

**MINUTES OF THE BOARD OF DIRECTORS' MEETING
GREATER TEXOMA UTILITY AUTHORITY**

MONDAY, NOVEMBER 17, 2008

**AT THE ADMINISTRATIVE OFFICES
5100 AIRPORT DRIVE
DENISON TX 75020**

Members Present: Don Skelton, Bill Johnson, Joe Henderson, Paul Kirley, Mark Kuneman, Everett Grantham, Clyde Yeatts

Members Absent: Duane Hayes, George Rowland

Staff: Jerry Chapman, Carolyn Bennett, Debi Atkins, and Carmen Catterson

Visitors: Mike Wynne, Nall, Pelley & Wynne
Mark Gibson, City of Sherman

I. Call to Order

President Skelton called the meeting to order at 12:32 p.m.

II. Consent Agenda

The items marked with an asterisk (*) are considered routine by the Board of Directors and will be enacted in one motion with the consent agenda. President Skelton asked the Board if there were any items they wished to have removed from the consent agenda for discussion. There were no items requested by the Board of Directors to be removed from the consent agenda for discussion. Board Member Henderson made a motion to approve the consent agenda. The motion was seconded by Vice President Johnson and passed unanimously.

III. * Consider and act upon approval of Minutes of October 20, 2008 Meeting

IV. * Consider and act upon approval of accrued liabilities for October 2008

V. Citizens to be Heard

General Manager Chapman reported that the Authority staff received a newspaper with an article recognizing Board Member Yeatts as an outstanding educator. The Board congratulated Board Member Yeatts on his accomplishments.

VI. Wastewater Activities

Consider and act upon Change Order No. 1 to the contract with Wright Construction Co., Inc. for the construction of the Melissa-Anna Throckmorton Creek Sewer Phase III project

The Authority negotiated Phase III of the Melissa-Anna Throckmorton Creek sewer project with the North Texas Municipal Water District (NTMWD). The sewer line runs between the creek crossing at Hwy 75 (Honey Creek) to the City of Anna. This project is composed of three phases. When the engineering was undertaken, steps were taken to accommodate the NTMWD. Now that the project is in progress, some requirements have been removed, reducing the cost by \$48,200. The contractor has accepted the change order. The engineer recommends the change order and the Cities of Anna and Melissa have approved it.

Vice President Johnson motioned to approve Change Order No. 1 to the contract with Wright Construction Co., Inc. for the construction of the Melissa-Anna Throckmorton Creek Sewer Phase III project. The motion was seconded by Board Member Grantham and passed unanimously.

Consider all matters incident and related to authorizing the execution and delivery of a "Contract for Water Supply and Sewer Service" with the City of Princeton, Texas, including the adoption of a resolution pertaining hereto

This item is posted twice on the agenda because it covers both wastewater and water. The staff only needs one motion. The City of Princeton has a population of approximately 6,000 and is in Collin County. Princeton is participating in the regional sewer study undertaken by the Authority. Princeton needs financial assistance to construct an elevated storage tank and distribution line. While Princeton is a member city of the NTMWD, the NTMWD does not provide financial assistance. General Manager Chapman contacted the NTMWD and asked if they objected to the Authority providing financial assistance to Princeton and the NTMWD staff responded they had no objections. The Princeton City Council met last week and approved the "Contract for Water Supply and Sewer Service" with the Authority. This agreement is similar to contracts the Authority has with all the member cities who finance projects through the Authority.

Board Member Grantham motioned to authorize the execution and delivery of a "Contract for Water Supply and Sewer Service" with the City of Princeton, Texas, including the adoption of a resolution pertaining hereto. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and discuss the progress of the Anna sewer line

The contractor has exceeded his contract time limit, but has been vigorously pursuing the project. One reason for the delay is rock was present at the site. The contractor had to cut the entire sewer line from rock. Clean up activities are in progress and the Authority staff and City do not perceive any need to penalize the contractor for exceeding the time limit. This item will probably be ready to close out in December.

No action was requested at this time.

Consider and discuss the progress of Phase II of the Melissa-Anna Throckmorton Creek sewer project

Four D Construction Co., Inc. has had financial problems recently. Inquiries from suppliers for payment began around August 2008. Four D owes Liberty Sand & Gravel approximately \$800,000 on various projects. Due to Four D's work history, Liberty Sand & Gravel did not demand payment when the debts were incurred. However, Liberty Sand & Gravel now needs payment. Before

the retainage will be released to the contractor, proof of payment to suppliers must be provided. Three suppliers need payment from Four D. When the most recent pay estimate was received from Four D, the contractor requested joint checks to be issued to the contractors for the amount owed. Four D owes \$136,000 to Liberty Sand & Gravel for this project. All the pipe is installed, but some work remains. Affidavits and proof of payment will be required for all suppliers. The contractor is on schedule for the project and should not take more than 30 or 45 days to complete the clean up activities.

No action was requested at this time.

Consider and discuss the Upper Trinity/East Fork Basin sewer study

Earlier this year, the Authority submitted an application to the Texas Water Development Board (TWDB) for a sewer study grant to develop a master plan. The TWDB awarded the Authority a \$125,000 grant. \$125,000 in cash and in-kind services must be provided by the participants including Howe, Van Alstyne, Melissa, Anna, Celina, Weston, Princeton, McKinney and the NTMWD. The kickoff meeting is scheduled for Wednesday, November 19th.

No action was requested at this time.

VII. Water Activities

Consider all matters incident and related to authorizing the execution and delivery of a "Contract for Water Supply and Sewer Service" with the City of Princeton, Texas, including the adoption of a resolution pertaining hereto

This item was discussed previously and motion was made under Wastewater Activities Item VI-B.

Consider and act upon delaying construction of the east-west portion of the Collin-Grayson Municipal Alliance project from the Bloomdale Pump Station to Harden Drive in the City of McKinney

The north-south Collin-Grayson Municipal Alliance (CGMA) waterline has been constructed from Howe to McKinney and can become operational as soon as the cities are ready. The east-west portion of the waterline has not been constructed. The original design for the CGMA waterline provides for taking water from the NTMWD waterline at Harden Drive in McKinney. The City of McKinney allowed the Authority to use a temporary location near the Bloomdale Pump Station until the east-west line could be constructed. The developer of the subdivision near Harden Drive has installed a 36" line. The City of McKinney was requested to extend the temporary connection until the developer and the Authority determine a location for the waterline through the subdivision. The City is not interested in the waterline being in use until it is in full capacity. The developer is still delaying providing the preferred waterline route through the property. A disadvantage of waiting to construct the waterline is that costs may increase. The commitment with the TWDB is currently 4.5%, but the interest rate may increase. The CGMA cities would like to delay the construction. The Authority staff will request the cities to sign a document releasing the commitment.

Board Member Grantham motioned to delay construction of the east-west portion of the Collin-Grayson Municipal Alliance waterline project. The motion was seconded by Vice President Johnson and passed unanimously.

Receive report on Pottsboro waterline project

General Manager Chapman updated the Board on the Pottsboro waterline project. The contractor has started construction, but encountered rock. The project should be completed by February.

No action was requested at this time.

Receive report on Anna water projects

The work for this project is taking place on the north side of the City of Anna near the school. Tank Builders, Inc. are installing the Ground Storage Tank project. Crescent Constructors is constructing the pump station. Some problems occurred in the beginning, but have been corrected. The DART waterline runs from the pump station to the City of Anna. A pre-construction meeting was held and a notice to proceed was issued. This area also has rock, so the line may need to be cut from the rock. All projects should be completed by May or June.

No action was requested at this time.

Consider and act upon matters relating to Cook Concrete, LLC bid for waterline improvements for the City of Sherman

This project bid earlier this year. This contractor's bid was below other bidders by \$150,000. The Authority staff has had problems receiving the bonding and insurance information from the contractor. The staff contacted Mike Wynne, the Authority's general counsel, last week and asked him to investigate the problem. Mr. Wynne spoke with Cook Concrete, LLC before the Board meeting. The contractor assured him they would make the necessary changes to the bond documents. The problem is that the company is a limited partnership. The general partner is the person who conducts the business for the limited partnership and must sign the contract and bond. When the bond is resubmitted to Cook Concrete, LLC, they will correct the documents and return them to the Authority.

No action was requested at this time.

Consider and discuss the status of the Groundwater Conservation District activities

The Groundwater Conservation District (GCD) issue is scheduled to be revisited on Friday, November 21st. Mayor W.D. Welch, the chairman of the steering committee, is hosting the meeting at Whitesboro City Council. Grayson and Fannin Counties will join together to form one GCD. Cooke County is still in deliberation. The Cooke County Judge wants a one-county district. The City of Gainesville and Woodbine WSC want to join with Grayson and Fannin Counties. Time is important as bills can be filed on the day after the election in November. The legislative session opens in January and the committee has still not drafted legislation.

No action was requested at this time.

Consider and discuss the status of the Reallocation Study

Mr. Steve Stockton of the Corps of Engineers was available for discussion at the Oklahoma Water Conference in October. General Manager Chapman and the North Texas Municipal

Water District (NTMWD) spoke with him. Mr. Stockton recommended obtaining General Cox's attention with the Southwest Division. Chapman and the NTMWD are trying to contract General Cox. On December 2nd, another meeting was held to discuss the Reallocation Study. The Authority should be able to sign contracts for 50,000 acre-feet by April 2009. The Authority staff notified local water providers to test interest in buying water contracts. Sherman and Denison will purchase whatever water storage remains after the smaller water providers purchase portions of the 50,000 acre-feet. No action is expected until the Corps releases the water storage.

No action was requested at this time.

Receive report on Bells Ground Storage Tank project

The Authority is constructing a new ground storage tank in Bells. The contractor is behind schedule, but this should not cause any problems. The steel for the ground storage tank was delayed due to Hurricane Ike.

No action was requested at this time.

VIII. General Activities

Consider and act upon amendment to the Trustee Agreement with the Bank of Texas

Melvin Camp with the Trustee department of the Bank of Texas approached the Authority staff. The Authority retirement plan needs to be updated to meet current IRS regulations. The section for Appointment of Investment Manager needs to specify that the "Employer" may retain the authority to direct investments and appoint an outside third party Investment Manager, than the "Trustee." The regulations also indicate that section 415 amendments and amendments made in 2003 for EGTRRA be incorporated into the plan documents.

Vice President Johnson motioned to amend the Trustee Agreement with the Bank of Texas. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon amendment to GTUA Retirement Plan require by recent Internal Revenue Service regulations including appointment of Investment Manager

This item was discussed and motion was made under General Activities Item VIII.-A

Consider and act upon termination of contract for financial advisory services with First Southwest Company

The Authority staff received an email message from Garry Kimball, the Authority's financial advisor for 15 years with First Southwest Co. He advised that he and several others from First Southwest Co. were leaving First Southwest Co. The official publication from First Southwest Co. indicates a merger with Plains Capital. However, the press release from Plains Capital says the merger is actually First Southwest Co. being acquired by Plains Capital. Mr. Kimball notified the Authority that his group consists of the Austin office, Lubbock office and one person from the Dallas office. The group is forming their own finance advisory services. Mr. Kimball said that the new company has enough capital to last two years if they do not close one deal. The Authority would not use the firm to invest bond proceeds, only for financial advisory services. Robby Hefton with the City of Sherman is

proposing the same request to the Sherman City Council. The First Southwest Co. contract is subject to a 30-day termination notice. The Specialized Public Finance Co. contract is similar to other contracts the Authority currently has for financial advisory services.

Board Member Henderson motioned to terminate the contract for financial advisory services with First Southwest Company. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon contract for financial advisory services with Specialized Public Finance Inc.

This item was discussed previously.

Board Member Henderson motioned to authorize a contract for financial advisory services with Specialized Public Finance, Inc. The motion was seconded by Vice President Johnson and passed unanimously.

IX. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:37 p.m.

#####

Recording Secretary

Secretary-Treasurer