



CLEAR LAKE CITY WATER AUTHORITY

900 Bay Area Boulevard • Houston, Texas 77058 • 281/488-1164
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June 19, 2023

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 4:00 p.m. on June 22, 2023, 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/467474309>

Phone conference call at: +1 (408) 650-3123 Access Code:467-474-309

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 documentation relating to the Clear Lake City Water Authority Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds Series 2023 in the amount of \$27,000,000, including:
 - a. Order Adopting Official Notice of Sale and Bid Form, Authorizing Distribution Thereof and of Preliminary Official Statement, and Authorizing Publication of Notice of Sale;
3. Old and New Business;
4. 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.

[Redacted Signature]
Curtis Rodgers
Director of Utilities
Clear Lake City Water Authority
(SEAL)



CLEAR LAKE CITY WATER AUTHORITY

Board of Directors'
Special Meeting Minutes
June 22, 2023

Special Meeting

The Board of Directors ("Board") of the Clear Lake City Water Authority ("CLCWA") convened in Special Session open to the public at 4:00 p.m. (CDT), on Thursday, June 22, 2023, 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/467474309>
Phone conference call at +1(408)650-3123 Access Code: 467-474-309

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

Roll Call

Roll was called of the members:

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

Mr. John Graf, Director, was not present

Also present were:

Mr. Dean McGee, Director of Finance;
Ms. Jojo Finkeldei, HR Manager;
Mr. David Wood, Baird, (by video conference);
Ms. Julianne Kugle, SK Law, (by video conference);
Ms. Darsey Norton, SK Law, (by video conference);
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. Consider and act upon documentation relating to the Clear Lake City Water Authority Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds Series 2023 in the amount of

Mr. Wood provided an overview of the documentation provided including the Preliminary Official Statement (POS) and Official Notice of Sale (NOS). It was recommended to hold the sale of this bond on a competitive basis over the previous bond's negotiated sale, due to the current relatively stable market conditions pertaining to the interest rate environment. This would include the submittal of an advertisement to the market, placing ads in the Chronicle and Bond Buyer, and inviting all underwriters to submit a bid. If approved, the timeline for the sale would consist of bids due by 1:00pm on July 13, 2023, reviewed by bond counsel, then submitted for consideration by the Board at the July 13, 2023, Regular Board Meeting. The highest value bid would result in the lowest net-effective interest cost. The Notice of Sales provides the underwriters with all the details needed to submit a bid. It was noted that typical water district investment bonds are

\$27,000,000
Approved

currently selling around 4.2%, with the CLCWA's healthy credit score it is suspected to come in lower, possibly under 4%.

Preliminary discussions were held regarding concerns over marketing challenges, rising construction costs, interest rates, inflation, upcoming cost share payments for the SETL project, having appropriate funds to complete needed projects allocated in bond, and timing of acquisition of all funds. It was inquired if a partial sale would be feasible to allow time for a more favorable interest rate.

It was considered a value to obtain the full amount of approved funds at this time to facilitate the protection of the predicted costs of the currently needed projects, including a high number of rehabilitation projects. A delay could result in a greater increase in construction costs, as contracts cannot be entered into without the funds being on hand and contract lead times are increasing. The amount requested on this bond was a careful consideration of the needs of the area, the feasibility of coordinating all needed projects, and any rising costs during the planned projects timelines. Plans and calculations centered around the utilization of funds, in either completion of projects or obtaining of contracts, within 12 to 18 months of funds availability. It was noted that changes in scope and use of funds may be necessary but are typically addressed as projects are in progress. The current timing seems to be the most beneficial after monitoring interest rates over the past year. The market has recently pulled back but is too unknown to warrant a trust in rates continuing to improve enough to offset against the rising cost of construction/inflation.

It was inquired if an additional bond issue should be initiated to ensure funds are available should costs increase beyond calculated acceptable margins. Due to the appropriate planning utilized for this current bond issue, it was recommended to wait until the current projects are in progress to have a better picture of any needed additions. Due to the CLCWA's financial standing and the staff and consultants' expertise and reactive planning, bond applications are typically coordinated promptly.

The POS is in draft form and being reviewed and updated by consultants and staff to finalize and distribute to the market for a July 13 sale. The POS is a disclosure document used to relay to investors all the information and materials needed to adequately describe the Authority's taxable value. The Authority's financial standing is backed by the Authority's unlimited tax pledge and net revenues from the system. The document utilizes the Authority's 2023 preliminary value as \$7.6 billion dollars and the 2022 taxable value of \$7.35 billion to perform debt ratio and necessary tax rate calculations. The Authorities' value calculations include the number of homes, commercial improvements, multi-family connections, principal taxpayers, and so forth. The summary of costs is on page 18 and includes a list of the costs associated with each project being funded and the additional non-construction costs associated. The schedule for debt service requirements is on page 21 and shows the estimated amounts for the proposed bond and the actual amounts for the existing bonds. The existing outstanding debt service extends through March 1, 2038. By layering in the principal and interest of the new bond, assuming a maximum interest rate of 4.25%, and extending the debt service to 2048 the interest would calculate to be \$16.9 million and the debt service to be \$43.9 million. This schedule would allow for the Authority to move through the CIP without needing to raise debt service taxes.

If approved for a July 13, 2023, sale, the closing date is expected to be August 15, 2023.

It was clarified that the calculations used to determine that the current debt service tax rate could be sustained, included projections of the area's taxable values against the increased debt. Factors such as this are carefully considered in an effort to provide the community with the most cost-effective means of providing services through required infrastructure.

The Board thanked the staff and consultants involved for all their hard work in an effort to save the owners in our community a lot of money.

Thereupon, by motion duly made by Director Savely and seconded by Director Morrow, the Board voted unanimously to approve adopting the Official Notice of Sale and Bid Form, Authorizing Distribution Thereof and of Preliminary Official Statement, and Authorizing Publication of Notice of Sale.

3. Old and New Business

Director Morrow informed the Board that a notification was received stating that NASA is working on plans to lease a portion of the west side of the facility's property to commercial aerospace businesses. Policies and procedures will be reviewed in connection with water, sewer, and drainage services requested for such facilities.

Clarification was requested from the engineer regarding if the proposed lift station improvements stipulated in this bond include a project to add an additional line under Taylor Lake from Lift Station 4 and if an expedited timeline for current projects could be a viable solution to cost concerns.

4. Meeting Adjourned

President Branch declared the open meeting adjourned at 4:40 p.m.



President, Board of Directors
CLEAR LAKE CITY WATER AUTHORITY



Secretary, Board of Directors
CLEAR LAKE CITY WATER AUTHORITY

(SEAL)

DATE APPROVED: July 13 2023

