

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

MONDAY, APRIL 18, 2011

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

Members Present: Don Skelton, Bill Johnson, Everett Grantham, Duane Hayes, Paul Kirley, Mark Kuneman, David Sprowl

Members Absent: George Rowland, Clyde Yeatts

Staff: Jerry Chapman and Carmen Catterson

Visitors: Mike Wynne, Nall, Pelley & Wynne
Kristen Savant, Fulbright & Jaworski
Jonathan Cannon, Herald Democrat
Mark Gibson, City of Sherman
Jeff Payne, Freese & Nichols

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. Vice President Johnson motioned to approve the consent agenda. The motion was seconded by Board Member Kirley and passed unanimously.

III. * Consider and act upon approval of Minutes of March 21, 2011 Meeting

IV. * Consider and act upon approval of accrued liabilities for March 2011

V. Citizens to be Heard

Mr. Chapman introduced the four visitors and the entities they represent. He then reported the Board that the Authority received a letter from the Texas Commission on Environmental Quality (TCEQ) regarding the current drought conditions across Texas and advising that water conservation measures should be observed. The TCEQ may have to intercede in some river basins to limit water pumpage. This will not affect the Authority, since this area does not have a water shortage and the Authority has senior water rights. The Texas Legislature is in session and there are several groundwater bills being proposed. One piece of

legislation proposes to take water rate cases and Certificates of Convenience and Necessity and move them to the Public Utilities Commission. This was done in the 1980s, with unfavorable results. The Board discussed the Lake Texoma pump station improvements and the Zebra Mussel infestation.

VI. Wastewater Activities

Receive update on events related to City of Krum project

Mr. Chapman updated the Board on the status of the City of Krum project. The Authority received notification from the Texas Water Development Board (TWDB) with an invitation to submit an application for funding. The staff will request action from the Board next month for this project.

VII. Water Activities

Consider all matters incident and related to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2011 (City of Gainesville Project)", including the adoption of a resolution authorizing the issuance of such bonds.

This is a project that involves the Authority and the City of Gainesville. The Authority was provided a commitment letter from the TWDB last year for \$7.235 million from the Water Infrastructure Fund (WIF). However, the State has not provided funding for the 2011 funding cycle. The TWDB was able to provide \$4.1 million from the 2010 funding to the Authority to build the City's project. This will leave \$3.1 million that will need to be funded from another source. Last Wednesday, the Authority was informed by the TWDB that another \$2 million from the WIF is available. After discussing with Garry Kimball with Specialized Public Finance, Inc., Ms. Savant, and the City of Gainesville, it was decided to recommend the issuance of this series at \$4.1 million and issue another bond series later this year for the additional \$2 million.

Ms. Savant attended the meeting to explain the bond documents. The bond documents require that the City approve the bond documents. Ms. Savant briefly reviewed the bond resolution and all documents and the process of issuing a bond series.

Board Member Grantham motioned to adopt a resolution authorizing the issuance of the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2011 (City of Gainesville Project)", contingent upon similar action being taken by the City of Gainesville. The motion was seconded by Board Member Kuneman and passed unanimously.

Consider and act upon Change Order No. 1 to the contract with Davis Excavation, Inc. for the Princeton 4th Street / CR 461 Waterline project.

This is a waterline project being constructed for the City of Princeton. This project was awarded in December 2010, but the Authority was unable to issue a Notice to Proceed due to an easement problem. Mr. Payne briefly explained that one landowner refused to sign the easement document. The City and engineer decided to move the waterline to the south side of the road into an existing easement. This resulted in a deduction of \$141,015.60. The deduction is due to the removal of bores and other reductions in the original plans. The Notice to Proceed was issued to Davis Excavation, Inc. last week to allow them to begin work.

Board Member Sprowl motioned to authorize Change Order No. 1 to the contract with Davis Excavation, Inc. for the Princeton 4th Street / CR 461 waterline, contingent upon similar action by the City of Princeton. The motion was seconded by Vice President Johnson and passed unanimously.

Receive update on groundwater activities.

The Authority staff has been working with both the North Texas Groundwater Conservation District (NTGCD) and the Red River Groundwater Conservation District (RRGCD). Both Board asked the Authority to assist with beginning their operations. The NTGCD has begun registering wells using a system designed by Camp, Dresser & McKee (CDM). The system has had problems, which is common for all new systems. Only two web applications have been received and three paper applications. The free application period ends on June 30, 2011. The staff will meet with the NTGCD Board of Directors on Tuesday, April 19, 2011 at their Board meeting and will try to encourage those on the Board to register their wells.

The RRGCD is approximately six months behind the NTGCD. The RRGCD has scheduled a public hearing for April 28, 2011 at 7:00 PM to discuss the Temporary Rules. In Sunday's Herald Democrat, Alex Moser, a well driller, placed an ad requesting the public to attend the meeting and oppose the Temporary Rules. Most domestic wells will be exempt. The NTGCD set their exemption level at 36,000 gallons per day, while the RRGCD set their exemption level at 25,000 gallons per day. The staff does not know how many wells exist in Fannin and Grayson Counties.

The NTGCD has taken a very active role in the Groundwater Management Area (GMA) 8 and assumed the administrative duties. At the last meeting, an effort was made to readopt the Desired Future Conditions (DFCs). However, three counties did not post the agenda correctly, so the resolution must be reconsidered. Another meeting has been set for April 28, 2011.

Receive update on Lake Texoma Pump Station Improvements

Mr. Gibson has been very involved in the pump station improvements. Archer Western is the construction company under contract to install the new equipment. Two outages were requested to accommodate the electrical changes. The second outage was also used for an investigation of the line to determine the level of Zebra Mussel infestation. Zebra Mussels have been found within five miles of Lake Lavon. The US Fish & Wildlife is requiring the North Texas Municipal Water District (NTMWD) to filter or chemically treat the water before they can pump it out of the Red River Basin.

VIII. General Activities

Receive Quarterly Investment Report

This is the Quarterly Investment Report for the Authority. Rates are still low and the Authority is still using the pools when necessary and Certificates of Deposit when possible.

Receive update on HB 2809

This is a bill to modify the Authority's legislation to allow change orders of up to 25% of the contract amount, versus the current 10%. The 10% guideline has caused problems for projects for the City of Sherman, City of Pottsboro and other projects.

Receive update from the Policy Committee

Last week, the Policy Committee met to discuss the Policy Manual and discussed several possible changes. Some were specifics that were no longer applicable to the Authority's operations. Action cannot be taken at this time, due to posting requirements. The posting must be in the form of a resolution and must be posted 30 days in advance. This will probably be on the June agenda for action, since the meeting in May is on the 16th. Mr. Chapman briefly outlined the changes recommended by the Policy Committee.

Consider and act upon health insurance

The Authority's health insurance renews annually on July 1st. Mrs. Killian, the Authority's Accounting Assistant has several year of experience with health insurance. She and Mr. Willie Jacobs, the Authority's agent of records recommend accepting this quote. The increase of 6.9% is probably better than could be obtained by requesting quotes from other agencies. The Authority has used this insurance carrier for the past two years.

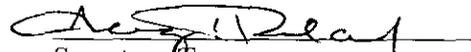
Board Member Sprowl motioned to approve the health insurance quote. The motion was seconded by Board Member Kirley and passed unanimously.

XI. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:22 PM.

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Recording Secretary


Secretary-Treasurer