

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

MONDAY, AUGUST 18, 2014

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

Members Present: Bill Johnson, George Rowland, Jeannie Anderson, Everett Grantham, Brad Morgan, Dave Stump, Clyde Yeatts

Members Absent: Mark Kuneman, Don Skelton

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

General Counsel: Michael Wynne, Wynne & Smith Law

Visitors: Kristen Savant, Norton Rose Fulbright
Mayor Don Anderson, City of Gunter
Michael Hutchins, Herald Democrat
Bob Johnson, McManus Johnson
Lynn McManus, McManus Johnson

I. Issue Oath of Office

Mrs. Catterson issued the oath of office to Board Member Morgan.

II. Call to Order

Vice President Johnson called the meeting to order at 12:34 PM

III. 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. Secretary/Treasurer Rowland motioned to approve the consent agenda. The motion was seconded by Board Member Anderson and passed unanimously.

IV. * Consider and act upon approval of Minutes of July 21, 2014 Meeting

V. * Consider and act upon approval of accrued liabilities for July 2014

VI. * Receive Monthly Financials

VII. Citizens to be Heard

Mr. Satterwhite introduced the visitors (listed above).

VIII. Consider all matters incident and related to the issuance and sale of “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014A (City of Van Alstyne Project)”, including the adoption of a resolution authorizing the issuance of such bonds.

The City of Van Alstyne is planning to tap the Collin-Grayson Municipal Alliance (CGMA) waterline to supplement their water supplies. The bond issue will include chemical feed modifications, water testing, a pump station and a pipeline to connect the CGMA line to the Van Alstyne distribution system. These bonds would be Texas Water Development Board (TWDB) Development Fund, which is a below-market fund. This bond issue would pay for the planning, acquisition and design of the project.

Mrs. Savant explained that the City of Van Alstyne did not have any outstanding debt, so the resolution is not a parody resolution, but a base resolution. The City has the bond resolution on their August 19th agenda.

Board Member Yeatts motioned to authorize the issuance of “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014A (City of Van Alstyne Project). The motion was seconded by Board Member Stump and passed unanimously.

IX. Consider and act upon authorization to advertise for bids for “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014A (City of Van Alstyne Project)”

This agenda item is for the approval to advertise for bids for the bonds approved previously. While the bonds do not have construction listed, the staff hopes to have contingency funds available to use for construction.

Board Member Stump motioned authorize the General Manager to advertise for bids for projects associated with the “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014A (City of Van Alstyne Project)”. The motion was seconded by Board Member Anderson and passed unanimously.

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

This bond resolution would fund improvements to the wastewater treatment plant to help with high flows, as well as a grit separator for non-organic materials. Improvements would also be included to the collection system. This bond issue would be through the TWDB Clean Water Fund, which is a below-market fund.

Board Member Grantham motioned to authorize the issuance of “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014B (City of Van Alstyne Project). The motion was seconded by Board Member Anderson and passed unanimously.

XI. Consider and act upon authorization to advertise for bids for “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014B (City of Van Alstyne Project)”

Mr. Satterwhite explained that permission to advertise for the projects would reduce time for projects later.

Board member Stump motioned authorize the General Manager to advertise for bids for projects associated with the “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014B (City of Van Alstyne Project)”. The motion was seconded by Board Member Grantham and passed unanimously.

XII. Consider and act upon all matters incident and related to a Resolution by the Board of Directors of the Greater Texoma Utility Authority requesting financial participation from the Texas Water Development Board; authorizing the filing of an application for financial participation; and making certain findings in connection therewith (City of Sherman Project)

The city of Sherman has a 10 mgd water treatment plant. The new project would increase the capacity to 20 mgd and add a reverse osmosis treatment mechanism. Sherman is currently using nearly 75% of the system’s capacity. The State requires that planning for improvements to water treatment systems begin at 75% and be implemented at 90%. The plant will take approximately 3 years to complete. This project will be \$2.51 million.

Board Member Anderson motioned to adopt a Resolution requesting financial participation from the TWDB and authorizing the filing of an application for financial participation. The motion was seconded by Board Member Stump and passed unanimously.

XIII. Consider and act upon Requests for Qualifications for bond counsel services for all Greater Texoma Utility Authority projects

Several TWDB programs require that professional services be solicited. These services include engineering, bond counsel and financial advisor services. In the past, the Authority solicited for each project, which could be several times a year. This will allow the contract to extend for 3 years.

Board Member Yeatts motioned to approve Norton Rose Fulbright as the bond counsel for all Greater Texoma Utility Authority projects for the next three years. The motion was seconded by Board Member Stump and passed unanimously.

XIV. Consider and act upon Requests for Qualifications for financial advisory services for all Greater Texoma Utility Authority projects.

Only one Statement of Qualification was received from Specialized Public Finance, inc.

Board Member Stump motioned to approve Specialized Public Finance, Inc. as the financial advisor for all Greater Texoma Utility Authority projects for the next three years. The motion was seconded by Board Member Anderson and passed unanimously.

XV. Consider and act upon Requests for Qualifications for engineering services for the City of Sherman Water Treatment Plant Expansion project

The City is responsible for entering into the contract with the engineering firm. Two proposals were received and the City of Sherman has submitted a request for the engineering firm of CH2M Hill be engaged to provide engineering services for the Sherman Water Treatment Plant Expansion project.

Board Member Anderson motioned to select CH2M Hill to provide engineering services for the Sherman Water Treatment Plant Expansion project. The motion was seconded by Board Member Stump and passed unanimously.

XVI. Consider and act upon a Resolution adopting the amended Greater Texoma Utility Authority Water Conservation and Water Resource and Emergency Management Plan to promote the responsible use of water and to provide for penalties and/or the disconnection of water service for noncompliance with the provisions of the Water Conservation and Water Resource and Emergency Management Plan.

In April 2014, the Board adopted the conservation plan. The plan was submitted to the Texas Commission on Environmental Quality who provided two recommendations.

Board Member Stump motioned to adopt the amended Greater Texoma Utility Authority Water Conservation and Water Resource and Emergency Management Plan. The motion was seconded by Board Member Yeatts and passed unanimously.

XVII. Consider and act upon a Water Production and Wastewater Treatment Agreement with the City of Savoy.

Last year, the previous mayor of the City of Savoy approached the Authority and requested assistance with providing assistance. After they were back in compliance, the Authority was no longer needed. However, the new mayor, mayor pro tem and city secretary approached the Authority and requested assistance due to the \$70,000 enforcement fine they were issued by the TCEQ. The Authority began working based on the previous agreement. The new contract will address the new situation and would allow for the Authority to take over operations of the plant. The City's operation staff will take direction from the Authority's staff. Vice President Johnson confirmed that the agreement will make sure to cover the Authority and that the City will provide the support necessary. Board Member Stump confirmed that the Authority has the staff to handle the additional responsibilities. Mr. Satterwhite explained that after rearranging staff, the Authority could handle the City of Savoy. However, the Authority staff will not be able to handle any more operation work without additional staff.

Secretary/Treasurer Rowland asked how the \$70,000 fine would be handled. Mr. Satterwhite explained that the City would qualify for a Supplemental Engineering Program (SEP), which would allow the City to begin upgrades to address the problems with the system. The City would also be able to submit a hardship application to request the fines be waived.

Board Member Grantham motioned to approve a Water Production and Wastewater Treatment Agreement with the City of Savoy. The motion was seconded by Board Member Anderson and passed unanimously.

XVIII. Consider and act upon Change Order No. 1 and a resolution accepting as complete the contract with Central Tank Coatings, Inc. for the City of Ector 2013 Water Storage Rehabilitation project

The City of Ector issued bonds through the Authority for improvements to their water storage tanks. The change order includes credits and deductions for work and equipment not needed. The contract engineer has provided a recommendation to close out the contract. The remaining bond funds can either be used for an additional project or the funds can be returned to the TWDB to reduce the bond amount.

Board Member Stump motioned to approve Change Order No. 1 and a resolution accepting as complete the contract with Central Tank Coatings, Inc. for the City of Ector 2013 Water Storage Rehabilitation project, contingent upon similar action being taken by the Ector City Council. The motion was seconded by Board Member Yeatts and passed unanimously.

XIX. Consider and act upon a budget amendment for fiscal year ending September 30, 2014.

The Board reviews the budget annually and issues a budget amendment to adjust the budget to actual amounts. This makes the audit look more favorable. The budget amendment is primarily due to additional bond issues that were not anticipated and the removal of Lake Kiowa SUD's bond issue, which will not close until October. Secretary/Treasurer Rowland explained that the budget committee reviewed the amendment and had no concerns.

Board Member Yeatts motioned to approve the budget amendment for fiscal year ending September 30, 2014 as presented. The motion was seconded by Board Member Anderson and passed unanimously.

XX. Consider and act upon an engagement letter for independent audit services for fiscal year ending September 30, 2014.

Last month, the Board accepted the proposal submitted by Schalk and Smith for audit services for the current fiscal year. The staff will most likely solicit for proposals for the next audit cycle. The Board discussed the reasons to change auditors and the problems with locating new auditors.

Board Member Anderson motioned to approve execution of an engagement letter with Schalk & Smith for independent audit services for fiscal year ending September 30, 2014. The motion was seconded by Board Member Stump and passed unanimously.

XXI. Consider and act upon a Resolution appointing Plan Administrators for the Greater Texoma Utility Authority Retirement Trust.

Jerry Chapman previously served as the Plan Administrator of the Authority's Retirement Trust. The Board authorized Debi Atkins as the Plan Administrator. This resolution would authorize both Mr. Satterwhite and Mrs. Atkins to serve as the administrators in the event that Mrs. Atkins is not available and transactions are time sensitive.

Board Member Stump motioned to approve a Resolution appointing Debi Atkins and Drew Satterwhite as Plan Administrators for the Greater Texoma Utility Authority Retirement Trust. The motion was seconded by Board Member Anderson and passed unanimously.

XXII. Receive General Manager's Report

Mr. Satterwhite reported that he has met with the Lake Texoma Association representatives. They are backing out of imposing restrictions on industrial and drinking water pumping and are now considering increasing the conservation pool from 617 to 619. The Authority would not object the new effort.

Mr. Satterwhite provided a brief update on the City of Savoy and the City of Ector projects. Both cities may have additional projects for the Authority to assist with. The City of Tom Bean is looking at approximately \$1 million in water projects, including a new well. Mr. Satterwhite will be meeting with them in the near future.

There was a leak in the 72-inch waterline approximately 2 weeks previously. The air relief valve failed, allowing water to escape through the manhole. The leak was repaired within 14 hours. The North Texas Municipal Water District has increased the amount of water that is being pumped from Lake Texoma, causing a higher level of pressure on the pipeline than has ever been experienced before.

XV. Adjourn

Upon motion by Vice President Johnson, seconded by Secretary/Treasurer Rowland and passed unanimously, the Board adjourned at 1:18 PM.

#####


Recording Secretary


Secretary-Treasurer