



CLEAR LAKE CITY WATER AUTHORITY

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

February 6, 2017


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

Notice is hereby given that the Board of the Clear Lake City Water Authority (The "Authority") will convene in Regular Session open to the public at 900 Bay Area Boulevard within such Authority at 7:00 p.m. on February 9, 2017 for the following purposes:

1. Approve or correct minutes of the January 12, 2017 Regular Meeting;
2. Comments from the floor (5 minute limitation);
3. Consider and act upon request from South Taylor Lake Village Water Supply Corporation to be annexed;
4. Consider approving the Meridian Clear Lake Easement for Water Line at Space Center Blvd/Armandwilde;
5. Consider and act upon annual review of ADM-165, Investment Policy;
6. Consider and act upon approval of the financial audit ending September 30, 2016;
7. Consider and act upon the Certificate for Application for Approval by Texas Commission of Environmental Quality of Project and Issuance of Bonds;
8. Consider and act upon the Certificate for Order Authorizing Application for Approval of Bond Issue by the Texas Commission of Environmental Quality;
9. Consider and act upon Amended Notice to Sellers and Purchasers;
10. Authorize General Manager to take any and all actions necessary to complete the closing of the sale of the elevated storage tank site from Trendmaker Clear Lake, LLC, including execution of closing documents and payment of the purchase price;
11. Receive Tax Assessor/Collector Report ending January 31, 2017;
12. Consider and act upon Financial Report ending December 31, 2016;
13. Consider and act upon the Operating Disbursement's Report ending January 31, 2017;
14. Review and approve Pay Application No. 3 for Sanitary Sewer Phase 66 Manhole Rehabilitation;

15. Review and approve Pay Application No. 6 & Final for Sanitary Sewer Phase 68 Rehabilitation;
16. Review and approve Pay Application No. 1 for lift Station 18 Rehabilitation;
17. Review and approve Pay Application No. 8 for Exploration Green Detention Pond Phase 1B;
18. Review and approve Change Order No. 3 for Exploration Green Detention Pond Phase 1B;
19. Review bids and award construction contract for Exploration Green Detention Pond Phase 1C;
20. Review and approve Pay Application No. 4 for Storm Sewer Phase 32 Manhole Rehabilitation;
21. Review and approve Pay Application No. 3 for Storm Sewer Phase 33 Rehabilitation;
22. Review the Fairwind Drive/Lake Lodge Drive Storm Sewer Outfall issue (Storm Sewer Phase 35 Rehabilitation) into Harris County Flood Control District Channel B104-02-00 or Ditch "I" and consider declaration of emergency repair;
23. Review and act if necessary upon the Engineer's Report and any matters pertaining to construction contracts;
24. Consider and act upon approval of the Capital Projects Disbursements;
25. Receive and act if necessary upon Attorney's Report;
26. Consider and act upon the Investment Summary ending December 31, 2016;
27. Receive General Manager's Report;
28. 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.


Jennifer Morrow
General Manager
Clear Lake City Water Authority

(SEAL)



CLEAR LAKE CITY WATER AUTHORITY

Board of Directors'
Regular Meeting Minutes
February 9, 2017

- Regular Meeting The Board of Directors of the Clear Lake City Water Authority (the "Authority") convened in regular session open to the public at the regular meeting place in its office at 7:00 p.m. on February 9, 2017. Roll was called of the members:
- Quorum Present Mr. John Branch, President;
Mr. Robert T. Savely, Vice-President;
Mr. W. Thomas Morrow, Secretary;
Mr. Gordon Johnson, Director;
Mr. John Graf, Director.
- All were present.
- Also present were:
- Mr. Curtis Rodgers, Director of Utilities;
Mr. Bill Rosenbaum, Engineer;
Mr. Tim Green, Attorney;
Mr. Samuel Johnson, Attorney;
Mr. Noel Barfoot, McCall Gibson;
Ms. Mary Ann Schatz, Capital Projects Bookkeeper;
Ms. Amy Suttle, Customer Service Supervisor;
Ms. Nikki Andrus, Recording Secretary.
- (A visitor roster copy is on file in the official records of the Authority and identified as Exhibit **A**.)
1. Minutes of 1/12/2017 Regular Meeting Approved Reading of the minutes of the January 12, 2017 Regular Meeting was waived due to all Directors having received copies prior to the meeting.
- Thereupon, by motion duly made by Director Morrow and seconded by Director Johnson, the Board voted unanimously to approve the minutes of the January 12, 2017 Regular Meeting.
2. Comments from the Floor There were no comments.
3. South Taylor Lake Village Water Supply Corporation Annexation Tabled Mayor Jon Keeney, attorney Scott Bounds and State Representative Dennis Paul discussed with the Board the possible annexation of the South Taylor Lake Village Water Supply Corporation ("STLVWSC"). (A copy of a memorandum regarding such annexation is on file in the official records of the Authority and identified as Exhibit **B**.)
- Scott Bounds, City attorney for South Taylor Lake Village, discussed the Authority taking over the STLVWSC along with the west side of Taylor Lake and Taylor Lake Bayou. He stated Taylor Lake Village will try and help with any resources needed for the Authority to take over STLVWSC.
- Bill Rosenbaum discussed the Annexation Report and what it would take to upgrade the STLVWSC system to meet CLCWA/TCEQ standards. A map was provided by LAN regarding discussion to create a loop system. Mr. Rosenbaum referred to a letter from the TCEQ regarding the system upgrade requirements. He discussed Chapter 217.94 TCEQ requirements for overall system, and Chapter 217.95 TCEQ requirements for

alternative collection system service agreements. (Mr. Rosenbaum noted that, per TCEQ rules, alternative collection system service agreements must be in place for CLCWA to take over the STLVWSC system.)

Mr. Rosenbaum discussed the following issues: (i) Lift Station #4 is at full capacity and we are exploring options to deal with the storm water inflow. (ii) There is no capacity available right now to take on anything more without upgrades to the system.

(iii) The western portion of the STLVWSC system currently in operation is at 12 feet elevation. (iv) Elevation drops off to 2-3 feet above sea level. (v) Manholes and lift stations would have to be above the 100 year flood elevation.

(vi) The risks the Authority would take on with the water lines being below standards with insufficient flow for fire lines is an issue. (vii) An inspection testing program would need to be in place. (viii) Additional personnel would be required to operate and maintain the system and perform the necessary testing.

Director Johnson discussed his concerns regarding waterline capacity if there were a fire or multiple fires. Who would be responsible if there was not enough capacity to extinguish multiple fires?

Mr. Curtis Rodgers discussed the history of the Authority taking over MUD #181 and WCID #75. Those systems had to be brought up to the CLCWA standards before the Board would approve consolidation into the CLCWA. MUD #181 and WCID #75 spent several years upgrading their systems before the Authority would take over. CLCWA has not ever operated a system designated as an alternative collection system. There is no guarantee the TCEQ would allow the Authority to operate the current system and not require an upgrade to public utility standards. Mr. Rodgers also brought up an issue regarding additional insurance premiums in a flood zone.

Director Graf discussed the alternative collection system and asked if we had a copy of a contract from the TCEQ as an example of an alternative collection system service agreement.

Director Morrow discussed concerns with legal issues regarding an alternative collection system if CLCWA annexed STLVWSC. Mr. Tim Green discussed the CLCWA ultimately would be responsible for the system and all the maintenance and repairs.

Comments from the audience were made that there are three fire hydrants in the STLVWSC. Two fire hydrants could not be used in the same area because they are too far apart. Only one hydrant could be used at a time.

Scott Bounds commented that the area has few customers for CLCWA to serve and it is not like taking over a large MUD. He feels it is unrealistic for the Authority to ask to bring the system up to a high standard system.

Comments from the audience were made saying there is no liability and the public would be better served by the CLCWA assuming the maintenance.

Director Morrow questioned why the STLVWSC does not have their own system. A resident answered stating the Atlantis Corp. was the company who built the system. The City of Pasadena annexed part of Kirby and STLVWSC is what is left over from other annexations. He stated the residents are already paying rates equal to the CLCWA rates.

Dennis Paul discussed a test was done on the fire system and the pressure meets current standards. He said the fire hydrant pressure is up to TCEQ standards and if there is not enough water to fight a fire, there would be no liability to the CLCWA. He stated the system as a whole meets TCEQ requirements and these systems are used all over. He said the residents would take care of their own grinder pumps and repair their own systems as necessary. The residents have been maintaining their grinder pumps for thirty years. He said the system meets all standards and there would be no cost to the Authority today to take over.

Director Morrow discussed his concern with the increased costs from insurance, additional inspection requirements, additional personnel to be hired to maintain and inspect the system.

Director Savely discussed his concern with the cost involved to upgrade the system and the possibility of hotels and new businesses in the area the Authority would serve.

Director Morrow discussed that the TCEQ said the system is acceptable as an "alternative collection system" but maintenance is an issue. The TCEQ may force upgrades for the system to be brought up to the same codes as the rest of the Authority that could cost millions and additional bonds would be needed.

Director Savely asked about the Authority's legal obligation. If a developer built a hotel who would pay for additional lift station capacity and lines to run to CLCWA's system? It was answered that the developer would be responsible for the cost of running the lines to meet CLCWA's system.

Dennis Paul added the CLCWA is not a better system than the STLVWSC and that the TCEQ said STLVWSC is where it needs to be according to the letter they sent.

Director Johnson voiced his concern that if a hotel was built, what effect would it have on our current system?

Director Branch asked that any further questions be given in writing in the next two weeks.

Thereupon, by motion duly made by Director Morrow and seconded by Director Johnson, the Board voted unanimously to table the motion for annexation to acquire additional information.

4. Meridian Clear Lake Easement for Water Line at Space Center Blvd/Armandwilde
Approved

An easement for the Meridian Clear Lake for a Water Line at Space Center Blvd. and Armandwilde was presented to the Board for review and approval. (A copy of which is on file in the official records of the Authority and identified as Exhibit C).

Thereupon, by motion duly made by Director Graf and seconded by Director Savely, the Board voted unanimously to approve the easement for the Meridian Clear Lake Water Line at Space Center Blvd and Armandwilde.

5. Annual Review of ADM-165 Investment Policy
Approved

Annual review of ADM-165, Investment Policy, was presented to the Board for review and approval. Mr. Samuel Johnson advised that no updates or changes needed to be made. (A copy of which is on file in the official records of the Authority and identified as Exhibit D.)

Thereupon, by motion duly made by Director Savely and seconded by Director Johnson, the Board voted unanimously to approve ADM-165, Investment Policy with no changes.

6. Financial Audit for Fiscal Year Ending September 30, 2016
Approved

Mr. Noel Barfoot of McCall Gibson Swedlund Barfoot PLLC, presented the financial audit for the fiscal year September 30, 2016 for the Boards review and approval. (A copy of which is on file in the official records of the Authority and identified as Exhibit E.)

Thereupon, by motion duly made by Director Savely and seconded by Director Morrow, the Board voted unanimously to approve the financial audit for fiscal year ending September 30, 2016.

7. Certificate for Application for Approval by Texas Commission on Environmental Quality of Project and

This item was deferred until the March 9, 2017 meeting.

Issuance of Bonds
Deferred

8. Certificate for Order Authorizing Application for Approval of Bond Issue by the Texas Commission on Environmental Quality
Deferred

This item was deferred until the March 9, 2017 meeting.

9. Amended Notice to Sellers and Purchasers
Approved

An Amended Notice to Sellers and Purchasers was presented to the Board for review and approval. (A copy of which is on file in the official records of the Authority and identified as Exhibit F.)

Thereupon, by motion duly made by Director Savely and seconded by Director Morrow, the Board voted unanimously to approve the Amended Notice to Sellers and Purchasers.

10. Authorize General Manager to Complete Purchase of Elevated Storage Tank No. 6 Site
Approved

Authorization was granted for the General Manager to take any and all actions necessary to complete the closing of the sale of the elevated storage tank site from Trendmaker Clear Lake, LLC, including execution of closing documents and payment of the purchase price.

Thereupon, by motion duly made by Director Morrow and seconded by Director Johnson, the Board voted unanimously to approve authorizing the General Manager to take actions necessary to complete the closing of the elevated storage tank site from Trendmaker.

11. Tax Assessor/Collector's Report

The Tax Assessor/Collector's Report ending January 31, 2017 was presented for the Board's review. (A copy of which is on file in the official records of the Authority and identified as Exhibit G.)

12. Financial Report Ending 12/31/16
Approved

The Financial Report ending December 31, 2016 was presented to the Board for review and approval. (A copy of which is on file in the official records of the Authority and identified as Exhibit H.)

Thereupon, by motion duly made by Director Graf and seconded by Director Savely, the Board voted unanimously to approve the Financial Report ending December 31, 2016.

13. Operating Disbursements Report
Approved

The Operating Disbursements Report for the period ending January 31, 2017 was presented for the Board's review and approval. (A copy of which is on file in the official records of the Authority and identified as Exhibit I.)

Thereupon, by motion duly made by Director Johnson and seconded by Director Savely, the Board voted unanimously to approve the Operating Disbursements Report for the period ending January 31, 2017.

14. Pay Application No. 3 for Sanitary Sewer Phase 66 Manhole Rehabilitation
Approved

Mr. Rosenbaum presented Pay Application No. 3 for Sanitary Sewer Phase 66 Manhole Rehabilitation for the Board's review and approval. (A copy of which is on file in the official records of the Authority and identified as Exhibit J.)

Thereupon, by motion duly made by Director Morrow and seconded by Director Graf, the Board voted unanimously to approve Pay Application No. 3 for Sanitary Sewer Phase 66 Manhole Rehabilitation for Standard Cement Materials, Inc. for \$43,950.60.

15. Pay Application No. 6 & Final for Sanitary Sewer Phase 68 Rehabilitation Approved
Mr. Rosenbaum presented Pay Application No. 6 & Final for Sanitary Sewer Phase 68 Rehabilitation for the Board's review and approval. (A copy of which is on file in the official records of the Authority and identified as Exhibit **K**.)
Thereupon, by motion duly made by Director Morrow and seconded by Director Johnson, the Board voted unanimously to approve Pay Application No. 6 & Final for Sanitary Sewer Phase 68 Rehabilitation for PM Construction & Rehab, LLC for \$46,754.86.
16. Pay Application No. 1 for Lift Station No. 18 Rehabilitation Approved
Mr. Rosenbaum presented Pay Application No. 1 for Lift Station No. 18 Rehabilitation for the Board's review and approval. (A copy of which is on file in the official records of the Authority and identified as Exhibit **L**.)
Thereupon, by motion duly made by Director Morrow and seconded by Director Johnson, the Board voted unanimously to approve Pay Application No. 1 for Lift Station No. 18 Rehabilitation for CDC Unlimited, LLC for \$62,280.00.
17. Pay Application No. 8 for Exploration Green Detention Pond Phase 1B Approved
Mr. Rosenbaum presented Pay Application No. 8 for Exploration Green Detention Pond Phase 1B for the Board's review and approval. (A copy of which is on file in the official records of the Authority and identified as Exhibit **M**.)
Thereupon, by motion duly made by Director Savely and seconded by Director Morrow, the Board voted unanimously to approve Pay Application No. 8 for Exploration Green Detention Pond Phase 1B for Lecon, Inc. for \$95,198.40.
18. Change Order No. 3 for Exploration Green Detention Pond Phase 1B Approved
Mr. Rosenbaum presented Change Order No. 3 for Exploration Green Detention Pond Phase 1B for the Board's review and approval. (A copy of which is on file in the official records of the Authority and identified as Exhibit **N**.)
Thereupon, by motion duly made by Director Morrow and seconded by Director Johnson, the Board voted unanimously to approve Change Order No. 3 for Exploration Green Detention Pond Phase 1B for Lecon, Inc. for \$26,964.98.
19. Review Bids for Exploration Green Detention Pond Phase 1C Approved
This items was deferred to Executive Session. (See below).
20. Pay Application No. 4 for Storm Sewer Phase 32 Manhole Rehabilitation Approved
Mr. Rosenbaum presented Pay Application No. 4 for Storm Sewer Phase 32 Manhole Rehabilitation for the Board's review and approval. (A copy of which is on file in the official records of the Authority and identified as Exhibit **O**.)
Thereupon, by motion duly made by Director Morrow and seconded by Director Johnson, the Board voted unanimously to approve Pay Application No. 4 for Storm Sewer Phase 32 Manhole Rehabilitation for Standard Cement Materials, Inc. for \$51,783.80.
21. Pay Application No. 3 for Storm Sewer Phase 33 Rehabilitation Approved
Mr. Rosenbaum presented Pay Application No. 3 for Storm Sewer Phase 33 Rehabilitation for the Board's review and approval. (A copy of which is on file in the official records of the Authority and identified as Exhibit **P**.)
Thereupon, by motion duly made by Director Savely and seconded by Director Morrow, the Board voted unanimously to approve Pay Application No. 3 for Storm Sewer Phase 33 Rehabilitation for National Power Rodding Corp. for \$73,170.00.

22. Emergency Repairs of Storm Sewer Outfall at Fairwind Drive/Lake Lodge Drive
Approved
- Mr. Rosenbaum presented an emergency repair request for the Storm Sewer Outfall at Fairwind Drive/Lake Lodge Drive (Storm Sewer Phase 35 Rehabilitation) going into Harris County Flood Control District Channel B1204-02-00 or Ditch "I".
- Thereupon, by motion duly made by Director Morrow and seconded by Director Savely, the Board voted unanimously to approve emergency repairs to storm sewer outfall at Fairwind Drive/Lake Lodge Drive.
23. Engineers Report
- Mr. Rosenbaum presented a written status of projects for the Board's review and discussion. (A copy of which is on file in the official records of the Authority and identified as Exhibit **Q**.)
24. Capital Projects Disbursement Report
Approved
- The Capital Projects Disbursements Report was presented for the Board's review and approval. (A copy of which is on file in the official records of the Authority and identified as Exhibit **R**.)
- Thereupon, by motion duly made by Director Morrow and seconded by Director Graf, the Board voted unanimously to approve the Capital Projects Report in the amount of \$564,077.65.
25. Attorney's Report
- Nothing to report.
26. Investment Summary
Approved
- The Investment Summary for the period ending December 31, 2016 was presented for the Board's review and approval. (A copy of which is on file in the official records of the Authority and identified as Exhibit **S**.)
- Thereupon, by motion duly made by Director Morrow and seconded by Director Johnson, the Board voted unanimously to approve the Investment Summary for the period ending December 31, 2016.
27. General Manager's Report
- Mr. Curtis Rodgers reported that the painting for Elevated Storage Tank No. 1 will start soon.
- Mr. Rodgers reported there was an incident with the TV crew. A resident pulled a shotgun on the crew while they were working in his yard. The resident claimed they were burglars even though they were wearing uniforms and in clearly marked Water Authority vehicles. The police were called and took the man into custody. The police department has agreed to provide training to our employees regarding these types of situations.
28. Old and New Business
- Nothing to discuss.
29. Meeting Adjourned
- President Branch declared a recess of the regular open meeting at 9:05 pm.
- After a brief recess an Executive Session was held from 9:14 pm to 9:28 pm to consult with the Attorney regarding legal matters.
- After Executive Session the open meeting was reconvened at 9:28 pm.
- Next the Board considered agenda item 15, award construction contract for Exploration Green Detention Pond Phase 1C. Mr. Rosenbaum presented bids received for the Board's review and discussion to consider options, accept or reject the bids. (A copy of which is on file in the official records of the Authority and identified as Exhibit **T**.)
- Thereupon, by motion duly made by Director Morrow and seconded by Director Savely, the Board voted unanimously to approve awarding the contract to LECON, Inc., with a bid of \$2,111,635.00 and 170 calendar days.

President Branch declared a recess of the regular open meeting at 9:35 pm.

After a brief recess an Executive Session was held from 9:35 pm to 10:20 pm to consult with the Attorney regarding legal matters.

After Executive Session the open meeting was reconvened at 10:20 pm and adjourned at 10:21 pm



President, Board of Directors
CLEAR LAKE CITY WATER AUTHORITY



Secretary, Board of Directors
CLEAR LAKE CITY WATER AUTHORITY

(SEAL)



DATE APPROVED: 3-9-17