

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

MONDAY, APRIL 26, 2010

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

Members Present: Don Skelton, George Rowland, Duane Hayes, Paul Kirley, Clyde Yeatts
Members Absent: Bill Johnson, and David Sprowl
Staff: Jerry Chapman, Carolyn Bennett and Carmen Catterson
Visitors: Mike Wynne, Nall, Pelley & Wynne
Kristen Savant, Fulbright & Jaworksi
David Gattis, Freeman-Millican, Inc.
Mark Gibson, City of Sherman
David Howerton, City of Denison

I. Call to Order

President Skelton called the meeting to order at 12:34 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 Board Member Yeatts and passed unanimously.

III. * Consider and act upon approval of Minutes of March 22, 2010 Meeting

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

V. Citizens to be Heard

No citizen comments were heard.

VI. Wastewater Activities

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

This is a contract for the lift stations that are part of the major sewer project along Hwy 75 for the City of Sherman. Mr. David Gattis, the consulting engineer with Freeman-Millican reported that bids were received on April 8th. Eight competitive bids were received. The low bid is approximately 11% lower than the second low bid. The bid is well within the budget for the project. Howard Construction has worked with Freeman-Millican and the City of Sherman successfully. This is a joint venture as Howard Construction is merging with Estruct, LLC. Howard Construction will be the managing company in the merge.

The pumps were bid separately and will be assigned to the general contractor. Whenever the engineer and staff feel the product needs to be controlled more carefully, the staff will take bids separately for the construction and the equipment. This is a procedure used in the past and enables the staff to control the quality of equipment to more successfully complete the project. This is especially helpful when equipment needs to be compatible. Funds are available from the 2008 bond issue. Mr. Chapman referred the Board to the information submitted on Howard Construction's safety record, which reflects a death in 2008 in Calera, Oklahoma. Mr. Gattis called the Public Works Director in Calera, and verified the circumstances of the accident. Apparently, the worker slipped in some mud and hit his head on the concrete, which resulted in death. The death was an unfortunate accident.

Board Member Grantham motioned to award the contract for the Hwy 75 North Sewer Contract "D" project for the City of Sherman to Howard-Estruct JV in the amount of \$987,500, 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 "D" pumps for the City of Sherman

This will award the contract for the pumps for the Sherman Hwy 75 North Sewer Contract "D" project. Two bids were received. The staff is asking the Board to award the contract and to assign the contract to the general contractor for purchase. ITT Flygt submitted the low bid in the amount of \$266,542. The total projects are under budget by more than \$1 million.

Secretary-Treasurer Rowland motioned to award the contract for the Hwy 75 North Sewer Contract "D" pumps for the City of Sherman to ITT Flygt in the amount of \$226,542 and assign Howard-Estruct JV, the contractor for the project to purchase the pumps, contingent upon similar action being taken by the City of Sherman. The motion was seconded by Board Member Kirley and passed unanimously.

Consider and act upon Change Order No. 1 to the contract with Lynn Vessels Construction, LLC for the Sewer K: McGee Street to Turtle Creek West project for the City of Sherman

This is a reconciling change order to the contract with Lynn Vessels Construction, LLC for the Sewer K: McGee Street to Turtle Creek West project for the City of Sherman. It will reduce the contract by \$28,814.32.

Board Member Kuneman motioned to execute Change Order No. 1 to the contract with Lynn Vessels Construction, LLC for the Sewer K: McGee Street to Turtle Creek West project for the City of Sherman, which reduces the final contract amount by \$28,814.32. This action is 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 a Resolution accepting the contract with Lynn Vessels Construction Co., LLC for the Sewer K: McGee Street to Turtle Creek West project for the City of Sherman as complete

This is the close out for the contract with Lynn Vessels Construction, LLC for the Sewer K: McGee Street to Turtle Creek West. The only complication was planting grass. The large amount of rain received recently inhibited the growth. The consulting engineer recommends the project be accepted as complete.

Board Member Kirley motioned to execute a Resolution accepting the contract with Lynn Vessels Construction Co., LLC for the Sewer K: McGee Street to Turtle Creek West project for the City of Sherman as complete, contingent upon similar action being taken by the City of Sherman. The motion was seconded by Board Member Grantham and passed unanimously.

VII. Water Activities

Consider all matters incident and related to the Lake Texoma Water Storage Project, including the adoption of a resolution approving and authorizing the execution and delivery of contract for water supply services with the participants in such project.

Last month, the Board authorized the execution of the contract for the Lake Texoma Water Storage contract with the US Corps of Engineer. The Authority's financial advisors and bond counsel advised the staff not execute the contract until financing is established. The attached contract will be between the Authority and the participating entities. The contract will reference the yield available based on the amount of storage purchased. The contract will be repeated thirteen times with the only change being the amount of yield and the entity's name. Ms. Savant addressed the Board to explain the situation. The resolution attached authorizes Mr. Chapman to use the form contract to approach each entity. The form contract should not be changed, but the resolution does authorize Mr. Chapman to make certain minor changes. The Attorney General's office has approved the contract and the contract has been sent to the Texas Water Development Board (TWDB) for approval.

Ms. Savant worked with Martin Rochelle with Lloyd Gosselink firm to create a new contract that focuses on the water storage service, rather than project construction. The provisions are the same as previous contracts regarding debt service, operation and maintenance, administration, etc. The Bond will be on the agenda in May 2010. Ms. Savant submitted the bond resolution to the TWDB to begin the 30-day waiting period so that it would be available for the Board in May.

Mr. Chapman explained the blanks in the contract will be entity specific. The words 'sewer utility system' will only be contained in the contracts with entities that have sewer systems. Mr. Chapman has a proposed participation breakdown of water storage. He plans to approach the three largest cities, Sherman, Denison and Gainesville last to account for any unclaimed water storage. The contract will not sell the entity the water storage space; it will sell the yield from the water storage space. The fiscal matters are nearly identical to previous contracts. The contract also accounts for Operation and Maintenance costs from the US Army Corps of Engineers. The contract is for the life of the bond and continues for the life of the project. A letter will be submitted to the entities this week with a request to include the contract on their agendas as soon as possible. Most entities meet once per month, so it will probably be the end of May before all the entities have met and considered the contract.

President Skelton questioned how the entities plan to take the water from Lake Texoma. Mr. Chapman explained that several of them already have the ability to take water from the lake. The others will most likely contract with Sherman or Denison to treat their water. Another option is for the entities along the US 377 corridor including Northwest Grayson WCID #1, the City of Collinsville, the City of Whitesboro and Two Way SUD to build a pump station. The Authority's Water Right Permit authorizes the removal of water from Lake Texoma. This will allow Denison and Sherman to withdraw simultaneously.

Mr. Howerton asked what fees would be charged for the water storage other than the debt service and the Operation and Maintenance fees. Mr. Chapman explained that it is possible that environmental studies could be required in the future. If so, these costs would be divided between the participating entities.

Board Member Grantham motioned to adopt a resolution authorizing the delivery and execution of a contract for water supply services with the participants in the Lake Texoma Water Storage project. The motion was seconded by Board Member Kirley and passed unanimously.

Mr. Chapman informed the Board that most entities should be able to consider the contract on their agenda in May. The exception may be the Red River Authority of Texas, which only meets quarterly. He is working with Ms. Savant to develop a solution.

VIII. General Activities

*Receive Monthly Financial Reports

Receive Quarterly Investment Report

The Board is required to review the Quarterly Investment Report on a quarterly basis. The current interest earnings is not as high as the staff would like. The staff recently transferred funds to the Bank of Texas Money Market accounts to earn a higher yield.


At this time, Mr. Chapman discussed the Lake Texoma Water Line Assessment that was undertaken last year. The review suggests replacements of some of the joints and it has been broken down into levels of necessity. The Authority's 20% portion will not be extraordinary and will not require the level of work first estimated. A meeting will be held at the

Authority offices on Wednesday, April 28th at 1:30 to discuss the findings. The new pumps will be installed in October. The North Texas Municipal Water District is currently not pumping from Lake Texoma to prevent the transfer of Zebra Mussels from Lake Texoma. The engineers and wildlife agencies are currently working to find a solution to the infestation.

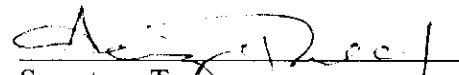
X. Adjourn

Upon motion by President Skelton, seconded by Secretary-Treasurer Rowland and passed unanimously, the Board adjourned at 1:14 p.m.

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Recording Secretary



Secretary-Treasurer