

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

MONDAY, OCTOBER 17, 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, Clyde Yeatts

Members Absent: George Rowland, David Sprowl

Staff: Jerry Chapman, Alan Moore, Carolyn Bennett and Carmen Catterson

Visitors: Mike Wynne, Wynne & Smith Law Firm
Jonathan Cannon, Herald Democrat

I. Call to Order

President Skelton called the meeting to order at 12:33 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 September 19, 2011 Meeting

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

V. Citizens to be Heard

No comments received.

VI. Wastewater Activities

Consider and act upon Contract for Wastewater Services with the City of Van Alstyne

The City of Van Alstyne has requested the Authority broaden the services provided to the City for operating the wastewater treatment plant. The City would like the Authority to provide comprehensive operational services at the wastewater treatment plant on a day to day basis. The City received a Notice of Violation from the State this summer and needed additional assistance at the plant. The Authority has assisted with bringing the plant back into compliance. Vice President Johnson asked if this and the other contracts included in the agenda packet would require the Authority to hire additional staff. Mr. Chapman responded that the Authority has hired an additional operator to assist with operating the Van Alstyne wastewater treatment plant. Mr. Moore provided a detailed explanation of the Authority's assistance to the City. The contract will be effective, with a clause for a 90-day termination notice.

According to Mr. Moore, the Authority currently operates eight wastewater treatment plants in the north Texas area. Mr. Moore stated that since the Authority hired Wayne Eller as an Operator, the staff is adequate to handle the contract.

Board Member Grantham motioned to approve entering into a contract with Van Alstyne for wastewater services. The motion was seconded by Vice President Johnson and passed unanimously.

VII. Water Activities

Consider and act upon renewal of Administrative Services Contract with North Texas Groundwater Conservation District

This is a proposed renewal of a contract that is currently active with the North Texas Groundwater Conservation District. The North Texas GCD Board already approved this contract at their October 11, 2011 meeting. The costs are included in the agreement with a not-to-exceed amount of \$100,000 for administrative services and \$7,550 for accounting services. The District initially proposed the agreement to reduce their overhead costs as they are starting their operations. A field technician has been hired to perform field duties for the North Texas GCD verifying the registered wells for location, meters and other information. This is being proposed as a 13-month contract to align the contract with the North Texas GCD's budget cycle.

Mr. Wynne provided minor suggestions including changing the term "The Proposal" to "Scope of Services" in Section 1, adding "but not limited to..." in Section 3 and in Section 13 changing the venue to Grayson County. Mr. Chapman explained that the agreement has worked very favorably to date. The North Texas GCD is responsible for paying for materials to support their activities, including a vehicle for the field technician to drive. President Skelton asked if this contract would most likely continue and Mr. Chapman responded that in the future, the North Texas GCD may opt to create their own office, but are currently very satisfied with the work done and the rates.

Vice President Johnson motioned to approve renewing the Administrative Services Contract with the North Texas Groundwater Conservation District. The motion was seconded by Board Member Kirley and passed unanimously.

Consider and act upon renewal of Administrative Services Contract with Red River Groundwater Conservation District

This is a mirror image of the previous contract for the Red River GCD. The same rate for administrative services was budgeted at \$100,000 and the accounting services are estimated at \$4,300. The same changes recommended by Mr. Wynne would apply to this contract, as well. The Red River GCD is also very budget conscious. The Red River GCD is approximately six-months behind the North Texas GCD in planning and data collection.

Board Member Yeatts motioned to approve renewing the Administrative Services Contract with the Red River Groundwater Conservation District, contingent upon the Red River GCD taking similar action at their October 19, 2011 meeting. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon participating in the TWCA Amicus Curiae Brief *Brookshire-Katy Drainage District v. The Lily Gardens, etal*

An Amicus Curiae Brief is typically reserved for issues involving significant public interest. If someone has a significant interest in the interest, the entity can file with the Supreme Court to provide additional information to the Court regarding the issue. In this situation, The Lily Gardens built a bridge across a drainage easement, which violated the easement agreement. The Brookshire-Katy Drainage District opposed the bridge, but the District Court upheld the construction of the bridge. Unless this is overturned, this could have significant impact on easement owners across the State. This decision would put a higher burden of proof on owners of easements. In the 1980s, the Authority benefited from an Amicus Curiae Brief regarding landfill issues.

Vice President Johnson motioned to approve participating in the TWCA Amicus Curiae Brief in the amount of \$250. The motion was seconded by Board Member Kirley and passed unanimously.

VIII. General Activities

*Receive Monthly Financials

Receive Quarterly Investment Report

The Quarterly Investment Report was distributed to the Board for review. Interest rates are still low, but the staff is trying to find the best options available. Currently one year Certificates of Deposit are providing some of the better options. Some of the funds can be invested for as long as five years. Most funds are invested for one or two years, depending on anticipated construction projects. TexPool and TexStar current interest rates are approximately 0.09%.

Consider and act upon a Resolution supporting Proposition 2

Attached is a proposed resolution that is requested for consideration and action regarding Proposition 2, which will be on the November ballot to enable the Texas Water Development Board (TWDB) to sell up to \$6 billion in additional water and sewer infrastructure bonds. The TWDB's ability to issue bonds is nearly maxed out. Approximately \$53 billion will be needed in the next fifty years for water infrastructure across Texas. The Authority has benefited from more than 70 bonds from the TWDB. The TWDB also enables smaller cities and water suppliers with little or no credit rating to sell bonds to fund projects.

Vice President Johnson motioned to approve a Resolution supporting Proposition 2. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon engagement letter for audit services.

President Skelton asked what level of audit the Authority utilizes. Three levels of audits can be used, depending on the level of monitoring used. Mr. Chapman promised to provide that information as soon as possible. This audit will cost approximately \$800 more than the previous year's audit. The Authority has not been able to find another auditing firm willing to provide proposals. The audits will be submitted to the Board by November 9th.

Board Member Kirley motioned to approve an engagement letter with Schalk & Smith for audit services for the September 30, 2011 fiscal year. The motion was seconded by Board Member Yetts and passed unanimously.

Consider and act upon any needed revisions to existing Investment Policy.

Mr. Chapman explained that the Government Finance Officers Association requests that Investment Policies be reviewed annually. Mr. Chapman and Mrs. Atkins have reviewed the policy, but have no recommended changes.

Vice President Johnson motioned that the Board reviewed the Policy and had no recommended changes to the policy. The motion was seconded by Board Member Kuneman and passed unanimously.

At this time, Mr. Chapman reported that the contractor has began work on the Lake Texoma Raw Water Line improvements. In November, the pipeline will most likely be out of service until January. The lake must reach 55-degrees before the North Texas Municipal Water District can begin pumping from Lake Texoma. The Board briefly discussed the drought and the effect on lakes used for municipal supplies.

XI. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:26 PM.

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Recording Secretary


Secretary-Treasurer