

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

MONDAY, JULY 20, 2009

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

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

Members Absent: Everett Grantham, Duane Hayes, Joe Henderson, Paul Kirley

Staff: Jerry Chapman, Carolyn Bennett and Carmen Catterson

Visitors: Mike Wynne, Nall, Pelley & Wynne
Kevin Farley, City of Pottsboro
David Gattis, Freeman-Millican, Inc.
Mark Gibson, City of Sherman
Joyce Godwin, Herald Democrat
David Howerton, City of Denison

I. Call to Order

President Skelton called the meeting to order at 12:36 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. Vice President Johnson motioned to approve the consent agenda. The motion was seconded by Board Member Yeatts and passed unanimously.

III. * Consider and act upon approval of Minutes of June 15, 2009 Meeting

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

V. Citizens to be Heard

General Manager Chapman introduced visitors Kevin Farley with the City of Pottsboro, David Gattis with Freeman-Millican, Inc., Mark Gibson, the Director of Utilities for

the City of Sherman and David Howerton with the City of Denison. Also, Joyce Godwin with the Herald Democrat attended the meeting.

VI. Wastewater Activities

Consider and act upon contract for engineering services with BWR Corp for the Melissa Fitzhugh sewer project.

This item deals with the engineering agreement for the Fitzhugh Creek sewer project for the City of Melissa. BWR Corp is the consulting engineer for the City of Melissa. The Fitzhugh Creek sewer project is a \$2.5 million sewer project for Melissa. This project was planned for next year, but the Texas Department of Transportation (TxDOT) approached the City and requested the project be complete by December 2009. Last month, the Authority submitted a funding application to the Texas Water Development Board (TWDB). This application will be considered during the TWDB's August meeting. The engineering contract has been submitted to the TWDB and the staff needed clarification on the line items. The contract will need to be broken down by component and resubmitted. The approved contract has not been received yet. Rather than delay the project another month, the Authority staff is requesting permission for the General Manager to sign the contract as soon as two things the TWDB and the City of Melissa are satisfied. As long as the project is underway by December, the TxDOT will be satisfied.

Vice President Johnson motioned to authorize the General Manager to execute a contract with BWR Corp for engineering services for the Melissa Fitzhugh sewer project, contingent upon approval of the contract by the TWDB and the City of Melissa. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Receive report on Upper East Fork Sewer Study.

This project was undertaken by eight cities in the Upper Trinity East Fork basin. The project is underway and a conference call will be held this afternoon to discuss the status.

No action was needed at this time.

VII. Water Activities

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 (Lake Texoma Water Storage).

The 50,000 acre-feet of water storage from Lake Texoma has been underway for a long time. The Authority will need to pay the Corps of Engineers for the storage. The Corps has offered to finance the water storage. The rate would be 4.6% over a 30-year amortization period. 4.6% is a fair rate in today's financial environment. However, the rate is variable and would reset every five years. The first reset in five years would probably not change much because the rate is based upon the government's rate of borrowing over the previous ten-years. Beyond the first five years, the rate could become problematic.

Financing through the TWDB would be at a lower interest rate. The amount financed would need to be approximately \$22 million to cover any increases in water storage costs. This is slightly increased from the amount quoted for this fiscal year. The TWDB loan would be a 20-year fixed rate loan through the Water Infrastructure Fund (WIF) program. The WIF program was organized in 2007 so State entities could develop water infrastructure systems. The interest rate would be approximately 2.5%, which is 2% below the market rate. The staff is requesting permission to submit application to the TWDB for \$22 million to finance 50,000 acre-feet of water storage. The application is due August 1, 2009 and will be on the TWDB agenda in September. If we use the Corp's financing, we can pay off the note at any time.

Board Member Yeatts 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 (Lake Texoma Water Storage). The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon a Resolution authorizing the filing of an application for amended water rights.

This is another component of the water storage issue. The Authority needs to amend its water storage permit (Permit No. 4301A). The original permit was modified several years ago to allow an Inter-Basin Transfer. The staff is asking the Board to authorize the staff to file another permit amendment to increase the diversion from 25,000 acre-feet to 81,200 acre-feet, an increase of 56,200 acre-feet. Martin Rochelle with the Lloyd Gosselink firm and Tom Gooch with Freese & Nichols, Inc. are assisting the staff in completing the application. Only one public hearing is required.

Vice President Johnson motioned to approve a Resolution authorizing the filing of an application for amended water rights. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon Change Order No. 2 to the contract with Whitewater Construction Co., Inc. for construction of the 12-inch waterline along Pearce Drive and Reeves Road for the City of Pottsboro.

This change order involves the recently completed project for the City of Pottsboro. This is a transmission line around the northeast quadrant of the City. The contract was awarded to Whitewater Construction Co., Inc. The final inspection has been completed and the City Council has approved the contract. The engineers always have a reconciling change order for water projects to adjust for final quantities used.

Secretary/Treasurer Rowland motioned to authorize Change Order No. 2 to the contract with Whitewater Construction Co., Inc. for construction of the 12-inch waterline along Pearce Drive and Reeves road for the City of Pottsboro. The motion was seconded by Board Member Kuneman and passed unanimously.

Consider and act upon a Resolution accepting the contract with Whitewater Construction Co., Inc. for construction of the 12-inch waterline along Pearce Drive and Reeves Road for the City of Pottsboro as complete.

This is the close out for the previous project. It has been approved by the Pottsboro City Council and Freese & Nichols, the consulting engineer.

Vice President Johnson motioned to authorize a Resolution accepting the contract with Whitewater Construction Co., Inc. for construction of the 12-inch waterline along Pearce Drive and Reeves Road for the City of Pottsboro as complete. The motion was seconded by Board Member Kuneman and passed unanimously.

Consider and act upon contract for engineering services with Freese and Nichols, Inc. for Pottsboro waterlines.

Money remains in the bond issue because no environmental review was required and the contingency money has not been utilized. The City of Pottsboro wants to spend the remaining funds on constructing additional waterline improvements. The Authority staff is requesting permission to sign a contract with Freese & Nichols, Inc. for \$50,920 to complete the engineering on the additional waterlines. The City has prioritized which waterlines they want to complete first and will formally consider this item on August 4th.

Vice President Johnson motioned to authorize the General Manager to execute a contract with Freese and Nichols, Inc. for additional Pottsboro waterlines, contingent upon similar action by the City Council for the City of Pottsboro. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider and act upon award of contract for Howe Pump Station.

The Howe Pump Station project is part of the Collin-Grayson Municipal Alliance (CGMA) project. The pump station will be located on property purchased for the terminal storage site. David Gattis, the consulting engineer, reported on the bids received on July 9th. When the project initially began, the line was designed to extend from the Bloomdale Pump Station in Anna, Texas to the elevated storage site on the north side of the City of Howe. However, Howe modified the design allowing the line to end on the south side of the City. The other mayors involved in the project allowed Howe to benefit from the reduction in cost, which included a pump station and an increased terminal storage. Eight (8) bids were received. Dal-Ec Construction, Ltd. from McKinney, Texas submitted the low bid in the amount of \$390,400. The City of Howe will need to pay a portion of the cost. Approximately \$300,400 remains in the construction account. The City will need to provide approximately \$90,000.

Secretary/Treasurer Rowland motioned to award the Howe Pump Station contract to Dal-Ec Construction, Ltd in the amount of \$390,400.00, contingent upon similar action being taken by the Howe City Council and with the understanding that a portion of the contract will be paid by the City of Howe. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon award of contract for Howe 12-inch waterline project.

This waterline will connect the CGMA line to the City of Howe's distribution system. This waterline was never part of the original CGMA project and will be funded by the City of Howe. The low bid was submitted by Lynn Vessels Construction in the amount of \$58,706.55.

Vice President Johnson motioned to award the Howe 12-inch waterline project contract to Lynn Vessel's Construction in the amount of \$58,706.55, contingent upon similar action being taken by the Howe City Council and with the understanding that the contract will be paid by the City of Howe. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon an agreement with the City of Howe for supplemental funds.

This agreement with the City of Howe will provide for the supplemental funding to provide the necessary funds to support the waterline and pump station projects. The City will act on this item on July 28, 2009 at the Council meeting.

Vice President Johnson motioned to execute an agreement with the City of Howe for supplemental funds for the Howe pump station project and the Howe 12-inch waterline project. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Receive report on Groundwater Conservation District Activities

The Red River and the North Texas Groundwater Conservation Districts (GCDs) were acted into law during the last session of the Legislature. Cooke County left the Grayson/Fannin group and joined Collin and Denton Counties to form the North Texas GCD. A meeting will be held Thursday, August 6, 2009 at 3:00 at the Grayson Courthouse to discuss the initial set up for the Red River GCD. The local water providers need to create game plan to compete with the GCDs in the south part of Groundwater Management Area 8. Once the GCD is active, a budget will need to be developed and each well will need to be registered. The amount of water being produced will determine the fee per 1,000 gallons of water.

No action was needed at this time.

Receive report on Reallocation Study.

No update has been received from the Corps of Engineers since July 2. The Reallocation Report has been sent to the Assistant Secretary of the Army with a recommendation for approval and signature.

No action was needed at this time.

VIII. General Activities

*Receive Monthly Financial Reports

*Receive Quarterly Investment Report

Consider and act upon a Resolution appointing a Plan Administrator for the Greater Texoma Utility Authority Retirement Trust.

The staff thought this Resolution was completed last month. However, Bank of Texas requested changes to the Resolution approved last month. The only change in the Resolution is the wording. General Manager Chapman will be the administrator for the retirement trust. The changes in wording make sure that Bank of Texas is not held liable.

Board Member Kuneman motioned to appoint the General Manager as Plan Administrator for the Greater Texoma Utility Authority Retirement Trust. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider appointment of Budget and Finance Committee.

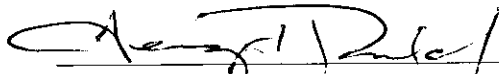
Chapman recommended that a Budget and Finance Committee be established to discuss the budget for FY 2009-2010 and also to discuss investment strategies and make recommendations. President Skelton appointed Board Members Hayes and Yeatts to serve on the Budget and Finance Committee.

IX. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:32 p.m.

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Recording Secretary


Secretary-Treasurer