



CLEAR LAKE CITY WATER AUTHORITY

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

January 13, 2025,

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 7:00 p.m. on January 16, 2025, for a Public Hearing and then Regular Session to follow, 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/775241757>

Phone conference call at: +1 (408) 650-3123 Access Code:775-241-757

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. Approve or correct minutes of the December 12, 2024, Regular Board Meeting;
2. Present CLCWA Volunteer of the Year Recognition for 2024;
3. Comments from the floor (5-minute limitation);
4. Consider and act upon approval to accept the financial audit by McCall, Gibson, Swedlund, Barfoot PLC LLP for Fiscal Year ending September 30, 2024;
5. Consider and act upon closing all Wells Fargo accounts as the transition progresses to the District's new banking service provider, Stellar Bank;
6. Consider and act upon adoption of policy ADM-270 Prohibition of Use of Certain Social Media Applications;
7. Consider and act upon amending policy DIR-40 Organization and Responsibilities to Revision 3;
8. Consider and act upon amending policy FIN-30 Disbursements from Operating Fund to Revision 5;
9. Consider and act upon retiring policy FIN-25 Depository Banks & Required Securities;
10. Receive Tax Collector Report ending December 31, 2024;
11. Consider and act upon Financial Report ending November 30, 2024;

12. Consider and act upon the Operating Disbursement's Report ending December 31, 2024;
13. Review and approve Pay Application 4 for Water Well No. 7 and Water Plant No. 2 Site Improvements (Generator);
14. Review and approve Project Status Report No. 4 for Sanitary Sewer Phase 97 Television Inspection;
15. Review and approve Change Order 2 for Sanitary Sewer Phase 100 Manhole Rehabilitation;
16. Review and approve Pay Application 3 for Lift Station No. 4 Parallel Force Main;
17. Review and act, if necessary, upon the Engineer's Report and any matters pertaining to construction contracts;
18. Consider and act upon approval of the Capital Projects Disbursements;
19. Receive and act, if necessary, upon Attorney's Report;
20. Consider and act upon the Investment Summary ending November 30, 2024;
21. Consider and act upon, if necessary, Exploration Green Conservancy report;
22. Receive General Manager's Report;
23. Old and New Business;
24. 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.

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



CLEAR LAKE CITY WATER AUTHORITY

Board of Directors'
Regular Meeting Minutes
January 16, 2025

Regular Meeting

The Board of Directors ("Board") of the Clear Lake City Water Authority ("CLCWA") convened in Regular Session open to the public at 7:00 p.m. (CDT), on Thursday, January 16, 2025, 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/775241757>
Phone conference call at +1(408)650-3123 Access Code: 775-241-757

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;
Mr. John Graf, Secretary;
Ms. Anthea Guest, Director;
Mr. Brady Pyle, Director;

Also present were:

Ms. Jennifer Morrow, General Manager;
Mr. Curtis Rodgers, Director of Utilities;
Mr. Samuel Johnson, Attorney, Coats Rose, (by video conference);
Mr. Eddie Streich, Engineer, LAN;
Mr. Wade Park, Engineer, Garver;
Mr. Joseph Ellis, Auditor, McCall Gibson Swedlund Barfoot Ellis PLLC;
Ms. JoJo Finkeldei, HR Manager;
Mr. Dean McGee, Director of Finance;
Ms. Diana Espinoza, Senior Accountant;
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. Minutes of the December 12, 2024, Regular Meeting Approved

Reading of the minutes of the December 12, 2024, Regular Board Meeting was waived because all Directors had received copies before the meeting. (A copy of which is on file in the official records of the Authority and identified as Exhibit **B**.) Ms. Morrow noted a requested clarification on agenda item 11, Financial Report Ending 10/31/2024, second line from the bottom "next month's report" to be specified as "December 2024 report".

Thereupon, by motion duly made by Director Graf and seconded by Director Guest, the Board voted unanimously to approve the minutes of the December 12, 2024, Regular Board Meeting, as amended.

2. Present CLCWA Volunteer of the

Agenda Item #2 will be deferred until the February Regular Board Meeting.

Year Recognition
for 2024
Deferred

3. Comments from
the Floor

No comments from the floor.

Proceeded with Agenda Item #4 then returned to Agenda Item #3

Ms. Morrow introduced Mr. Wade Parks, who will take over for Mario Chapa to finalize the design plan and any matters pertaining to CLCWA WWTP Expansion. Mr. Parks provided an overview of the in-process tasks and a brief background of his experience. The 3D modeling of the design is being refined to show the plans in a more definitive manner: to provide a detailed understanding of how the various components will work in collaboration and to provide assurance that the operation and maintenance will ensure that the STP lasts for decades to come. The draft submittal is scheduled for mid-February. Mr. Parks stated that his experience includes working with various local entities: Webster, Gulf Coast Water Authority, Friendswood, Pearland, and the City of Houston. It was noted that the current design is different from the majority of the surrounding area in the fact that the screens lay before the effluent pumps. This layout assists in preventing smaller matter that would otherwise be broken down by the pumps bypassing the screens and being introduced into the system. Additionally, an acceptable buildup of matter reinforces each screen's filtration. This aspect will be kept in the new design with the ability to adjust the timing of the cleaning of each screen automatically as the usage changes.

Proceeded to Agenda Item #5

4. Consider and act
upon approval to
accept the
financial audit by
McCall, Gibson,
Swedlund, Barfoot
PLC LLP for Fiscal
Year ending
September 30,
2024
Approved

Mr. Joseph Ellis of McCall, Gibson, Swedlund, Barfoot, Ellis PLLC (company name updated) provided an overview of the audit for the Fiscal Year ending September 30, 2024. (A copy of which is on file in the official records of the Authority and identified as Exhibit C.) An unmodified or clean opinion was issued, meaning the CLCWA is free of material misstatements. Revenue exceeded expenses, allowing the CLCWA to increase reserve funds, which had been previously decreasing since 2019. The Debt Service funds were reported at a healthy balance, covering all the 2025 & and part of the 2026 debt service requirements. Budgeted vs Actual calculated to a total negative variance of \$126.00.

President Morrow inquired of Mr. Ellis if the audit or observances during the audit had shown any signs of the possible need for a forensic audit over the standard annual audit that is now done. Mr. Ellis stated that according to the testing, information, and procedures seen throughout the year and during the audit, there is no recommendation for a Forensic Audit. The CLCWA has maintained steady communication throughout the fiscal year to address and resolve possible issues upfront and avoid inconsistencies. It was noted that the inquiry was in no way due to any concerns of the financial management of the CLCWA and is based on the CLCWA's belief that to act appropriately, a transparent, open, clear, and recorded process is absolutely fundamental to validate the trust and confidence given by the residents we serve.

President Morrow, regarding the health of the end-of-year balances being utilized in the most strategic way, requested that the Budget Committee

review current and future planning to review projects, debt, needs, updates, and preferred advancements.

Thereupon, by motion duly made by Director Graf and seconded by Director Savely, the Board voted unanimously to approve the financial audit by McCall, Gibson, Swedlund, Barfoot, Ellis PLLC for the Fiscal Year ending September 30, 2024.

Mr. Ellis updated the Board on the possible need for a single audit, discussed at the September 19, 2024, Regular Board Meeting, due to the total amounts received in grant reimbursements. The accumulative grant money received for requested reimbursements for expenses in the 2022 fiscal year, funds recorded as revenue in the 2024 fiscal year, does fall into the threshold for an audit to be required. An audit is thus necessary to verify that the CLCWA is in compliance with the receipt of the funds. A separate report with the documents and filings will be provided to the CLCWA, Federal Agencies, and State.

Returned to Agenda Item #3

- 5. Consider and act upon closing all Wells Fargo accounts as the transition progresses to the District's new banking service provider, Stellar Bank
Approved

Ms. Morrow explained that Wells Fargo requires Board Approval via approved meeting minutes to create accounts. In an attempt to streamline and facilitate a smooth transition to the new banking service provider, Ms. Morrow requested Board approval to close accounts when such accounts are no longer needed. It was noted that the approval at the November 14, 2024, Regular Board Meeting to create a new Wells Fargo account for Bond Issue 43 will proceed with the account being directly opened with Stellar Bank, not Wells Fargo, due to the timing of the approved transition.

Thereupon, by motion duly made by Director Savely and seconded by Director Pyle, the Board voted unanimously to approve closing all Wells Fargo accounts as the transition progresses to the District's new banking service provider, Stellar Bank.

- 6. Consider and act upon adoption of policy ADM-270 Prohibition of Use of Certain Social Media Applications
Approved

Mr. Johnson presented to the Board policy ADM-270 Prohibition of Use of Certain Social Media Applications. (A copy of which is on file in the official records of the Authority and identified as Exhibit D.) Chapter 620 of the Government Code was established to require governmental entities, such as the CLCWA, to adopt policies prohibiting the installation and use of applications that are deemed a threat to the security of governmental entities by the Governor or those owned by ByteDance Limited on devices which are owned or leased by the governmental entity. The proposed policy is based on the model policy adopted and published by the Department of Public Safety and Department of Information Resources but edited to conform to the practical nature of the CLCWA and to include the terms that are applicable to this organization.

Thereupon, by motion duly made by Director Savely and seconded by Director Guest, the Board voted unanimously to approve the adoption of policy ADM-270 Prohibition of Use of Certain Social Media Applications.

- 7. Consider and act upon amending policy DIR-40

Ms. Morrow presented to the Board policy DIR-40 Organization and Responsibilities to Revision 3. (A copy of which is on file in the official

Organization and Responsibilities to Revision 3
Approved

records of the Authority and identified as Exhibit E.) The update was needed to align the policy with the current CLCWA procedure.

Thereupon, by motion duly made by Director Savely and seconded by Director Guest, the Board voted unanimously to approve amending policy DIR-40 Organization and Responsibilities to Revision 3.

8. Consider and act upon amending policy FIN-30 Disbursements from Operating Fund to Revision 5
Approved

Ms. Morrow presented to the Board policy FIN-30 Disbursements from Operating Fund to Revision 5. (A copy of which is on file in the official records of the Authority and identified as Exhibit F.) The update was needed to clarify language and allow for the modification of fund amounts according to fluctuating needs.

Thereupon, by motion duly made by Director Graf and seconded by Director Guest, the Board voted unanimously to approve amending policy FIN-30 Disbursements from Operating Fund to Revision 5.

9. Consider and act upon retiring policy FIN-25 Depository Banks & Required Securities
Approved

Ms. Morrow presented to the Board retiring policy FIN-25 Depository Banks & Required Securities (A copy of which is on file in the official records of the Authority and identified as Exhibit G.) ADM-165 Investment Policy, issued on June 23, 1994, replaced the policy terms listed in FIN-25 Depository Banks & Required Securities.

Thereupon, by motion duly made by Director Graf and seconded by Director Guest, the Board voted unanimously to approve retiring policy FIN-25 Depository Banks & Required Securities.

10. Tax Collector's Report Ending 12/31/2024

The Tax Collector's Report ending December 31, 2024, 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 H.)

11. Financial Report Ending 11/30/2024
Approved

The Financial Report ending November 30, 2024, 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 I.) It was noted that the report reflects the trends discussed at last month's meeting regarding upward expenditure on water sales and payroll expenses. Payroll Expenses are budgeted according to all employees' participation in retirement coverage and benefits; the variance is due to when each employee becomes eligible.

Thereupon, by motion duly made by Director Guest and seconded by Director Graf, the Board voted unanimously to approve the Financial Report ending November 30, 2024.

12. Operating Disbursements Report Ending 12/31/2024
Approved

The Operating Disbursements Report ending December 31, 2024, 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 J.) It was noted that the amount paid for LS#4 Parallel Force Main-Pay App #2 is expected to be reimbursed after TCEQ's approval to use surplus bond funds.

Thereupon, by motion duly made by Director Pyle and seconded by Director Savely, the Board voted unanimously to approve the Operating Disbursements Report for the period ending December 31, 2024.

13. Review and approve Pay Application 4 for Water Well No. 7 and Water Plant No. 2 Site Improvements (Generator) Approved

Pay Application 4 for Water Well No. 7 and Water Plant No. 2 Site Improvements (Generator) 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 K.) It was noted that the generator is in place; completion is pending the approval of a gas meter by the City of Pasadena.

Thereupon, by motion duly made by Director Savely and seconded by Director Graf, the Board voted unanimously to approve Pay Application 4 for Water Well No. 7 and Water Plant No. 2 Site Improvements (Generator) to Texan Municipal & Industrial for \$97,318.62, subject to updating a typo related to the signature date.

14. Review and approve Project Status Report No. 4 for Sanitary Sewer Phase 97 Television Inspection Approved

Project Status Report No. 4 for Sanitary Sewer Phase 97 Television Inspection 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 L.) It was noted that the work is being performed by CLCWA staff and is occasionally delayed for other urgent priorities.

It was inquired if the televising affects the planned projects. As the CLCWA works in a planned area, televising allows for prioritizing preventative maintenance on segments of line that are of the most concern. The condition assessment utilizes a rating structure assigned to each segment for the timing of rehabilitation or reassessment of the infrastructure.

Thereupon, by motion duly made by Director Pyle and seconded by Director Graf, the Board voted unanimously to approve Project Status Report No. 4 for Sanitary Sewer Phase 97 Television Inspection by CLCWA staff, valued at \$12,685.13.

15. Review and approve Change Order 2 for Sanitary Sewer Phase 100 Manhole Rehabilitation Approved

Change Order 2 for Sanitary Sewer Phase 100 Manhole Rehabilitation 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 M.) It was noted that the additional work was needed due a void around a service connection to a sanitary sewer manhole and infiltration at a storm sewer manhole discovered during additional rehabilitation approved with Change Order 1.

Thereupon, by motion duly made by Director Savely and seconded by Director Graf, the Board voted unanimously to approve Change Order 2 for Sanitary Sewer Phase 100 Manhole Rehabilitation to CDC Unlimited, LLC. for \$7,050.00.

16. Review and approve Pay Application 3 for Lift Station No. 4 Parallel Force Main Approved

Pay Application 3 for Lift Station No. 4 Parallel Force Main 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 N.) It was noted that Armand Bayou Nature Center requested that the work on that property be completed or equipment removed by January 1, before the main migration of birds into the area. An attempt to make a quick wet connection was unsuccessful due to a strong backflow; the connection will be

postponed until July or August. The work on the lift station improvements will proceed.

Thereupon, by motion duly made by Director Savely and seconded by Director Graf, the Board voted unanimously to approve Pay Application 3 for Lift Station No. 4 Parallel Force Main to Alcott, Inc. dba TCH for \$191,421.00.

17. Engineer's Report

Sanitary Sewer Phase 99 Rehabilitation is scheduled to be rebid in February, and bids will then be presented to the Board in March. The contractor will be responsible for notifying the residents before any planned outages in service during the rehabilitation.

Sanitary Sewer Phase 101 Rehabilitation Notice to Proceed was issued on February 3, 2025.

Elevated Storage Tank No.1 Recoating the Notice to Proceed was issued on January 27, 2025. Dish, Verizon, and T-Mobile have removed their equipment temporarily.

18. 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 O.)

Thereupon, by motion duly made by Director Savely and seconded by Director Graf, the Board voted unanimously to approve the Capital Project Report in the amount of \$414,977.76.

19. Attorney's Report

Mr. Johnson requested an Executive Session for an attorney-client privileged discussion regarding potential litigation. An Executive Session will be held at the end of the current Board Meeting.

20. Investment
Summary Ending
November 30,
2024
Approved

The Investment Summary for the period ending November 30, 2024, 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 P.)

Thereupon, by motion duly made by Director Guest and seconded by Director Savely, the Board voted unanimously to approve the Investment Summary for the period ending November 30, 2024.

21. Exploration Green
Conservancy Report

Director Guest informed the Board of matters discussed at the Exploration Green Conservancy (EGC) Meeting. The new website is complete and live, strategic planning is progressing, and the conservancy continues to focus on obtaining grants. A tour of a facility in Cypress is scheduled in connection with research regarding the possible grant for an educational building at Exploration Green.

22. General
Manager's
Report

Ms. Morrow informed the Board of the following matters.

Harris County Flood Control District sent out a notice that funds previously allocated to a project that included a proposed widening of Horsepen Bayou

are instead being utilized to research potential projects to improve drainage in the Clear Lake area.

Harris County is starting the trail connection from Exploration Green Phase 5 to Space Center Blvd; the Notice to Proceed was issued on February 10, 2025.

Preparations to protect CLCWA infrastructure and facilities against predicted freezing temperatures have been completed. It was noted that the foresight and planning utilized to install generators at the main plant and essential lift stations are appreciated, as this allows for better resiliency and quicker recovery during the various natural disasters that affect our area.

A new educational tool was created for residents: a Recycled Reusable Shopping Bag with tips on water conservation, environmental protection, fats, oils, and grease (FOG) education, storm and sanitary systems, and the promotion of Exploration Green.

A contract has been signed with Constellation to provide electricity for CLCWA facilities.

The insurance claims filed for damages from Hurricane Beryl are still being processed.

Regarding the insufficient power quality at the wastewater treatment plant. Phifer (CLCWA contractor) tested the conductor and found no issues. CenterPoint continues to find acceptable voltage variations while monitoring the incoming power phase to neutral. Phifer recommended that the CLCWA request that CenterPoint move the PT relay monitoring to the step-down side of the N1 and S1 transformers to get an adequate reading of the facility's phase-to-phase usage.

A treatment to deter ants was applied along the Exploration Green Phase 2 trail.

The CLCWA provided comments to TAMU on their plans regarding where the connections can be made and whether the proposed force main should run directly to the STP or to a possible gravity line outside of the STP.

Hydrant flushing and maintenance are on a standard rotation of 1/3 of the system. Additionally, a technician has been assigned to perform maintenance, paint, and flush the hydrants as needed.

The next SETL cash call is in December and will be paid with bond funds.

23. Old and New Business

Director Graf inquired about a 2025 future planning department review for 1- and 5-year expectations and goals. Director Graf requested that the CLCWA staff be ready to address and communicate clearly and transparently with residents regarding any personal concerns about fluoride in the water supply.

President Morrow reiterated the need for future planning. As the CLCWA stands, it is comforting to know that funds are available in case of an emergency or to forward fund a necessary project, equipment, process, etc. To move forward and continue providing resilient service, a strategic discussion about the operation of the organization from both a financial

and operational perspective is necessary. Continued planning will give the CLCWA the information needed to get in front of changes and support the budget process. No issues have been perceived, but a prudent review is absolutely necessary to keep looking and planning ahead. The CLCWA stands apart from others by always striving to provide preventive maintenance that protects against costly emergency repairs, extended downtimes, or service losses.

Director Savely inquired if the CLCWA is eligible for federal grants available for flood resiliency. President Morrow requested that an individual be assigned to monitor for any grant applicable to the CLCWA. Director Savely indicated he would request assistance from a contact familiar with grant applications. Currently, the CLCWA is participating with Taylor Lake Village in their study of the storm sewer system, funded by a grant from FEMA. Grants could provide funding assistance to the CLCWA in the current process of converting certain dry wells to submersible (such as at Well #5, 7, and the STP), installing generators at essential infrastructure above the 500-year coastal inundation level, or in developing additional plans.

Open Session Recessed at 8:34 p.m.

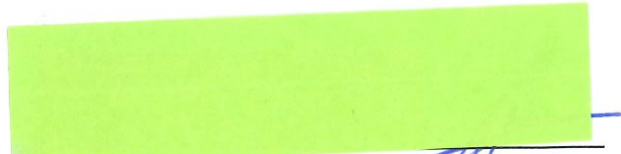
Executive Session

An Executive Session was held from 8:34 p.m. to 8:49 p.m. for an attorney-client privileged discussion regarding potential litigation. The video conference recording was paused for the duration of the session and reactivated prior to the closing of the Board Meeting.

Open Session Resumed at 8:49 p.m.

24. Meeting Adjourned

President Morrow declared the open meeting adjourned at 8:50 p.m.



President, Board of Directors
CLEAR LAKE CITY WATER AUTHORITY



Secretary, Board of Directors
CLEAR LAKE CITY WATER AUTHORITY

DATE APPROVED: Feb 13, 2025

(SEAL)

