

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

**MONDAY, JULY 21, 2014**

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

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Members Present: Don Skelton, Bill Johnson, George Rowland, Jeannie Anderson, Everett Grantham, Mark Kuneman, Dave Stump, Clyde Yeatts

Members Absent: Place VI Vacant

Staff: Drew Satterwhite, Debi Atkins, Carolyn Bennett and Carmen Catterson

General Counsel: Michael Wynne, Wynne & Smith Law

Visitors: Kristen Savant, Norton Rose Fulbright  
David Gattis, Freeman Millican, Inc.  
Mark Gibson, City of Sherman  
Michael Hutchins, Herald Democrat

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I. Call to Order

President Skelton called the meeting to order at 12:31 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. 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 June 16, 2014 Meeting

IV. \* Consider and act upon approval of accrued liabilities for June 2014

V. Citizens to be Heard

Mr. Satterwhite introduced the visitors.

VI. \*Monthly Financials

At this time, President Skelton moved out of posted agenda order to Item IX.

IX. Consider and act upon awarding the contract for the construction of the ultraviolet disinfection system at the City of Sherman Post Oak Creek Wastewater Treatment Plant

The City of Sherman utilizes a UV disinfection system for their wastewater treatment plant. The equipment was bid in February 2014 and the contract was awarded to Trojan Technologies in the amount of \$822,000. The installation project was bid on July 10<sup>th</sup> and the low bid was submitted by Felix Construction Company for \$1,157,146.00, which includes the \$822,000 for equipment. The project engineer has reviewed the bids received and has recommended the project be awarded to Felix Construction Company.

The Board discussed the insurance requirements. The previous policy was developed by a Board member who was in the insurance industry and Mr. Wynne. The policy requirements may need to be reviewed and possibly revised to allow for lower requirements. The Board agreed that any changes would need to protect the Authority's interests.

Vice President Johnson motioned to award the construction of the ultraviolet disinfection system at the City of Sherman Post Oak Creek Wastewater Treatment Plant to Felix Construction Company in the amount of \$1,157,146.00. The motion was seconded by Board Member Anderson and passed unanimously.

At this time, President Skelton moved back to posted agenda order beginning with Item VII.

VII. Consider all matters incident and related to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014 (City of Sherman Project)", including the adoption of a resolution authorizing the issuance of such bonds.

The City of Sherman has requested the Authority's assistance with financing approximately \$10 million in improvements. \$3 million was issued in December 2013 through an open market issue. This bond issue is for \$1.78 million and would be financed through the Texas Water Development Board (TWDB). The remaining funds would be financed through the TWDB as the construction is ready to begin. Mrs. Savant explained that this bond issue is on parity as existing outstanding bonds. The bonds are scheduled to close on August 26<sup>th</sup>.

Board Member Yeatts motioned adopt a resolution authorizing the issuance of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014 (City of Sherman Project)". The motion was seconded by Board Member Stump and passed unanimously.

VIII. Consider and act upon authorization to advertise for bids for "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014 (City of Sherman Project)"

This is for authorization for staff to advertise for bids for projects associated with the previously approved 2014 bond series. The staff routinely requests permission to advertise for bids to expedite the process once the projects are ready.

Board Member Stump motioned to authorize the General Manager to advertise for bids for projects associated with the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014

(City of Sherman Project)". The motion was seconded by Board member Grantham and passed unanimously.

X. Consider and act upon award of contract for the City of Sherman Sand Creek Sewer North Branch Project

The City of Sherman requested the Authority's assistance in financing several wastewater projects in 2013. Funds for this project are available from the 2013 bond series. 12 bids were received with the low bid received from PC Contractors, LLC. Mr. Gibson explained that the line will go nearly all the way to Hwy 82 from Sand Creek near Washington Street.

Board Member Anderson motioned to award the contract for the City of Sherman Sand Creek Sewer North Branch Project to PC Contractors, LLC in the amount of \$1,062,667.96. The motion was seconded by Vice President Johnson and passed unanimously.

XI. Consider and act upon Change Order No. 2 to the contract with Gracon Construction, Inc. for the City of Krum Wastewater Treatment Plant project

In August 2012 the Authority sold bonds for the construction of the Krum wastewater treatment plant. Once the bids were received, the cost exceeded the initial estimate. Additional bonds were sold to fund the construction. The project was awarded to Gracon Construction. Last month the Board approved Change Order No. 1, which changed the concrete costs with a decrease in costs by \$17,000. This change order provides for the removal of sludge, which was not included in the contract costs. The previous public works director had intended for the City to remove the sludge. The new public works director has expressed that the City does not have the equipment or manpower to relocate the sludge. The change order includes a provision in the event that additional sludge needs to be relocated. The Board discussed the options available to the City of Krum for removal or treatment of the sludge.

The change order does not include a provision for an amount of sludge less than 2 feet. Mr. Satterwhite explained that was an oversight and should have included a provision for a possible deduction if the sludge is less than 2 feet.

Board Member Anderson motioned to approve Change Order No. 2 to the contract with Gracon Construction, Inc. for the City of Krum Wastewater Treatment Plant with the provision that the contractor be notified of the possibility of a deduction if the sludge is less than 2 feet. The motion was seconded by Board Member Stump and passed unanimously.

XII. Consideration of a proposal for the annual financial audit services for fiscal year ending September 31, 2014.

The Authority is required to have an annual audit of financial activities. The Board requested that the staff solicit bids for auditing firms. Only one response was received from Schalk & Smith. The other auditing firms responded that they did not feel they should submit a proposal because they either did not have the staff to complete the audit, did not feel they could provide a lower proposal than the current auditing firm or had a good working relationship with Schalk & Smith and did not want to create any problems between them.

The Board discussed possible reasons to change auditing firms. Secretary/Treasurer Rowland explained that it is generally preferred to change auditors every 4-5 years to prevent auditors from becoming lax in their reviews. Schalk & Smith has performed the Authority's audit for at least 15 years. The staff could solicit bids again, but would need to exclude Schalk & Smith. However, the cost would most likely be significantly higher. Mrs. Atkins expressed that she has no concerns with audits performed by Schalk & Smith.

Vice President Johnson motioned to accept the proposal for the annual financial audit services from Schalk and Smith and to request an engagement letter to be considered at the next Board meeting. The motion was seconded by Board Member Grantham and passed unanimously.

XIII. Receive Quarterly Investment Report

Mr. Satterwhite explained that the Authority's investment position on June 30<sup>th</sup> was nearly \$35 million. Investments are still at approximately 0.03%.

XIV. Receive General Manager's Report

The Lake Texoma Association (LTA) is lobbying through Congressman Hall's office for legislation to add drought control to the Lake Texoma purpose. The drought control would also include drought management guidelines. The Authority's purchased water storage is between 590 and 617 feet. The new legislation would require that any water between 609 and 615 to require stage 3 restrictions, below 609 would require stage 4 restrictions and below 600 would not allow water to pump. The North Texas Municipal Water District (NTMWD) and the Authority issued a statement opposing the legislation.

The Board discussed the proposed legislation. Mr. Satterwhite confirmed that the Authority has more than \$26 million invested in water storage and the NTMWD has more than \$55 million in water storage investments.


Mr. Satterwhite reported that the NTMWD is now blending at a 4:1 ratio at all four plants. They are pumping approximately 86 million gallons per day from Lake Texoma. The new pumps have now been installed at the Lake Texoma Pump Station and the motors are scheduled to be installed within the next month or so. The project should be ready to be closed out by September.

A budget committee meeting has been scheduled. A draft budget should be provided at the August meeting. An amended budget for 2013-2014 will also be provided for consideration.

XV. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:14 PM.

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Recording Secretary

  
Secretary-Treasurer