and Exterior Recoating of Elevated Storage Tank No. 4 for the Board's review and approval. (Copy attached hereto as part of these minutes and identified as Exhibit G.)

Thereupon, by motion duly made by Director Branch and seconded by Director Ferguson the Board voted unanimously to approve Pay Application No. 6 & Final for M.K. Painting, Inc. in the amount of \$36,700.00.
10. Change Order No. 3 for Sanitary Sewer Phase 41 Rehabilitation Approved

Mr. Rosenbaum presented Pay Change Order No. 3 Sanitary Sewer Phase 41 Rehabilitation for the Board's review and approval. (Copy attached hereto as part of these minutes and identified as Exhibit H.)

Thereupon, by motion duly made by Director Branch and seconded by Director Ferguson the Board voted unanimously to approve Change Order No. 3 for PM Construction & Rehab L.P. in the amount of \$5,500 and 30 additional calendar days.
11. Pay Application No. 6 & Final for Sanitary Sewer Phase 41 Rehabilitation Deferred

This item was deferred.
12. Pay Application No. 5 for El Camino Real Aerial Utility Crossing at Cow Bayou Approved

Mr. Rosenbaum presented Pay Application No. 5 for El Camino Real Aerial Utility Crossing at Cow Bayou for the Board's review and approval. (Copy attached hereto as part of these minutes and identified as Exhibit I.)

Thereupon, by motion duly made by Director Branch and seconded by Director Savely the Board voted unanimously to approve Pay Application No. 5 for Lone Star Road Construction for \$52,245.00.

13. Award Construction
Contract for Sanitary
Sewer Phase 44
Manhole Rehabilitation
Approved

Mr. Rosenbaum presented the bids received for Sanitary Sewer Phase 44 Manhole Rehabilitation for the Board's review and approval. (Copy attached hereto as part of these minutes and identified as Exhibit J.)

Thereupon, by motion duly made by Director Branch and seconded by Director Ferguson the Board voted unanimously to approve awarding the contract to the second low bidder pursuant to the engineer's recommendation, Standard Cement Materials, with a bid of \$195,976.00 and 100 calendar days. The recommendation to go with the second lowest bidder was based on previous project experience and financial statements.

14. Award Construction
Contract for Sanitary
Sewer Phase 49 TV
Surveys
Approved

Mr. Rosenbaum presented the bids received for Sanitary Sewer Phase 49 TV Surveys for the Board's review and approval. (Copy attached hereto as part of these minutes and identified as Exhibit K.)

Thereupon, by motion duly made by Director Branch and seconded by Director Ferguson the Board voted unanimously to approve awarding the contract to the low bidder pursuant to the engineer's recommendation, CleanServe Inc., with a bid of \$119,008.40 and 120 calendar days.

15. Award Construction
Contract for Storm
Sewer Phase 19
Rehabilitation
Approved

Mr. Rosenbaum presented the bids received for Storm Sewer Phase 19 Rehabilitation for the Board's review and approval. (Copy attached hereto as part of these minutes and identified as Exhibit L.)

Thereupon, by motion duly made by Director Branch and seconded by Director Savely the Board voted unanimously to approve awarding the contract to the low bidder pursuant to the engineer's recommendation, R.L. Utilities, with a bid of \$304,910.00 and 120 calendar days.

16. Engineer's Report

Mr. Rosenbaum presented a written status of projects for the Board's review and discussion. (Copy attached hereto as part of these minutes and identified as Exhibit M.)

17. Capital Projects
Disbursements
Approved

The Capital Projects Disbursements Report was presented for the Board's approval. (Copy attached hereto as part of these minutes and identified as Exhibit N.)

Thereupon, by motion duly made by Director Branch and seconded by Director Savely, the Board voted unanimously to approve the amended Capital Projects Report in the amount of \$192,883.93, minus the above deferral. The original Capital Projects Disbursements Report was for \$324,345.06 however check #1058 to PM Construction for \$131,461.13 was deferred.

18. Attorney's Report

Mr. Schweinle informed the Directors that the appeal to the Texas Supreme Court in the developer (consolidated FDC and Kirby Lakes, et al) cases had been filed in Austin yesterday. He told the Board that Ray Viada was the primary author on the brief, with assistance from Barry Abrams and himself. Mr. Schweinle will keep the Board and staff informed of any significant developments. Also, he will forward a copy of the brief to the directors and staff.

Mr. Schweinle brought up the request for information served on CLCWA by Joseph Westoff. He indicated that he would work with the staff and the three law firms that worked on the two cases to develop the information being sought. Because of the short time limit on the initial response to the requesting party, Mr. Schweinle said it would be necessary to initially respond to Mr. Westoff and inform him that the information he seeks is being developed. A draft of Mr. Schweinle's letter will be sent for review before release to Mr. Westoff.

Mr. Schweinle brought up the status of the Drainage Fee calculations being worked on primarily by Bill Rosenbaum and Mary Ann Schatz. A copy of their working draft was presented for preliminary review by the Board. The directors instructed the staff, and Messrs. Rosenbaum and Schweinle to finalize the report and provide a copy to the City of Houston.

19. Investment Summary
Approved

The Investment Summary ending June 30, 2011 was presented for the Board's approval. (Copy attached hereto as part of these minutes and identified as Exhibit O.)

Thereupon, by motion duly made by Director Branch and seconded by Director Savely the Board voted unanimously to approve the Investment Summary ending June 30, 2011.

20. General Manager's
Report

Mr. Byrd reported that CLCWA can sell off many of CLCWA's Groundwater Credit Certificates for a profit of approximately \$2.7 million. Mr. Byrd advised CLCWA should retain about 20% of the Certificates.

Thereupon, by motion duly made by Director Branch and seconded by Director Ferguson, and to be ratified at the next meeting, the Board voted unanimously to approve selling 80% of CLCWA's Groundwater Credit Certificates, at Mr. James Byrd's discretion on which ones to sell.

Mr. Byrd recommended a policy amendment on selling vacation time being paid in lieu of time off. Currently vacation time can be sold two times a year but there is no limit on the number of hours. Mr. Byrd would like the policy changed to cap the vacation time sold to be up to 2 weeks or 80 hours maximum, and can occur no more than twice a year. The Board advised for this policy amendment request to be on a near future agenda.

Mr. Byrd recommended a policy is needed for detention pond enforcement. The intent of the policy is to make property owners responsible for the upkeep and maintenance of their detention ponds and refusal to do so would result in a fine. The Board asked for the proposed policy to appear on a near future agenda and also to find out what the standard is for surrounding cities.

Mr. Byrd presented the Drought Contingency Plan sur-charge structure. The Plan has a formula for Stage 2 Restrictions that calls for a 15% reduction or sur-charges will be applied. When assessing the formula on several typical water accounts, it did not calculate as expected. The Board would like the staff to put together more feasible options and present it at the next Board meeting.

Water main breaks are averaging 5 new ones a day and there is a backlog of about 20. The repair crews have been split in to an evening shift to reduce overtime and exhaustion.

There is a leak at Ellington Airport on a 24" water line. The leak is not major, but is deep. The staff is looking in to repair options.

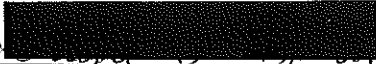
21. Old and New Business

None.

22. Meeting Adjourned

President Yoder declared the meeting adjourned at 8:29 p.m.


Secretary, Board of Directors
CLEAR LAKE CITY WATER AUTHORITY


President, Board of Directors
CLEAR LAKE CITY WATER AUTHORITY

(SEAL)