

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

MONDAY, AUGUST 17, 2009

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

Members Present: Bill Johnson, George Rowland, Everett Grantham, Duane Hayes, Paul Kirley, Mark Kuneman, David Sprowl, Clyde Yeatts

Members Absent: Don Skelton

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

Visitors: Mike Wynne, Nall, Pelley & Wynne
Kristen Savant, Fulbright & Jaworski
Mark Gibson, City of Sherman
Joyce Godwin, Herald Democrat
John Minahan, Alan Plummer & Associates

I. Call to Order

Vice President Johnson called the meeting to order at 12:30 p.m.

II. Administer Oath of Office to David Sprowl

Administrative Assistant Bennett administered the oath of office to Board Member Sprowl who will represent the City of Sherman on the Board of Directors. General Manager Jerry Chapman reported that Board Member Sprowl is the first Board Member to return for a second term after almost twenty years. Mr. Sprowl served on the Board from 1986 to 1987.

III. 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. Secretary-Treasurer Rowland motioned to approve the consent agenda. The motion was seconded by Board Member Kuneman and passed unanimously.

IV. * Consider and act upon approval of Minutes of July 20, 2009 Meeting

V. * Consider and act upon approval of accrued liabilities for July 2009

VI. Citizens to be Heard

Chapman provided the Board with a Power Point presentation containing photos of the status of several projects on the agenda for close out. The photos included images of the South Plant Pump Station, the DART waterline right of way and repairs to the Lake Texoma Raw Water Line.

VII. Wastewater Activities

Consider all matters incident and related to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2009 (City of Sherman Project)", including the adoption of a resolution authorizing the issuance of such bonds.

This bond series will complete the Hwy 75 north sewer lines for the City of Sherman. This project has been on the City's Capital Improvement Program for several years for to extend the sewer service on both sides of Hwy 75 north to FM 691. The City of Sherman requested the Authority finance this project. The Authority needs to issue the bonds now, before the commitment from the TWDB expires. A resolution is attached for the Board's consideration. The staff proposes to sell the bond series to the Texas Water Development Board (TWDB) with an interest rate of 3.85%.

Originally, the staff received a proposal for an interest rate of 3.35%. The lower interest rate reflected insuring the bonds. However, the TWDB has recently stopped offering a discount for insured bonds. The reason for their discontinuing credit for bond insurance is that Moody's investment service dropped the AAA rating on the only remaining municipal bond insurer in the market. The TWDB may reconsider this decision in the future. The staff explored the possibility of selling the bonds on the open market, but Garry Kimball, the Authority's financial advisor reported that the interest rate would be above 4%.

Kristen Savant with Fulbright & Jaworski, the Authority's bond counsel reported that the Board is only required to take action on the resolution. She already sent the bond issue to the TWDB for approval and the confirmation resolution is on the City Council's agenda tonight.

Board Member Grantham motioned to execute a resolution authorizing the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2009 (City of Sherman Project)". The motion was seconded by Board Member Kirley and passed unanimously.

Receive report on Melissa-Anna sewer project.

Most of the Board is familiar with the Melissa-Anna joint sewer project. The project will extend the sewer collection service in Anna and Melissa to connect to a major trunk line sewer owned by the North Texas Municipal Water District (NTWMD). The contractor for Phase II, Four D Construction Co., declared bankruptcy and the Authority submitted a claim to Travelers, Inc., the contractor's bond company. Travelers, Inc. agreed to furnish the money necessary to complete the project. The contractor for Phase III, Wright Construction, accepted the remaining work for Phase II as a change order.

Debi Atkins, the Authority's Finance Officer and Chapman attended a meeting with Bob Helmberger of BWR Corp, the consulting engineer, and the City Managers for Anna and Melissa. Each City must contribute a specific amount to close out the project. Once the money is paid by the Cities to close out the project, remaining funds will be used to repay Melissa for costs expended toward right of way acquisition. This project should be ready for close out next month. The Authority has not pursued liquidated damages with Travelers, Inc. yet. Mike Wynne, the Authority's general counsel recommends the Authority wait until the project is complete before pursuing the damages.

Receive report on Upper East Fork Sewer Study.

This project is composed of several cities in southern Grayson and northern Collin Counties. They engaged in a sewer study to determine future regional sewer needs. The Authority submitted a request to the TWDB to extend the deadlines and provide more time. The TWDB approved the extended time. The midpoint meeting has been delayed to reflect this time extension. The one month time delay was requested to enable the City Managers of the Cities more time to be involved in the review of the midpoint engineering information and recommendation.

VIII. Water Activities

Consider and act upon a Resolution accepting the contract with W.R. Hodgson Co., L.P. for construction of the County Road 369/371 Waterline from Rosamond Pkwy to Hwy 5 in the City of Anna, Texas as complete.

The CR 369/371 waterline is on the north side of Anna. The contractor, W.R. Hodgson Co., L.P., claimed \$15,000 in additional fees. The Authority, the City and the engineer denied the request. The reason for the delay in closing out the project is the contractor did not return the close out documents until recently.

Board Member Yeatts motioned to approve a Resolution accepting the contract with W.R. Hodgson Co., L.P. for construction of the County Road 369/371 Waterline from Rosamond Pkwy to Hwy 5 in the City of Anna, Texas as complete. The motion was seconded by Secretary-Treasurer Rowland and passed unanimously.

Consider and act upon a Resolution accepting the contract with W.R. Hodgson Co., L.P. for construction of the DART Waterline from South Plant to FM 455 in Anna, Texas as complete.

This waterline was constructed in the DART right of way, which was purchased by the Authority several years ago for a previous transmission line. The City recommended the Board accept the contract as closed at their previous City Council meeting.

Board Member Kuneman motioned to approve a Resolution accepting the contract with W.R. Hodgson Co., L.P. for construction of the DART Waterline from South Plant to FM 455 in Anna, Texas as complete. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon a Resolution accepting the contract with Crescent Constructors, Inc. for construction of the South Plant Pump Station in Anna, Texas as complete.

All of the paint damage to the pump station caused by the subcontractor of the Ground Storage Tank project has been replaced and the project is ready to close out. The City of Anna has already approved the close out.

Secretary-Treasurer Rowland motioned to approve a Resolution accepting the contract with Crescent Constructors, Inc. for construction of the South Plant Pump Station in Anna, Texas as complete. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon Change Order No. 1 to the contract with Cook Concrete, L.P. for construction of the Texoma Parkway Waterline from Frisco Rd to Fallon Dr in Sherman, Texas.

This waterline is in Sherman near Midway Mall along Texoma Parkway from Frisco Rd to Fallon Dr. This is a small change order, which was caused by a change in the size of a connection. The Sherman City Council will consider this item at the meeting tonight.

Board Member Grantham motioned to authorize Change Order No. 1 to the contract with Cook Concrete, L.P. for construction of the Texoma Parkway waterline from Frisco Rd to Fallon Dr, contingent upon similar action by the Sherman City Council. The motion was seconded by Board Member Kuneman and passed unanimously.

Consider and act upon a Resolution accepting the contract with Cook Concrete, L.P. for construction of the Texoma Parkway Waterline from Frisco Rd to Fallon Dr in Sherman, Texas as complete.

This project was discussed previously and is on the Sherman City Council agenda for tonight to accept as complete.

Board Member Kirley motioned to authorize a Resolution accepting the contract with Cook Concrete, L.P. for construction of the Texoma Parkway waterline from Frisco Rd to Fallon Dr as complete, contingent upon similar action being taken by the Sherman City Council. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon a Water Revenue Sharing Agreement between the Greater Texoma Utility Authority and the North Texas Municipal Water District.

The City of Sherman, in concert with the Sherman Economic Development Corporation entered into an agreement with Panda Energy to construct an electrical energy plant on the south side of Sherman. Panda Energy will need raw water for cooling purposes. The City requested the Authority enter into an agreement with the NTMWD to use the capacity in the Lake Texoma Raw Water Line for this purpose. Chapman discussed this possibility with Mike Rickman and Jim Parks of the NTMWD. Several possible methodologies exist for this purpose, but the most favored technique will be a Revenue Sharing Agreement. A Revenue Sharing

Agreement would provide the NTMWD with a portion of the profits received by the City from selling raw water to Panda Energy. The suggested agreement is attached. The NTMWD staff has no proposed changes to the agreement. Panda Energy would like to have this agreement settled before the end of September for budget purposes.

The Raw Water Line was built in three sections. The Authority participated in both the construction and right of way costs for the first section. For approximately half of the second section, the Authority participated in right of way costs only and the NTMWD paid for all of the second half of the second section and the third sections of the line. Included in the agreement is a breakdown of the costs to construct the line to determine the cost of sharing the raw water line. Panda Energy anticipated requiring 5 million gallons of water per day. Examples of the possible return of rates of interest are included. This agreement will not cost the Authority, Sherman or the NTMWD anything. Panda Energy will pay for all modifications to the Raw Water Line. Solids in the water will be collected at the Panda Energy site and disposed of properly in a landfill. Panda Energy will need to obtain the proper permit from the Texas Commission on Environmental Quality (TCEQ). Nothing will be discharged into Choctaw Creek.

Board Member Grantham motioned to execute a Water Revenue Sharing Agreement between the Greater Texoma Utility Authority and the North Texas Municipal Water District. The motion was seconded by Board Member Yeatts and passed unanimously.

Receive report on the Texas Water Development Board Water Infrastructure Fund Program application for Lake Texoma Water Storage funding.

This item is an update on an bond application authorized last month. The staff requested permission to submit an application to the TWDB Water Infrastructure Fund (WIF) program to request funding for the Lake Texoma water storage. The program allows for a 2% subsidy. The interest rate will be 2% below the market rate. The Authority staff has been informed unofficially that the Authority's application will be funded.

Chapman received a copy of a letter from Secretary of the Army Pete Geren to Congressman Ralph Hall. Mr. Geren instructed the Corps of Engineers to revise the Corps policy and the Reallocation Report to pay Southwest Power Administration an increased level of compensation for power loss. The Corps has promised they will do their best to expedite the process. However, Mr. Geren's replacement has already been approved by Congress and will soon be in office. Chapman spoke with Congressman Hall at the Transportation Summit in Irving, Texas last week. Congressman Hall requested Chapman provide a letter stating what course of action the Authority would desire he take. Chapman requested the Board review a draft letter and make recommendations for changes. The Board recommended no changes to the letter.

Receive report on Groundwater Conservation District Activities.

The Chairman of the Steering Committee, Mayor Welch of Whitesboro requested Chapman to assist the local groundwater providers in preparing to elect a Board of Directors for the Red River Groundwater Conservation District. The first Board of Directors must be officially confirmed by the Fannin County Judge. This must take place between September 1st and

December 31st. Judge Cox would like to arrange a meeting on October 5th to confirm the initial Board.

Receive report on Reallocation Study.

Colonel Funkhouser will be relocating to the Southwest Division temporarily. The Authority has not received word of who will fill the Commander position at the Tulsa District , but it is possible the current Deputy Lieutenant Colonel could fill the position until Colonel Funkhouser's return

VIII. General Activities

*Receive Monthly Financial Reports

Receive report from Budget and Finance Committee.

The Budget and Finance Committee was composed of Board Members Hayes and Yeatts. They met on August 7th and discussed the budget with Chapman and Atkins.

Consider and act upon budget amendment for fiscal year October 1, 2008 to September 30, 2009.


The initial budget is an estimate. The Budget & Finance Committee met two weeks ago, but that afternoon the staff was informed about another bond issue that needed to be sold prior to September 30th. Several projects were not anticipated when the budget was created. Some projects were not completed and other projects will be expanded due to bids coming in under the engineer's estimates. Chapman explained the changes in the budget including the new bond issue that will be on the September agenda. The revised budget reflects revenues of \$45,626,209 and expected expenditures of 24,312,831.

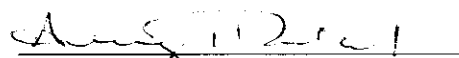
Board Member Kirley motioned to approve the budget amendment for fiscal year October 1, 2008 to September 30. 2009. The motion was seconded by Board Member Yeatts and passed unanimously.

IX. Adjourn

Upon motion by Vice President Johnson, seconded by Secretary-Treasurer Rowland and passed unanimously, the Board adjourned at 1:44 p.m.

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Recording Secretary


Secretary-Treasurer