

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

MONDAY, SEPTEMBER 15, 2014

AT THE ADMINISTRATIVE OFFICES
5100 AIRPORT DRIVE
DENISON TX 75020

Members Present: Don Skelton, Bill Johnson, Jeannie Anderson, Mark Kuneman, Brad Morgan, Dave Stump, Clyde Yeatts

Members Absent: Everett Grantham, George Rowland

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

General Counsel: John Hunter Smith, Wynne & Smith Law

Visitors: Kristen Savant, Norton Rose Fulbright
Mayor Don Anderson, City of Gunter
Mark Gibson, City of Sherman
Michael Hutchins, Herald Democrat

I. Call to Order

President Skelton 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. 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 Anderson and passed unanimously.

III. * Consider and act upon approval of Minutes of August 18, 2014 Meeting

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

V. *Receive Monthly Financials

VI. Citizens to be Heard

Mr. Satterwhite introduced the visitors (listed above).

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

IX. 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 is planning improvements to the existing headworks and lift station. This will give them increased flow during wet weather. The project will also increase the electrical loads. The City staff requested the Authority's assistance pursuing funds through the Texas Water Development Board (TWDB). The City and Authority staffs agree this would be the most economical method of financing the improvements. Mr. Gibson stated that the existing lift station was built in the 1960s and needs to be updated.

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

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 (Lake Kiowa Special Utility District Project)", including the adoption of a resolution authorizing the issuance of such bonds.

Mr. Satterwhite explained that the Lake Kiowa SUD approached the Board requesting assistance with financing improvements to their water system. This bond issue is for \$3.695 million out of a \$12 million project. The interest rate for the bonds is 2.23%. Mrs. Savant provided a summary of the bond documents. This is the first bond issue for Lake Kiowa SUD, so this is a base resolution with the ability to issue additional bonds on a parody of this initial bond. The Lake Kiowa SUD Board of Directors is set to approve the bond resolution on Wednesday.

Board Member Stump motioned to authorize the issuance of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014 (Lake Kiowa Special Utility District Project)". The motion was seconded by Board Member Anderson and passed unanimously.

VIII. 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. This would enable the staff to advertise for bids as soon as the projects have been prepared.

Board Member Anderson motioned authorize the General Manager to advertise for bids for projects associated with the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014 (Lake Kiowa Special Utility District Project)". The motion was seconded by Vice President Johnson and passed unanimously.

X. Consider and act upon implementation of Stage 3 Water Management Strategies for Seasonal Landscape Watering of the Greater Texoma Utility Authority Water Conservation and Drought Contingency and Water Emergency Response Plan

The Authority purchases water from the North Texas Municipal Water District (NTMWD) to sell to the Cities of Anna and Melissa. The Cities of Howe and Van Alstyne are expected to purchase water in the future. The agreement between the Authority and the NTMWD requires the Authority to adopt a similar water conservation plan. The citizens have been utilizing water conservation methods, which has caused a decrease in chlorine residuals. By allowing weekly watering, the NTMWD expects to avoid Stage 4 water restrictions, but to increase the chlorine residuals.

Board Member Yeatts motioned to implement Stage 3 Water Management Strategies for Seasonal Landscape Watering of the Greater Texoma Utility Authority Water Conservation and Drought Contingency and Water Emergency Response Plan. The motion was seconded by Board Member Stump and passed unanimously.

XI. Consider and act upon Change Order No. 2 to the contract with Harrison, Walker & Harper for the City of Gainesville Water Treatment Plant Project.

Harrison, Walker & Harper was awarded the contract for the Gainesville Water Treatment Plant last year. In March, Change Order No. 1 was approved. Change Order No. 2 includes a new polymer feed system, new 24-inch pipe, replacing aged valves and accentuators, new flow meters for the pump station and repairs to the air compressor at the plant, a new eye wash station, and a new chlorine injection point. The City Manager for Gainesville has authority to approve change orders under a certain amount. He has approved the change order. President Skelton asked why so much was added to the contract, since change orders are normally only corrections or minor additions. The City received a \$500,000 matching grant from the Environmental Protection Agency.

Board Member Yeatts motioned to approve Change Order No. 2 to the contract with Harrison, Walker & Harper for the City of Gainesville Water Treatment Plant Project, contingent upon similar action being taken by the Gainesville City Council. The motion was seconded by Board Member Stump and passed unanimously.

XII. Consider and act upon Change Order No. 3 and a reduction in retainage to the contract with S&J Construction for the City of Gainesville Northwest Distribution Line project

This project was awarded last year and has had two change orders approved. This change order includes a new subpump and new pressure reducing valves. Funds are available. This will again be approved by the City Manager. A final walk through was held last month after the punch list was addressed by the contractor. However, after several significant rainfall events, an air relief valve is 8 inches too low and needs to be lifted. S&J Construction left the site after the walkthrough, but has agreed to come back. The retainage has been agreed to be reduced to \$4,000, which is enough to hire a contractor to complete the work in the event that they do not return, which is unlikely.

Board Member Anderson motioned to approve Change Order No. 3 and a reduction in retainage to the contract with S&J Construction for the City of Gainesville Northwest Distribution Line project. The motion was seconded by Board Member Stump and passed unanimously.

XIII. Consider and act upon budget for FY 2014-2015

Mr. Satterwhite provided a brief summary of the proposed budget for 2014-2015. The budget is divided into five major categories representing the activities of the Authority. President Skelton reported that the Committee has reviewed the budget. Vice President Johnson asked if the Authority was still billing the cities for the administrative costs. Mr. Satterwhite replied that the Authority was still billing the cities for the costs, but it has tapered off. The budget decreased from the previous year due partly to a decrease in health insurance costs and partly due to Mr. Chapman not being on the payroll.

Board Member Kuneman motioned to adopt the budget for FY 2014-2015. The motion was seconded by Board Member Anderson and passed unanimously.

XIV. Executive Session

Pursuant to Government Code 551.074, the Board of Directors adjourned into closed Executive Session at 1:00 PM to discuss the following:

Personnel Matters

XV. Regular Session

The Board reconvened into Regular Session at 1:46 PM. President Skelton stated no action was taken on items discussed during the Executive Session.

Board Member Kuneman motioned to provide a 3% raise to all staff with a \$7,500 discretionary merit raise. The motion was seconded by Board Member Anderson and passed unanimously.

Board Member Kuneman motioned to provide the General Manager a raise to bring his salary to \$120,000. The motion was seconded by Board member Stump and passed unanimously.

XVI. Presentation of GFOA Certificate of Achievement

President Skelton presented the GFOA Certificate of Achievement to Mrs. Atkins. The Authority has been awarded this achievement for more than 25 years.

XVII. Receive General Manager's Report

Mr. Satterwhite reported that the USGS visited the Lake Texoma Pump Station and inspected the screens. The report should be available soon. Recently there was a failure of an air relief valve on the 72-inch waterline. The NTMWD has inspected all the air relief valves and made some improvements. The second 6,000 hp pump should be fired up by the end of October.

The second half of the Northwest Grayson WCID #1 pump station and storage tank should be awarded next month. The well is currently under construction.

The updated groundwater availability model being pursued by the groundwater conservation districts is now finished and has been submitted to the TWDB for approval. The next step is

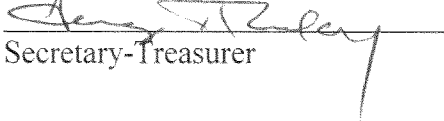
establishing desired future conditions, which must be done by all 11 groundwater districts in Groundwater Management Area 8. This must be accomplished by May 2016. Another field technician is expected to be hired at the end of 2015.

XVIII. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:56 PM.

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Recording Secretary


Secretary-Treasurer