

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

MONDAY, MAY 18, 2009

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

Members Present: Don Skelton, Bill Johnson, George Rowland, Joe Henderson, Mark Kuneman, Clyde Yeatts

Members Absent: Everett Grantham, Duane Hayes, Paul Kirley

Staff: Jerry Chapman, Carolyn Bennett and Carmen Catterson

Visitors: Mike Wynne, Nall, Pelley & Wynne
Garry Kimball, Specialized Public Finance, Inc.
Mark Gibson, City of Sherman
Joyce Godwin, Herald Democrat
Kevin Farley, City of Pottsboro

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. General Manager Chapman explained the item on the Liabilities Resolution for Lloyd Gosselink is to pay for their efforts in overseeing the relocating of the Authority's governing legislation. There were no items requested by the Board of Directors to be removed from the consent agenda for discussion. Board Member Henderson motioned 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 April 20, 2009 Meeting

IV. * Consider and act upon approval of accrued liabilities for April 2009

V. Citizens to be Heard

General Manager Chapman introduced Kevin Farley with the City of Pottsboro and Mark Gibson with the City of Sherman. He also introduced Garry Kimball with Specialized Public Finance, Inc.

At this time President Skelton moved out of agenda order and proceeded to General Activities, Item VIII-B.

Consider and act upon a Resolution of Appreciation for Joe Henderson.

President Skelton presented a Resolution of Appreciation and plaque to Board Member Henderson thanking him for his service to the Board of Directors for the Authority.

Secretary/Treasurer Rowland motioned to execute a Resolution for Appreciation for Joe Henderson. The motion was seconded by Vice President Johnson and passed unanimously.

At this time, President Skelton moved back to the regular agenda order, beginning with Wastewater Activities, Item VI-A.

VI. Wastewater Activities

Consider all matters incident and related to the issuance of the "Greater Texoma Utility Authority Contract Revenue Refunding Bonds, Series 2009 (City of Sherman Project)", including the adoption of a resolution authorizing the issuance of such bonds, establishing parameters for the sale and issuance of such bonds, and delegating certain matters to an authorized official of the Authority relating to the sale and issuance of such bonds and the redemption of certain outstanding bonds..

General Manager Chapman explained that Garry Kimball, the Authority's finance advisor with Specialized Public Finance, Inc. would be presenting the Sherman refunding Resolution. Mr. Kimball explained that rates have improved dramatically since the end of 2008. He and his associates identified \$5.1 million in bonds for the City of Sherman that could be refunded. These included series 1997A & B and 1998. A refunding could provide a 3% net value savings. Mr. Kimball needs the Board of Directors to grant permission in the form of a Parameters Resolution for the General Manager to sign off on the pricing certificate prior to the transaction taking place. The markets are very volatile and the potential refunding is very time sensitive. According to Mr. Kimball, the refunding would have to price at or better than the numbers run in the example provided. This allows the Authority to be more proactive and be able to achieve the maximum savings from the deal. Refunding these debt series will save Sherman approximately \$40,000 per year or for a total approximate savings of \$160,000. Chapman explained the City of Sherman will have to confirm the arrangement. The refunding must take place within six months of executing the Parameters Resolution.

Vice President Johnson motioned to authorize all matters incident and related to the issuance of the "Greater Texoma Utility Authority Contract Revenue Refunding Bonds, Series 2009 (City of Sherman Project)", including the adoption of a resolution authorizing the issuance of such bonds, establishing parameters for the sale and issuance of such bonds, and delegating certain matters to an authorized official of the Authority relating to the sale and issuance of such bonds and the redemption of certain outstanding bonds. The motion was seconded by Board Member Henderson and passed unanimously.

Consider and act upon a Resolution accepting the contracts with Gene Sanford and Cole & Smithen for the Pottsboro wastewater treatment plant improvement project as complete.

This project started several years ago when Pottsboro and Denison discussed a joint wastewater prospect. \$400,000 in bonds were issued to pay for that effort. However, when Denison and

a developer backed out of the joint project, Pottsboro used those bonds to pay for upgrades to their wastewater treatment plant. This project provided a new headworks device and return activated sludge pump. Pottsboro has provided a Resolution accepting the contracts as complete. The engineer has submitted a letter establishing the warranty periods.

Board Member Henderson motioned to approve a Resolution accepting the contracts with Gene Sanford and Cole & Smithen for the Pottsboro wastewater treatment plant improvement project as complete. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith (City of Melissa).

The City of Melissa requested the Authority move forward to finance a sewer system component in their sewer collection system. This project is part of their Intended Use Plan, but was not anticipated to start so quickly. The Texas Department of Transportation is doing construction on Hwy 5 and is requiring the City move the sewer line. This is a request to secure financing from the Texas Water Development Board (TWDB) for this project. The project may not require the full \$3.6 million, but is the estimated cost.

Secretary/Treasurer Rowland motioned to approve a Resolution requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith (City of Melissa). The motion was seconded by Vice President Johnson and passed unanimously.

Receive progress report on Phase II of the Melissa-Anna sewer project.

Four D Construction Co., Inc. has advised the Authority they will not be able to complete the Melissa-Anna Phase II project. Mike Wynne, the Authority's general counsel, has been working to ensure all regulations are followed. A claim was made to Travelers for the bond. Travelers has two weeks to decide to either complete the project themselves or contract the work. After two weeks, the Authority can complete the project and file a money claim against the bonding company. The bonding company responded requesting additional information, which was provided. The payment bond makes sure the subcontractors receive payment. The performance bond will ensure the project is completed.

Another issue that has not been discussed is the delay damages. This project is several months overdue and the engineer has additional costs for inspections. Mr. Wynne has researched the situation and believes we will be able to recover some damages for additional costs. General Manager Chapman and Mr. Wynne have not approached the bonding company on the topic of damages yet. The two-week period has expired. The Authority could complete the project, but Mr. Wynne does not recommend that course of action. The delay is causing the City of Anna damages because the additional rainfall has caused the City to exceed the flow limitations. This could cause fines from the Texas Commission on Environmental Quality. The Authority staff will wait two weeks from the date of the second letter to Travelers before proceeding.

Receive report on Upper East Fork Sewer Study.

The sewer study is continuing and is in the data collection phase. All cities are participating as agreed, both financially and cooperating with the consultant.

VII. Water Activities

Consider and act upon Change Order No. 3 to the contract with W.R. Hodgson Co., LP for construction of the CR 369/371 waterline project for the City of Anna.

This project was expected to close out, but the contractor did not submit paperwork. The contractor submitted a claim for \$16,000 on work undertaken. The City rejected the claim and the contractor and the City settled for approximately \$640. This change order reflects that settlement.

Vice President Johnson motioned to execute Change Order No. 3 to the contract with W.R. Hodgson Co., LP for construction of the CR 369/371 waterline project for the City of Anna, contingent upon similar action being taken by the City Council. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon Change Order No. 1 to the contract with W.R. Hodgson Co., L.P. for the construction of the DART waterline project for the City of Anna.

This is the same contractor as the previous project. This is the final change order and the project is expected to close out next month.

Vice President Johnson motioned to execute Change Order No. 1 to the contract with W.R. Hodgson Co., LP for construction of the DART waterline project for the City of Anna, contingent upon similar action being taken by the City Council. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon Change Order No. 2 to the contract with Tank Builders, Inc. for construction of the South Plant 1.5 million gallon ground storage tank project for the City of Anna.

This is another water project undertaken by the Authority for the City of Anna and is being constructed by Tank Builders, Inc.. This change order provides for a decrease of \$2,751 based on the amount of fittings used on the project. However, the subcontractor used to paint the tanks over sprayed onto the pump station being built by Crescent Constructors. A solution to this problem is still being negotiated.

Vice President Johnson motioned to execute Change Order No. 2 to the contract with Tank Builders, Inc. for construction of the South Plant 1.5 million gallon ground storage tank project for the City of Anna. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider and act upon award of contract for the Anna SCADA project.

This is another project for the City of Anna. After constructing all projects in this construction account, funds remained. The Texas Water Development Board approved using the remaining funds to install a SCADA system. This system controls the water system. It is highly technical equipment. Mr. Wynne has provided a letter regarding the procedure for high technology procurement. TraC-n-Trol is the company the City has selected. The contract will be for \$170,000.

Permission is being requested to award the contract, provided insurance and bonding documents are adjusted to reflect GTUA as owner of the project.

Board Member Yeatts motioned to award the contract for the Anna SCADA project to TraC-n-Trol, contingent upon receipt of necessary insurance and bonding documents. The motion was seconded by Vice President Johnson and passed unanimously.

Receive report on Groundwater Conservation District Activities.

The Authority is not directly involved in this project, except as staff assistance for local water providers. Brian Sledge, an attorney with Lloyd Gosselink is assisting the water providers in this effort. He has more experience than any other attorney in the state. The current decision is for Grayson and Fannin Counties to form one Groundwater Conservation District. Cooke County will join with Denton and Collin Counties.

Receive report on Reallocation Study.

The Corps of Engineers still estimates July 2nd for contracts. Revised Reallocation Report submitted to the Authority for comment at the end of April. Chapman sent a letter to Steve Stockton encouraging the report be finalized. The project is still on schedule as far as we know.

VIII. General Activities

*Receive Monthly Financial Reports

Consider and act upon a Resolution appointing General Manager as administrator for GTUA Retirement Plan as requested by the Trustee.

Last fall, Bank of Texas requested the Authority update the GTUA Retirement Plan to meet current IRS regulations. The Authority completed modifying the plan in November. Then Bank of Texas requested an Investment Policy. Now, Bank of Texas wants an Investment Management Agency Agreement. They want someone appointed as the administrator for the Retirement Plan. Wynne and Chapman have been arguing with the Bank of Texas for a few weeks over two issues in the proposed agreement. Wynne modified the language and submitted it to David Stone, the Authority's investment manager, and Bank of Texas. The State and IRS do not have written guidelines on how the agreement needs to be designed. Action is not being requested at this time.

This item was tabled until next month.

IX. Solid Waste Activities

Receive Groundwater Monitoring Report for Dripping Springs Landfill

Late last year, engineering consultants, Biggs and Mathews Environmental, advised there was a chance the frequency of groundwater monitoring could be reduced. The study would cost \$35,000. Sherman and Denison thought the study was a good risk and provided the funds. The study has been undertaken. They determined the shallow monitoring wells are not connected with the deeper locations in the Dripping Springs site. The report has been prepared and submitted to the Texas Commission on Environmental Quality requesting the frequency to be reduced from twice a year to once per decade.

The closure plan will need to be modified because it does not have any provision for groundwater monitoring.

X. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:26 p.m.

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Recording Secretary

Secretary-Treasurer