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CLEAR LAKE CITY WATER AUTHORITY

August 31, 2026,

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 at 6:00 p.m. on September 8, 2026, in Special Session open to the public at 900 Bay Area Boulevard within such Authority, such location being the location where a quorum of the Board will be physically present, and by:

Video conference call at: <https://meet.goto.com/909130709>

Phone conference call at: +1 (408) 650-3123 Access Code:909130709

Video conference attendance is authorized by Section 551.127, Texas Government Code. At the meeting the following items will be considered and acted on:

1. Comments from the floor (5-minute limitation);
2. Consider and act upon approving a water and sewer rate increase and, in accordance with, update Policy R&S -90 CLCWA Water & Sewer Rates to Revision 20;
3. Consider and act upon adjourning the meeting.

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. The Board may, if it deems necessary, designate certain directors as "Acting President" or "Acting Secretary" in the absence of necessary officers.

Jennifer Morrow
General Manager
Clear Lake City Water Authority
(SEAL)



CLEAR LAKE CITY WATER AUTHORITY

Board of Directors' Regular Meeting Minutes September 8, 2026

Regular Meeting

The Board of Directors ("Board") of the Clear Lake City Water Authority ("CLCWA") convened in Special Session open to the public at 6:00 p.m. (CDT), on Thursday, September 8, 2026, at 900 Bay Area Blvd., such location being the location where a quorum of the Board was physically present and by video conference call at:

Video conference call at: <https://global.gotomeeting.com/join/909130709>
Phone conference call at +1(408) 650-3123 Access Code: 909130709

Video Conference attendance was authorized by Section 551.127, Texas Government Code.

Roll Call

Roll was called of the members:

Mr. W. Thomas Morrow, President;
Mr. Robert T. Savely, Vice-President;
Ms. Anthea Guest, Secretary;
Mr. Brady Pyle, Director;

Not in attendance:
Mr. John Graf, Director;

Also present were:

Ms. Jennifer Morrow, General Manager;
Mr. Alex Salgado, Utility Operations Engineer;
Mr. Samuel Johnson, Attorney, Coats Rose, (by video conference);
Mr. Dean McGee, Finance Director;
Ms. Heather Frank, Recording Secretary.

(A visitor roster copy is on file in the official records of the Authority and identified as Exhibit A.)

1. Comments from the Floor

No comments from the floor.

2. Water and sewer rate increase and, in accordance with, update Policy R&S -90 CLCWA Water & Sewer Rates to Revision 20 Approved

Ms. Morrow provided an overview of the presentation and documents regarding the proposed rate increase. (A copy of which is on file in the official records of the Authority and identified as Exhibit B.) Of the three scenarios depicted from the various means researched, the most conservative, Scenario 2, showing a current 6% increase with estimated consecutive yearly 8 and 10% increases, is recommended. Although this scenario is projected to result in a budget deficit of \$300,000 in the upcoming Budget Year, possible fluctuations in future water sales and property evaluations affecting Maintenance and Operating (M&O) tax revenue could cover the shortfall. A three-year projection was detailed to show possible timelines for meeting the Authority's Cash Position target, established in 2022, of 85% of the CLCWA 3-month Operating Threshold, to help ensure stable operating balances through economic variances and continue providing clean, reliable water and sewer services to our

residents. Today's decision would set the proposed October 1, 2026, increase; each following year, the proposed percentage increase would be reevaluated before consideration for approval, based on the area's needs at that time, to verify the appropriateness of the proposed percentage increase.

This Special Meeting is being held today to finalize the draft budget details for the fiscal year starting October 1, 2026, in time for consideration at the September 17, 2026, Regular Board Meeting.

Along with the overall increase in standard operating expenses, the Authority has several large capital projects, for example, a TV truck at approximately \$520,000 and a Roll Off Caddy at \$70,000 for moving the wastewater plant sludge containers. Cost/benefit analyses are done to validate such expenses. For instance, the TV truck is used in-house to perform services that would otherwise require more expensive contracted services and is estimated to have a 10-year life and a 3-year return on investment, while offering higher-resolution 360-degree views and integrated analysis. The roll-off container will replace a costlier out-of-service backhoe and eliminate operational limitations caused by the need for a licensed operator.

Information regarding the water and sewer rate increase will be provided to the public by mail and online posting, explaining the key points and impact on our residents. The current rate structure can no longer sustain the area's rising costs and needs. Rate comparisons to surrounding cities show that the CLCWA remains among the lowest. On average, 10,000 gallons of residential usage would cost about \$58.41, a \$3.31 increase.

A preliminary R&S-90 Water and Sewer Rates policy, updated to reflect the proposed 6% increase, was included to detail the proposed rate structure.

Thereupon, by motion duly made by Director Savely and seconded by Director Pyle, the Board voted unanimously to approve a water and sewer rate increase of 6% and amendment to Policy R&S-90 as of October 1, 2026, subject incorporation of all comments and finalization by staff.

Old and New
Business

President Morrow provided the Board with an overview of a recent meeting with PCT 2 Commissioner Adrian Garcia. The main topic focused on detention requirements and development, detailing corresponding impacts from adjacent properties at the Authority's and surrounding cities' boundaries. Specific locations referenced for discussion included along Hwy 3 and north of Bay Area Blvd, where a multi-family development is in process, and an undeveloped property at the end of Middlebrook Dr and Clear Lake City Blvd, where multiple development projects have been proposed. The difference between the CLCWA's 2.00 acre-feet per acre and the City of Houston's .65 acre-feet per acre detention requirement was highlighted. It was presented that if the property at the end of Middlebrook was an appropriate location for detention, the property owner may be receptive to the opportunity. Results from the recent CLCWA drainage study by P.B. Bedient & Associates were shared. Commissioner Garcia expressed appreciation for the information, and it was noted that a staff engineer will coordinate a review to analyze possible related impacts or considerations within the county. President Morrow expressed pride in hearing commendations for the Authority's managed rate structure and

resident satisfaction, and highlighted several measures that contribute to that success. These include the Authority working extensively to manage costs by compartmentalizing additional infrastructure costs for development to the obligor instead of across the district (for example, the additional infrastructure required to serve the Reserves subdivision), conservative decision-making, continuous preventative maintenance, shared experience of community impacts, and managing bond sales approved by resident-voted elections, which allows for low interest rates.

Director Savely noted an item possibly under consideration at the next legislative session: whether drainage is a global problem and whether management should be expanded across regions/multiple counties. This matter could concern the Authority, given its varying topography, including coastal areas. If restrictions were placed on area-specific requirements, existing firsthand knowledge, observation, research, and experience in the area could be overshadowed by averaged data, possibly increasing the risk of flooding in some areas. The Authority will continue to share study results, maps, and data to clarify this matter. The Authority will request additional analysis of the study data from Mr. Bedient and Mr. Dunbar to assess the value of and/or provide recommendations for improvements, such as the possible benefit of more pinpointed, area-based detention criteria and policy changes for development.

3. Meeting
Adjourned

President Morrow declared the open meeting adjourned at 6:52 p.m.

President, Board of Directors
CLEAR LAKE CITY WATER AUTHORITY

Secretary, Board of Directors
CLEAR LAKE CITY WATER AUTHORITY

(SEAL)



DATE APPROVED: October 8, 2026