

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

MONDAY APRIL 15, 2019

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

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| Members Present: | Brad Morgan, Ken Brawley, Scott Blackerby, Donald Johnston, Matt Brown, and Anthony Richardson |
| Members Absent: | Stanley Thomas and Mark Kuneman |
| Staff: | Drew Satterwhite, Carolyn Bennett, Debi Atkins, Tasha Hamilton, and Velma Starks |
| General Counsel: | Mike Wynne, Wynne and Smith |
| Bond Counsel: | Kristen Savant, Norton Rose Fulbright |
| Visitors: | Bob Johnson, McManus & Johnson Consulting Engineers Richard Todd, Herald Democrat |

I. Call to Order

Board President Morgan called the meeting to order at 12:30 p.m.

II. Pledge of Allegiance

Board President Brad Morgan led the group in the Pledge of Allegiance.

III. Consent Agenda

Items marked with an asterisk () are considered routine by the Board of Directors and are enacted in one motion without discussion unless a Board Member or a Citizen request a specific item to be discussed and voted on separately.

IV. * Consider and act upon approval of Minutes of March 18, 2019 Meeting.

V. * Consider and act upon approval of accrued liabilities for March 2019.

General Manager Drew Satterwhite informed the Board that the totals for the prior month and prior year were placed on the liabilities as requested by Mr. Stanley Thomas.

Board Member Scott Blackerby made a motion to approve the consent agenda items. Board Member Matt Brown seconded the motion. Motion passed unanimously.

VI. Citizens to be Heard.

No citizens present requested to speak before the Board.

VII. Consider and act upon Change Order No. 1 to the contract with Patterson Professional Services, LLC for City of Ector Wastewater Treatment Plant Disinfection Project.

General Manager Drew Satterwhite provided background information for the Board. In 2017 the City of Ector requested assistance for funding the disinfection upgrade required for the City's Wastewater Treatment Plant. The City of Ector has had difficulty during rainfall events keeping their discharges within the Texas Commission on Environmental Quality's permitted *E.coli* parameters. The engineer determined that a chlorine disinfection system would bring the City of Ector in compliance with the effluent parameters at the wastewater treatment plant.

The chlorine facilities are located near the back of the WWTP site. Construction on the project has begun and due to the wet weather the region has been experiencing, the City has identified a need for the contractor to construct an all-weather access road to the chlorine facilities. This road is necessary not only during construction but the City will also need the road when they are taking chlorine deliveries by truck. Funds are available in the bond issue for the costs associated with this change order. Change Order No. 1 includes the addition of a gravel road to access the disinfection facility at a cost of \$5,000.00 resulting in a revised contract amount of \$319,075.50.

Board Member Donald Johnston made the motion to authorize the execution of Change Order No. 1 to the contract with Patterson Professional Services, LLC for an increase of \$5,000.00 resulting in a revised contract amount of \$319,075.50 contingent upon the City of Ector authorizing the Change Order No. 1 at their council meeting. Board Member Scott Blackerby seconded the motion. Motion passed unanimously.

VIII. Consider and act upon award of contract for City of Van Alstyne Wastewater Treatment Plant Dewatering System.

Board President Brad Morgan informed the Board that Items VIII and IX will be discussed together and voted on separately. General Manager Drew Satterwhite provided background information for the Board. At the August 2014 meeting, the Board of Directors authorized the issuance of bonds in the amount of \$1,730,000 through the TWDB's CWSRF for design and construction of improvements to the City's wastewater system. In December of 2016, the first of two (2) projects was completed which included replacing approximately 16,000 feet of sewer main via a construction method called pipe bursting. The scope of the current project includes the installation of a new mechanical sludge thickening system, replacement of decant valves, replacement of the sludge pumping system, construction of a recycled water system, and the addition of SCADA and all electrical work to provide the improvements. The project was advertised, with only one bid received, from Fryer Construction Company. Fryer Construction Company has significant experience in many WWTP projects including multiple projects at the

Van Alstyne Wastewater Treatment Plant. The final negotiated amount for the Competitive Sealed Proposal is for a construction award of \$614,000.00.

Of the 2014 bond issue, only \$576,079.82 remains for construction of this project. The City of Van Alstyne Project Engineer, Bob Johnson, worked with the contractor to cut costs by reducing size of building and obtaining demo equipment at reduced cost. The City of Van Alstyne City Council authorized the Authority to award contract at their April 9, 2019 City Council Meeting for \$614,000.00. In addition, the City of Van Alstyne has agreed to fund the additional \$37,920.18 that represents the total exceedance of the remaining TWDB CWSRF funding available for the project. Board Member Donald Johnston made the motion to award the contract to Fryer Construction Company in the amount of \$614,000.00 for the construction of improvements at the Van Alstyne Wastewater Treatment Plant. Board Member Matt Brown seconded the motion. Motion passed unanimously.

IX. Consider and act upon authorizing the execution of a Contractual Agreement between the City of Van Alstyne and the Greater Texoma Utility Authority.

The City of Van Alstyne approved the Contractual Agreement between the City of Van Alstyne and the Greater Texoma Utility Authority at their City Council Meeting on April 9, 2019. The Board asked if going with Fryer Construction Company was in the city's best interest or if they should try advertising to see if they would receive more bids. Bob Johnson, McManus & Johnson Consulting Engineers, stated that Van Alstyne has worked with Fryer Construction Company before and they are familiar with the plant. Mr. Johnson indicated that small cities or smaller projects are having difficulty in receiving bids, and in some cases no bids are received. By down-sizing and scaling back the city got what they really wanted in the demo equipment.

Board Member Scott Blackerby made the motion to authorize the execution of a Contractual Agreement between the City of Van Alstyne and the Greater Texoma Utility Authority, providing for the City to forward \$37,920.18 to the Authority for award of the contract to Fryer Construction Company. Board Member Anthony Richardson seconded the motion. Motion passed unanimously.

X. Consider and act upon Change Order No. 1 to the contract with Central Texas Water Well for City of Tom Bean Water Well, Tank and Appurtenances Project.

General Manager Drew Satterwhite provided background information for the Board. The current project for the City of Tom Bean is to add one additional water well, ground storage tank and pump station to their system. The City currently has two wells that feed their water system, neither of which is capable of providing the City with enough water on its own.

At the November 2015 meeting, the Board authorized a resolution authorizing the issuance of \$1,210,000 in bonds utilizing the Texas Water Development Board's ("TWDB") State Water Implementation Fund for Texas. Central Texas Water Well in the amount of \$1,055,700.00 was the lowest of 4 bids received on February 8, 2017 for this project. After bids were received, the City decided that they wanted to substitute the iron fence with a chain-link security fence in order to bring the costs down to \$1,016,340.00. This was still in excess of funding available for construction of the well. The City requested the Authority to proceed with obtaining additional funding through the TWDB to complete the project. At the February 2017 Meeting, the Board

directed staff to develop a letter agreement with Central Texas Water Well that would require them to hold their bid for a period that would allow the Authority to obtain additional funding for the project. At the June 2017 meeting, the Board authorized an additional bond issuance through the TWDB's Development Fund in the amount of \$135,000. The funds were received by July 25, 2017 which was within the timeframe agreed upon with Central Texas Water Well, and allowed the contract to be entered into and construction to begin on the well

The project is currently under construction and is on track to be substantially complete or delivering water by June. Texas New Mexico Power notified the City of the requirement to have a fused disconnect and provide the meter can on the power pole at the road. This was a requirement that was not included in the original bid documents provided to the contractor. Change Order No. 1 includes the addition of a 320 amp meter socket and 400 amp fused disconnect as required by the power provider for a cost of \$5,450.91. The City does not really have a feasible alternative as this is being required by the power company who is the sole provider at this location. Funds are available in the GTUA/City of Tom Bean Bond Issues to pay for these additions to the contract.

Board Member Donald Johnston made the motion to authorize the execution of Change Order No. 1 to the contract with Central Texas Water Well for an increase of \$5,450.91 resulting in a revised contract amount of \$1,021,790.91 contingent upon the City approving Change Order No. 1. Board Member Scott Blackerby seconded the motion. Motion passed unanimously.

- XI. Consider all matters incident and related to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue and Refunding Bonds, Series 2019 (City of Sherman Project)", including the adoption of a resolution authorizing the issuance of such bonds, establishing parameters for the sale and issuance of such bonds and delegating certain matters to authorized officials of the Authority.

General Manager Drew Satterwhite provided background information for the Board. The City of Sherman has identified eight (8) water and wastewater projects totaling \$5,815,000 that they have requested the Authority's assistance with financing. The Projects are listed below:

- WWTP Aeration Basin and Biological Clarifier
- WWTP Control Building
- WWTP Stormwater Lift Station
- Additional funds for the Northwest Sewer Construction Project
- Sewer Pipeline Construction Project between Rosedale and First
- Water Crossing Construction Project under US 75 at Choctaw
- Moore Street Sewer Pipeline Construction Project
- Construction at Lake Texoma Pump Station – Cathodic Protection Improvements
- Funding of reserves

In addition to the Open Market issue discussed above, the Authority and City has an opportunity to refinance some existing debt in the same package as this current open market issue which will save the City on issuance costs by combining into one (1) bond issue.

In March 2019, Garry Kimball of Specialized Public Finance notified the Authority of the opportunity to refinance the outstanding Series 2008, 2008 Refunding, 2009 and 2009-A Sherman bonds series issued by the Authority on behalf of Sherman. These bonds carry an average interest rate of 3.95% and Specialized Public Finance believes we can reduce this rate to 2.63%. The net debt service reduction at the budgeted new rate would be over \$320,000 or just over \$29,000/year for 11 years (2019-2029). The net present value of this savings would be approximately \$274,000 (net of estimated costs of issuance) or 3.76% of the principal amount of the bonds being refinanced. The city will save issuance costs and potentially a few basis points in interest by combining the two (2) separate issues (new money and Refunding/refinancing). The debt that is proposed to be refinanced will not be refinanced over a longer period even though it is being combined with a 20 year bond issue. Kristen Savant, Norton Rose Fulbright, explained details of bond issuance and refunding process.

Board Member Matt Brown made the motion to adopt the resolution authorizing the issuance of such bonds, establishing parameters for the sale and issuance of such bonds and delegating certain matters to authorized officials of the authority. Board Member Anthony Richardson seconded the motion. Motion passed unanimously.

XII. Consider and act upon authorization for General Manager to advertise for bids for City of Sherman Project.

The previous agenda item authorized the issuance of bonds for the construction, acquisition, and improvement of water and sewer system facilities and necessary appurtenances for use by the City of Sherman. Board Member Donald Johnston made the motion to authorize the General Manager to advertise for bids for City of Sherman Project. Board Member Matt Brown seconded the motion. Motion passed unanimously.

X. Receive General Manager's Report: The General Manager will update the Board on operational and other activities of the Authority

General Manager Drew Satterwhite updated the Board

- Princeton contract bids will be requested in May and awarded in June.
- Gunter – water well bids will be requested May 6
- Sherman – in month or so, the staff will be back to the board requesting authorization to submit an application for Clean Water Funding

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XI. Adjourn

Board Member Matt Brown made the motion to adjourn. Board Member Scott Blackerby seconded the motion. The motion passed unanimously. Board President Morgan declared the meeting adjourned at 1:15 p.m.

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Velma Starks
Recording Secretary


Secretary-Treasurer