

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

MONDAY, AUGUST 20, 2012

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

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

Members Absent: Don Skelton, George Rowland, David Sprowl

Staff: Jerry Chapman and Carmen Catterson

Visitors: Mike Wynne, Wynne and Smith, LLC
Kristen Savant, Fulbright & Jaworski
Jonathan Cannon, Herald Democrat
Mark Gibson, City of Sherman

I. Call to Order

Vice President Johnson called the meeting to order at 12:32 PM

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. Vice President Johnson 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. Board Member Kuneman 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 July 16, 2012 Special Meeting

IV. * Consider and act upon approval of accrued liabilities for July 2012

V. Citizens to be Heard

No comments received.

VI. Consider all matters incident and related to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2012 (City of Krum Project)", including the adoption of a resolution authorizing the issuance of such bonds.

This project has been in development for more than a year. It involves the sale of bonds to the Texas Water Development Board (TWDB) through a below-market interest rate program to construct a new wastewater treatment plant for the City of Krum. The interest rates were provided in the pricing summary with a 1.98% interest rate. Mr. Garry Kimball, the Authority's Financial Advisor provided a report stating that the interest rate would have been 3.8% if the bonds were sold through open-market. The maturity dates begins in 2013 and goes

through 2041. The Krum City Council will meet at 6:00 PM on August 20th to approve the sale of the bonds. The engineering firm is ready to start work and complete the design. The environmental work is already complete.

The delay in moving forward with the bonds was caused by the protest to the wastewater discharge permit. The City of Denton filed a protest opposing the permit and several months passed before the protest was withdrawn. The permit was issued the last week of July. The bond issue should close at the end of September.

Board Member Grantham motioned to approve all matters incident and related to the issuance and sale “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2012 (City of Krum Project)”, including the adoption of a resolution authorizing the issuance of such bonds, contingent upon similar action being taken by the City of Krum. The motion was seconded by Board Member Kirley and passed unanimously.

VII. Consider and act upon award of contract for the City of Sherman Surface Water Distribution Pipeline East – Schedule A

The Sherman Water Treatment Plant was completed and put into service in the early 1990s with only one transmission line from the plant to the distribution system. This project will add an additional transmission line to the distribution system. The project has been divided into two projects with two separate connections into the distribution system. Schedule A will go from the treatment plant to North Travis Street. The consulting engineer has provided a recommendation that the project be awarded to W. Brown enterprises for \$736,932.50. The Sherman City Council recommended this at the previous meeting.

Board Member Yeatts motioned to award the contract for the Sherman Surface Water Distribution Pipeline East – Schedule A project to W. Brown Enterprises in the amount of \$736,932.50. The motion was seconded by Board Member Kuneman and passed unanimously.

VIII. Consider and act upon award of contract for the City of Sherman Surface Water Distribution Pipeline East – Schedule B.

Schedule B is the second half of the previous project. This line will connect at the north side of Hwy 75 near Fallon Drive. The low bidder on this project was Vessels Construction, Inc. This company has successfully completed projects for the Authority in the past. The consulting engineer has provided a recommendation to award the contract to Vessels Construction, Inc.

Board Member Yeatts motioned to award the contract for the Sherman Surface Water Distribution Pipeline East – Schedule B project to Vessels Construction, Inc. in the amount of \$645,259.81, contingent upon similar action being taken by the City of Sherman. The motion was seconded by Board Member Grantham and passed unanimously.

IX. Consider and confirm issuance of purchase order for Refurbishing the Existing 100,000 Gallon Ground Storage Tank for the City of Princeton

The Authority began a \$6 million series of water projects for the City of Princeton in 2010. Due to lower than expected bids after completion of the projects, funds remained in the construction account. The remaining construction funds were reprogrammed to other water system priorities of the City of Princeton. This project will rehabilitate the City’s 100,000 gallon Monte Carlo ground storage tank. The State statutes allow projects under \$50,000 be awarded without a formal bid advertisement. Blastco was awarded the contract for \$49,000 and work has already begun.

Board member Kirley motioned to confirm the issuance of a purchase order in the amount of \$49,000 for the refurbishing of the existing 100,000 gallon ground storage tank for the City of Princeton. The motion was seconded by Board Member Yeatts and passed unanimously.

X. Consider and act upon Change Order No. 2 and a Resolution accepting the contract with Davis Excavation, Inc. for the Princeton 4th Street / CR 461 Waterline Project as complete.

This is a change order and close out for the Princeton 4th Street/CR 461 waterline project. The project is now complete and the close out documents have been received.

Board Member Kirley motioned to approve Change Order No. 2 and a Resolution accepting the contract with Davis Excavation, Inc. for the Princeton 4th Street/CR 461 Waterline Project as complete. The motion was seconded by Board Member Yeatts and passed unanimously.

XI. *Receive Monthly Financials

XII. Receive Quarterly Investment Report

Mr. Chapman reviewed the Investment Report and noted that several investments are maturing in the next few months, which will result in all investments being below 1%.

XIII. Consider and act upon budget amendment for FY 2011-2012

Each year the Board authorizes a budget amendment, which adjusts the expenditures and revenues to closer to actual amounts. For example, this year \$2.8 million were budgeted for the City of Krum. However, those will be pushed into the next fiscal year because work was delayed. The budgeted expenses for the City of Princeton were \$1.6 million less than anticipated. The Sherman refunding was unexpected, which reduced the City's interest, but also impacted the Authority's budget. Changes to the budget are very small.

Board Member Yeatts motioned to approve the budget amendment for FY 2011-2012. The motion was seconded by Board Member Grantham and passed unanimously.

XIV. Receive General Manager's Report

Board Member Grantham and Mr. Chapman met with the Mayor and City Manager of Denison on August 9th. The City requested the meeting to learn how to become a more active participant in being a regional water purveyor. They had a broad meeting on Region C and water planning in Texas. The City seemed very receptive to the information and requested more information on how they could utilize the Authority's services.

The Texas Commission on Environmental Quality (TCEQ) has recently undertaken a process to limit water rights. The State has issued more rights than water is available. The drought in the last two years, caused water to be in short supply and the State was forced to read each permit for the different water sheds and river basins. The State has established a process and provided it to all water rights holders. This information will not impact the Red River Basin since there is more water than there are water rights.

House Bill 6067, which would amend the Lacey Act regarding the Zebra Mussels at the Lake Texoma Pump Station is in the House. This bill would not correct the problem of the pump station being in Oklahoma but would provide an exception subject to the Lacey Act. This bill is being supported by Congressman Ralph Hall and several of the other legislators in Texas.

The budget committee met earlier this month and the Authority is waiting for one or two of the cities to finalize their Capital Improvement Programs so the staff can finalize the expected revenues and expenses.


The 6,000 horsepower pumps will be installed in the next month or so. The Authority and City of Sherman are also working with Panda Energy to install the "T" necessary to divert raw water to their plant. Panda Energy expects to use approximately 4 million gallons per day.


The groundwater districts hosted meetings with the AgriLife agents. The staff is working to complete the activities identified in the management plans.

XV. Adjourn

Upon motion by Vice President Johnson, seconded by Board Member Kirley and passed unanimously, the Board adjourned at 1:02 PM.

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Recording Secretary


Secretary-Treasurer