

CLEAR LAKE CITY WATER AUTHORITY

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

July 8, 2011

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 will convene in Regular Session open to the public at 900 Bay Area Boulevard within such Authority at 7:00 p.m. on July 12, 2011 for the following purposes:

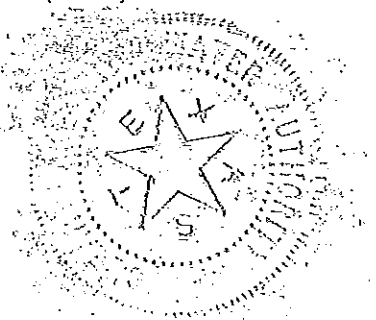
1. Approve or correct minutes of the June 8, 2011 Regular Meeting;
2. Approve or correct minutes of the June 20, 2011 Special Meeting;
3. Comments from the floor (5 minute limitation);
4. Discussion regarding COH drainage fee – David Feldman, City of Houston Attorney;
5. Discuss and consider leasing generators from NRG;
6. Hear report from Financial Advisor regarding issuance of the Authority's Series 2011A Bonds, including:
 - a. Approval of Order Adopting Official Notice of Sale and Bid Form, Authorizing Distribution Thereof and of Preliminary Official Statement, and Authorizing Publication of Notice of Sale ; and
 - b. Approval of Resolution Authorizing Financial Advisor to Bid on Bonds.
7. Consider and act upon approving water, sewer, and drainage service to the Jim West Mansion located at 3303 E. Nasa Parkway;
8. Consider and act upon approving water, sewer, and drainage service to the Bayshore Family Practice expansion located at 11452 Space Center Blvd;
9. Consider and act upon approving the Inter-local agreement to participate with Pasadena and the other SEWPP Plant Co-Participants to contest the City of Houston;
10. Receive Tax Assessor/Collector Report ending June 30, 2011;
11. Consider and act upon the Financial Report ending May 31, 2011;
12. Consider and act upon the Operating Disbursement's Report ending June 30, 2011;

13. Review and approve Pay Application No. 5 for Interior and Exterior Recoating of Elevated Storage Tank No. 4;
14. Review and approve Pay Application No. 5 for Sanitary Sewer Phase 41 Rehabilitation;
15. Review and approve Pay Application No. 4 for El Camino Real Aerial Utility Crossing at Cow Bayou;
16. Review and approve Change Order No. 1 for El Camino Real Aerial Utility Crossing at Cow Bayou;
17. Review and approve Pay Application No. 1 & Final for Old Kirby Road Lift Station No. 22 Force Main;
18. Receive bids and award construction contract for Storm Sewer Phase 18 Rehabilitation;
19. Authorize the advertising for bids for Sanitary Sewer Phase 49 TV Surveys;
20. Approval of Resolution Authorizing Application to the Texas Commission on Environmental Quality for a change in scope and approval of use of escrowed funds;
21. Authorize the advertising for bids for Sanitary Sewer Phase 44 Manhole Rehabilitation;
22. Review and act upon the Engineer's Report and any matters pertaining to construction contracts;
23. Consider and act upon approval of the Capital Projects Disbursements;
24. Receive and act upon Attorney's Report;
25. Consider and act upon the Investment Summary ending May 31, 2011;
26. Receive General Managers Report;
27. 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.


James H. Byrd
General Manager
Clear Lake City Water Authority

(SEAL)



CLEAR LAKE CITY WATER AUTHORITY
Board of Directors'
Regular Meeting Minutes
July 12, 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 7:03 p.m. on the 12th of July 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;
Julianne Kugle, Bond Attorney;
Stephen Eustis, Financial Advisor

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

1. Minutes of 6/8/11
Regular Meeting
Approved

Reading of the minutes of the 6/8/2011 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 6/8/2011 meeting.

2. Minutes of 6/20/11
Regular Meeting
Approved

Reading of the minutes of the 6/20/2011 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 6/20/2011 meeting.

3. Comments from the
Floor

Mr. Chris McGreggor requested that the Board considers a disc golf course in the future detention plan.

Mr. Dan Muniza with Fidelis Reality Partners is still interested in pursuing development of the 412-415 acres at El Dorado/Clear Lake City Blvd and are ready to proceed. At the next meeting he would like to present a Municipal Utility District proposal for service. Mr. Muniza stated 30-35 acres are for commercial and the remaining are residential.

4. Discussion Regarding
City of Houston
Drainage Fee

Mr. David Feldman, City of Houston attorney attended the meeting to discuss a solution to the drainage fee proposition the City of Houston is imposing city-wide. Mr. Feldman stated he is here to reach an agreement between the City of Houston and CLCWA. He said the City of Houston is in a unique situation since CLCWA

customers pay an ad valorem tax to support the system. Mr. Feldman stated any money collected by the City of Houston in the Clear Lake area would stay in Clear Lake. The City of Houston is estimating \$1.5 million would be collected under the drainage fee in the portion of the CLCWA in the City of Houston. If CLCWA can provide information on the amount annually spent on the storm sewer system, including the golf course acquisition, then the City of Houston would accept CLCWA's numbers as a credit, no financial transactions would be necessary, and the City of Houston would accept our numbers. In accordance with Mr. Feldman, 2% of the \$1.5 million could be allocated towards CLCWA's staff/accounting work. Mr. Feldman explained the basic foundation of an interlocal agreement would consist of CLCWA annually attesting and showing a record of what was spent on the storm sewer system and the residents drainage fee would be waived for as long as the Renew Houston Program exists. The City of Houston will not send out auditors and there will not be an annual true-up. If CLCWA under-spends for any one year there is not going to be a penalty based on a typical year. Mr. Feldman said he suspects that between the maintenance and operation and golf course debt that CLCWA will easily meet or exceed the \$1.5 Million.. He also referred to reviewing Royal Oaks as a guide to set up CLCWA's agreement.

Director Savely asked why the mayor was allowed to credit 1000 square feet to residents and can the fee or calculation of the fee be changed at any time? Mr. Feldman answered the ordinance prohibits raising fees for 10 years, but they can be lowered.

General Manager James Byrd asked what protection will there be in the future for the agreement to carry on, despite personnel changes? Mr. Feldman assured the agreement would be written in a way to carry on and referred to the Royal Oaks agreement the City of Houston recently accepted.

The CLCWA Board of Directors came up with a list to include but not limited to, golf course debt, storm sewer repairs, street repairs from storm sewer problems, maintenance and operating costs, detention ponds, rehabilitation, and outfall maintenance.

President Yoder asked if the City of Houston will waive or defer the public information request. Mr. Feldman said yes they will defer it and would prefer to move forward with an agreement and not go thru with the records request.

Mr. Feldman said they have no intention of sending out bills to Clear Lake residents and there is no reason to bother appealing. He would like to set up a time line by the end of August to reach a final agreement.

5. Discussion on Leasing Generators from NRG Approved

Mr. John Elder with Acclaim Energy, reintroduced a proposal partnering with NRG to install generators at Water Plant #3, Water Plant #4, Lift Station #4, and the Wastewater Treatment Plant. Ms. Julianne Kugle stated bond money can be used to cover this.

Thereupon, by motion duly made by Director Branch and seconded by Director Ferguson the Board voted unanimously for the General Manager to proceed towards developing and signing the contract with NRG for leasing generators.

6. Report from Financial Advisor Regarding Issuance of the Authority's Series 2011A Bonds Approved

Mr. Stephen Eustis reported that the \$7.130 2011A Bond Series is intended for the golf course acquisition debt.

a. Order Adopting Official Notice for Sale and Bid Form,

The following items were presented for the Board's review and approval: Order Adopting Official Notice of Sale and Bid Form, Authorizing Distribution Thereof and of Preliminary Official Statement, Authorizing Publication of Notice of Sale. (Copy attached hereto as part of these minutes and identified as Exhibit B.)

Authorizing
Distribution,
Preliminary
Official
Statement,
Authorizing
Publication of
Notice of Sale
Approved

Thereupon, by motion duly made by Director Savely and seconded by Director Branch the Board voted unanimously to approve the above listed items.

- b. Resolution
Authorizing
Financial
Advisor to Bid
on Bonds

A Resolution Authorizing the Financial Advisor to Bid on the Bonds was presented for the Board's review and approval. (Copy attached hereto as part of these minutes and identified as Exhibit C.)

Thereupon, by motion duly made by Director Savely and seconded by Director Branch the Board voted unanimously to approve a Resolution Authorizing the Financial Advisor to Bid on the Bonds.

7. Water, Sewer,
Drainage Service to the
Jim West Mansion at
3303 E. Nasa Parkway
Approved

A request for water, sewer, and drainage service for the Jim West Mansion 3303 E. Nasa Parkway for a remodel to build retail shops was presented to the Board for approval. (Copy attached hereto as part of these minutes and identified as Exhibit D).

By motion duly made by Director Ferguson and seconded by Director Branch the Board voted unanimously to approve the request for water, sewer, and drainage service to the Jim West Mansion.

8. Water, Sewer and
Drainage Service to
Bayshore Family
Practice Expansion at
11452 Space Center
Blvd.

A request for water, sewer, and drainage service for Bayshore Family Practice at 11452 Space Center Blvd. for an expansion. was presented to the Board for approval. (Copy attached hereto as part of these minutes and identified as Exhibit E).

By motion duly made by Director Johnson and seconded by Director Ferguson the Board voted unanimously to approve the request for water, sewer, and drainage service to the Bayshore Family Practice expansion.

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

An 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 the other co-participants about the timeframe allowed to go back on a true-up and collect payment. (Copy attached hereto as part of these minutes and identified as Exhibit F.)

By motion duly made by Director Ferguson and seconded by Director Branch 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.

10. Tax Collector Report

Ms. Cumming presented a report of taxes collected and taxes outstanding as of June 30, 2011 for the Board's review. (Copy attached hereto as part of these minutes and identified as Exhibit G.)

11. Financial Report
Approved

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

Thereupon, by motion duly made by Director Savely and seconded by Director Ferguson the Board voted unanimously to approve the Financial Report ending May 31, 2011.

12. Operating Disbursements Report Approved
- The Operating Disbursements Report ending June 30, 2011 was presented for the Board's 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 Johnson the Board voted unanimously to approve the Operating Disbursements Report ending June 30, 2011.
13. Pay Application No. 5 for Interior and Exterior Recoating of Elevated Storage Tank No. 4 Approved
- Mr. Rosenbaum presented Pay Application No. 5 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 J.)
- Thereupon, by motion duly made by Director Savely and seconded by Director Ferguson the Board voted unanimously to approve Pay Application No. 5 for M.K. Painting, Inc. in the amount of \$51,300.00.
14. Pay Application No.5 for Sanitary Sewer Phase 41 Rehabilitation Approved
- Mr. Rosenbaum presented Pay Application No. 5 Sanitary Sewer Phase 41 Rehabilitation 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 Savely and seconded by Director Ferguson the Board voted unanimously to approve Pay Application No. 5 for PM Construction & Rehab L.P. in the amount of \$68,942.25.
15. Pay Application No. 4 for El Camino Real Aerial Utility Crossing at Cow Bayou Approved
- Mr. Rosenbaum presented Pay Application No. 4 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 L.)
- Thereupon, by motion duly made by Director Savely and seconded by Director Ferguson the Board voted unanimously to approve Pay Application No. 4 for Lone Star Road Construction for \$111,496.28.
16. Change Order No. 1 for El Camino Real Aerial Utility Crossing at Cow Bayou
- Mr. Rosenbaum presented Change Order No.1 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 M.)
- Thereupon, by motion duly made by Director Savely and seconded by Director Johnson the Board voted unanimously to approve Change Order No. 1 for Lone Star Road Construction for \$15050.00, and 45 calendar days additional time requested.
17. Pay Application No. 1 & Final for Old Kirby Road Lift Station No. 22 Force Main
- Mr. Rosenbaum presented Pay Application No. 1 & Final for the Old Kirby Road Lift Station No. 22 Force Main for the Board's review and approval. (Copy attached hereto as part of these minutes and identified as Exhibit N.)
- Thereupon, by motion duly made by Director Savely and seconded by Director Ferguson the Board voted unanimously to approve Pay Application No. 1 & Final for T Construction for \$60,533.50.
18. Award Construction Contract for Storm Sewer Phase 18 Rehabilitation
- Mr. Rosenbaum presented the bids received for Storm Sewer Phase 18 Rehabilitation for the Board's review and approval. (Copy attached hereto as part of these minutes and identified as Exhibit O.)
- Thereupon, by motion duly made by Director Johnson and seconded by Director Ferguson 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 \$69,787.00 and 60 calendar days.

19. Authorize Advertising for Bids For Sanitary Sewer Phase 49 TV Surveys
Approved
- Mr. Rosenbaum requested Board approval to authorize advertising bids for Sanitary Sewer Phase 49 TV Surveys. Thereupon, by motion duly made by Director Savely and seconded by Director Branch, the Board voted unanimously to approve the advertising for bids for Sanitary Sewer Phase 49 TV Surveys.
20. Resolution Authorizing Application to the TCEQ for Change in Scope and Approval of Use of Escrowed Funds
- A Resolution authorizing application to the TCEQ for a Change in Scope and Approval of Use of Escrowed Funds was presented to the Board for approval. (Copy attached hereto as part of these minutes and identified as Exhibit P.)
- By motion duly made by Director Johnson and seconded by Director Branch the Board voted unanimously to approve the Resolution authorizing application to the TCEQ for a Change in Scope and Approval of Use of Escrowed Funds.
21. Authorize Advertising for Bids For Sanitary Sewer Phase 44 Manhole Rehabilitation
Approved
- Mr. Rosenbaum requested Board approval to authorize advertising bids for Sanitary Sewer Phase 44 Manhole Rehabilitation. Thereupon, by motion duly made by Director Savely and seconded by Director Branch, the Board voted unanimously to approve the advertising for bids for Sanitary Sewer Phase 44 Manhole Rehabilitation.
22. 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 Q.)
23. 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 R.)
- Thereupon, by motion duly made by Director Branch and seconded by Director Savely, the Board voted unanimously to approve the Capital Projects Report in the amount of \$387,203.56.
24. Attorney's Report
- Mr. Schweinle requested executive session to report on potential and existing litigation and for attorney consultation.
25. Investment Summary
Approved
- The Investment Summary ending May 31, 2011 was presented for the Board's approval. (Copy attached hereto as part of these minutes and identified as Exhibit S.)
- Thereupon, by motion duly made by Director Johnson and seconded by Director Branch the Board voted unanimously to approve the Investment Summary ending May 31, 2011.
26. General Manager's Report
- Mr. Byrd reported that the United States Geological Service (USGS) has a few monitoring sites on the golf course. The Board agreed we should work with them and plan our facilities around their sites as feasible as possible.
- Mr. Byrd sent Commissioner Jack Mormon's office information from the consulting engineer on the golf course plans. Commissioner Mormon would like to meet again.
- Mr. Byrd reported that since the new golf course signs do not actually say "No Trespassing" and that the Houston Police Department is unwilling to reinforce the rules. The staff will contact Officer Randy Derr and see what we need to do to resolve this.
- Mr. Byrd reported that the CLCWA is averaging 5-7 main breaks a day due to the extreme drought conditions.

Mr. Byrd reported the City of Houston invited the SEWPP co-participants to a meeting in attempt to settle the true-up dispute. The City of Houston is not changing their position, therefore no resolution was achieved.

27. Old and New Business None.

28. Meeting Adjourned President Yoder declared the meeting adjourned at 10:06 p.m.



President, Board of Directors
CLEAR LAKE CITY WATER AUTHORITY



Secretary, Board of Directors
CLEAR LAKE CITY WATER AUTHORITY

(SEAL)