

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

MONDAY, MARCH 22, 2010

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

Members Present: Don Skelton, Bill Johnson, George Rowland, Duane Hayes, Paul Kirley,
David Sprowl, Clyde Yeatts

Members Absent: Everett Grantham, Mark Kuneman

Staff: Jerry Chapman, Carolyn Bennett and Carmen Catterson

Visitors: Mike Wynne, Nall, Pelley & Wynne
David Gattis, Freeman-Millican, Inc.
Mark Gibson, City of Sherman
David Howerton, City of Denison
Mayor Bill Magers, City of Sherman
Kristen Savant, Fulbright & Jaworski
Herald Democrat
Pottsboro Press

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. Secretary/Treasurer Rowland 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 February 15, 2010 Meeting

IV. * Consider and act upon approval of accrued liabilities for February 2010

V. Citizens to be Heard

General Manager Chapman introduced visitors Mayor Bill Magers, City of Sherman, Kristen Savant, Fulbright & Jaworski, Mark Gibson, City of Sherman and representatives from the Pottsboro press and Herald Democrat. Mayor Magers requested permission to comment during Item VII-A, rather than during Citizens to be Heard. The Board approved Mayor Magers' request.

VI. Wastewater Activities

Consider and act upon award of contract for Hwy 75 North Sewer Contract "B" for the City of Sherman

Mr. Chapman explained this project is part of the US Hwy 75 North sewer project. This is the second of four contracts. David Gattis is the consulting engineer with Freeman-Millican for this project. Bids were received on February 23rd. Mr. Gattis' recommendation and bid tabulation were provided in the agenda packet. Several bids were received and the lower bids were very competitive. The Authority has not previously worked with Tri-Con Services, Inc., but all references checked out. Therefore, the staff and the consulting engineer recommend awarding the contract to Tri-Con Services, Inc. in the amount of \$1,150,624.27. This project is a continuation of the sewer line from the north side of Sherman south to connect with an existing sewer line. These four sewer contracts will provide sewer service from FM 691 to Loy Lake Rd.

Vice President Johnson motioned to reject the low bid and award the contract for the Hwy 75 North Sewer Contract "B" project for the City of Sherman to Tri-Con Services, Inc. in the amount of \$1,150,624.27, contingent upon similar action being taken by the City of Sherman. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon award of contract for Hwy 75 North Sewer Contract "C" for the City of Sherman

This is the third in a series of contracts for the Hwy 75 North Sewer projects for the City of Sherman. Bids were received on March 9th. The low bid was submitted by TNT Pipeline Corp, a company the Authority has not previously worked with. David Gattis, the consulting engineer investigated the company and found several good references. They have been in business in Texas for approximately one year, but have completed a \$4.5 million project in Detroit, Michigan. Two of the company's principals are originally from Michigan and one is from Tennessee. The company is currently pursuing work in Texas. Mr. Gattis investigated two previous jobs in Texas and found no problems. The bonding company was verified and nothing negative was apparent. Mr. Gattis is recommending the contract be awarded to TNT Pipeline Corp. in the amount of \$269,340.50. The company estimated 35 days to complete the job, but they overlooked the 28 day curing for the joints. The owner said that it was their mistake and if they went past the estimated completion date the company would pay liquidated damages.

Board Member Sprowl motioned to reject the low bid and award the contract for the Hwy 75 North Sewer Contract "C" project for the City of Sherman to TNT Pipeline Corp. in the amount of \$269,340.50, contingent upon similar action being taken by the City of Sherman. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon authorizing Prosper joining the Upper East Fork Sewer

Study

This is a matter related to the Upper East Fork Sewer Study (UEFSS), which is being conducted in south Grayson County and north Collin County. Several cities requested the Authority undertake a long-range sewer study using Texas Water Development Board (TWDB) grant money. The North Texas Municipal Water District (NTMWD) is also participating and providing a significant amount of in-kind services. Freese and Nichols, Inc., the consulting engineer recently called the Authority and questioned flows from the City of Prosper. He needed to know how to address them in the study, since Prosper is not a participating city. Mr. Chapman visited with Mike Land, the City Manager of Prosper and explained the relevance of their flows in the study and also informed him that other cities were questioning their wastewater flows. Mr. Chapman once again extended an invitation for Prosper to participate in the study. Mr. Chapman is requesting the Board's permission to allow Prosper to participate in the UEFSS if they choose.

Vice President Johnson motioned to authorize the City of Prosper to join the Upper East Fork Sewer Study project, contingent upon similar action being taken by the City of Prosper. The motion was seconded by Secretary-Treasurer Rowland and passed unanimously.

VII. Water Activities

Consider and act upon all matters incident and related to the acquisition of an additional 50,000 acre-feet of storage in Lake Texoma, including the approval of a storage purchase contract with the U.S. Army Corps of Engineers

Mr. Chapman informed the Board that he will very soon request the Board to take action on a very significant event. The Authority began working on obtaining the 50,000 acre-feet of water storage in Lake Texoma authorized by the 1986 Water Resources and Development Act (WRDA) in 2000. The 1986 WRDA authorized 150,000 acre-feet of water be allocated to both Texas and Oklahoma from Lake Texoma for municipal and industrial use. The Authority was guaranteed 50,000 acre-feet of the Texas portion. This space will provide a yield of 53,500,000 gallons per day.

The Authority filed an application with the Texas Commission on Environmental Quality (TCEQ) to amend the Authority's water use permit to enable the Authority to utilize the full yield per day. The application was filed in July 2009 and was declared administratively complete last fall. Public notice was published in early 2010. Since no comments were received, the TCEQ staff has stated the application will not have to go before the Commissioners, so the staff can process the application much quicker. The Authority should receive the amended permit by the end of April.

The cost of the water storage space will be approximately \$21 million. This will pay the US Army Corps of Engineers for the water storage, the TCEQ and engineering and administrative costs. The Authority proposes to fund this by selling revenue bonds through the TWDB using the Water Infrastructure Fund program. The program is designed to allow entities to finance projects necessary for the State's water future. The interest rate will be between 2-2.5%. The TWDB will go to the bond market in April to sell bonds. This will be a 20-year loan. The Authority will still be required to pay Operation and Maintenance costs each year to the US

Army Corps of Engineers. The current Operation and Maintenance cost is approximately \$0.50 per acre-foot.

The Authority is now prepared to discuss the contract needed with each entity desiring to purchase water storage. This information was presented to member cities for the last year. Several letters informing of the availability of water storage were distributed to all major cities, smaller cities and rural water suppliers. Thirteen entities have expressed interest in participating. The water storage will be distributed based on policies developed in the early 1990s.

Ms. Kristen Savant explained the steps for issuing the bonds. The first step will be executing contracts with each participating entity. This will be a similar contract as the ones used previously for bond issues. The current contracts do not apply to this type of project. She is currently working with Martin Rochelle of the Lloyd Gosselink firm to modify the contract or create a new contract. Rather than amending the old contracts, Ms. Savant and Mr. Rochelle feel it would be easier to simply execute new contracts for this specific project. The new contract is in progress and will be presented to the Board by the next meeting.

Mr. Chapman stated he would like to ask the Board's permission to execute the water storage contract with the US Army Corps of Engineers. The Commander of the Tulsa District and Congressman Hall have indicated the desire for a signing ceremony, so the contracts will not be signed until the date is set. Mr. Chapman explained that the US Army Corps of Engineers contract is the same as the one used in 1992, 1997 and 2005. US Army Corps of Engineers contracts do not change significantly.

Mr. Chapman clarified that the water storage is not extra water being pulled out of the lake. Water has been removed from the hydropower pool and moved to the municipal and industrial pool. This will not have a major impact on the level of the lake. Herb Smith, the Lake Manager in the 1980s said that if the water allocated for municipal purposes was being used at maximum capacity 24 hours a day, seven days a week for one year would be the same as what the hydropower interest uses in 3 days.

At this time Mayor Magers approached the Board to express his thanks to the Board and Mr. Chapman. He also advised the Board to enjoy the moment and the accomplishment. This type of event does not happen often. Water is a key differential for this area. With the new water storage, the City of Sherman will be able to offer drinking water to the smaller towns in North Texas. He thanked Board Member Sprowl for his efforts in the 1980s and again in 2009-2010, Mr. Gattis, Mr. Chapman, Mr. Gibson and all the other persons that have assisted in obtaining this water storage.

Board Member Sprowl motioned to authorize the General Manager to execute the contract with the U.S. Army Corps of Engineers for the additional 50,000 acre-feet of water storage in Lake Texoma. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon a change order to the contract with TraC-n-trol for the Anna SCADA project

This is a change order to the contract with TraC-n-trol for the Anna System Control and Data Acquisition (SCADA) system. This change order will add additional monitoring at the Throckmorton Creek sewer project. The change order increases the contract by \$12,515. The Authority had approximately \$5,600 remaining from previous bond issues. The City will provide the remaining balance \$6,916.69. A letter is included in the agenda packet from the City verifying they will provide the remaining funds.

Vice President Johnson motioned to authorize a change order to the contract with TraC-n-trol for the Anna SCADA project. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon a Resolution accepting the contract with Lynn Vessels Construction, LLC for the Howe 12" waterline project as complete

This Resolution will accept the work done by Lynn Vessels Construction, LLC for the City of Howe 12" waterline as complete. The Mayor and City Manager satisfied. The City Council has not met, but the City is satisfied with the work completed.

Board Member Kirley motioned to execute a Resolution accepting the contract with Lynn Vessels Construction, LLC for the Howe 12" waterline project as complete, contingent upon similar action being taken by the City of Howe. The motion was seconded by Board Member Sprowl and passed unanimously.

Consider and act upon a Resolution awarding the contract for the 25" Water Transmission Line Encasement (CGMA)

A portion of the Collin Grayson Municipal Alliance (CGMA) line needs to be encased so that Collin County can construct an Outer Loop. The County will be paying for all contract and engineering costs. The low bid results in getting a good deal. The contractor bought the casing at an extremely good discount since it was left over from a previous gas job. The Authority has worked with the low bidder, Wilson Contractor Services, LLC. The company has a good record with the Authority. Mr. Gattis, the consulting engineer recommends the contract be awarded to Wilson Contractor Services, LLC in the amount of \$98,650.00.

Board Member Yeatts motioned to award the contract for the 24" Water Transmission Line Encasement project (CGMA) to Wilson Contractor Services, LLC in the amount of \$98,650.00. The motion was seconded by Board Member Hayes and passed unanimously.

Consider and act upon a Resolution authorizing the filing of an application for assistance from the Texas Water Development Board (City of Gainesville)

This project was discussed last month. The City of Gainesville requested the Authority assist in improvements to their water system. The corresponding component to this project is a bond issue through the D-fund for \$1,605,000.

Board Member Yeatts motioned to execute a Resolution authorizing the filing of an application for assistance from the Texas Water Development Board (City of Gainesville). The motion was seconded by Secretary-Treasurer Rowland and passed unanimously.

VIII. General Activities

*Receive Monthly Financial Reports

Consider and act upon a Resolution designating Investment Officers for the Authority


Mr. Chapman explained that from time to time necessary for the Authority to review and update the appointed Investment Officers. Policy No. 20.07 specifies the Board should update by Resolution, certain individuals to make investment decisions. The staff is requesting confirmation through the attached Resolution that Mr. Chapman and Debi Atkins, the Finance Officer be appointed as Investment Officers and Accounting Assistant Laurie Killian to be authorized to transfer funds between accounts. This is not a change, just an update and confirmation.

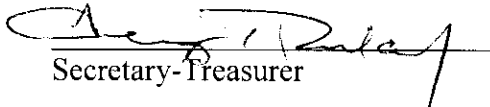
Vice President Johnson motioned to execute a Resolution designating Jerry Chapman, General Manager and Debi Atkins, Finance Officer as Investment Officers and authorizing Laurie Killian, Accounting Assistant to transfer funds among the Authority's accounts. The motion was seconded by Board Member Kirley and passed unanimously.

X. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:21 p.m.

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Recording Secretary


Secretary-Treasurer