

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

MONDAY AUGUST 19, 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, Stanley Thomas, Anthony Richardson, and Mark Kuneman |
| Members Absent: | Matt Brown (arrived at 1:30 p.m.) |
| Staff: | Drew Satterwhite, Debi Atkins, Tasha Hamilton, Nichole Sims, and Velma Starks |
| General Counsel: | Mike Wynne, Wynne and Smith Kristen Savant, Norton Rose Fulbright |
| Visitors: | David Howerton, Alan Plummer Associates 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 July 15, 2019 Meeting.

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

Board Member Ken Brawley made a motion to approve the consent agenda items. Board Member Anthony Richardson seconded the motion. Motion passed unanimously.

VI. Citizens to be Heard.

There were no citizens requesting to address the Board.

VII. Receive Quarterly Investment Report.

Debi Atkins, Finance Officer, provided a review of the Quarterly Investment Report. A brief discussion was held. Debi Atkins informed the Board that the bank has lowered the fees in response to a Board request that the bank be asked to waive banking fees.

VIII. Consider and act upon an Engagement Letter for independent audit services for FY 2018-2019.

General Manager Drew Satterwhite provided background information for the Board. In 2017 the Board authorized Hankins, Eastup, Deaton, Tonn and Seay to be awarded the audit services agreement, if they agreed not to increase rates more than 2% each year. Hankins, Eastup, Deaton, Tonn and Seay agreed to hold the increase to 2% per year. The Audit Proposals were for a 5-year term and the price proposed for this upcoming Audit is \$36,200 which is 1.97% increase from last year. The Authority staff is familiar with the Hankins, Eastup, Deaton, Tonn & Seay staff, and feels their audit services are satisfactory. This is their 3rd year. The Authority is required by its enabling legislation and the bond holders of securities issued by the Authority to provide an annual independent audit of its operations. The Board had a brief discussion. A concern regarding the language was expressed. It was suggested that the language in the letter be verified as being similar to the language used in the prior year. Board Member Donald Johnston made the motion that the Board authorize the engagement letter with Hankins, Eastup, Deaton, Tonn & Seay to perform the Authority's audit contingent upon the verification of the language being similar language used in previous letters. Board Member Scott Blackerby seconded the motion. Motion passed unanimously.

IX. Consider and act upon award of contract for City of Gunter Water System Improvements Project B - Water Well.

General Manager Drew Satterwhite provided background information for the Board. The Authority, on behalf of the City of Gunter, was approved for funding from the Texas Water Development Board's ("TWDB") Drinking Water State Revolving Fund ("DWSRF") for a loan in the amount of \$3,415,000. The DWSRF offers a 1.35% interest rate subsidy which brought the interest rate on this 30 year bond series to 2.45%. The TWDB estimates that by utilizing this program, the City of Gunter could save approximately \$762,000 over the loan. The City currently has two wells in their system with one being substantially larger than the other. The City needs to have another well in their system to provide redundancy if/when the large well goes down, which has happened twice since the City approached the authority for funding. The City is also less than 60 homes away from meeting the Texas Commission on Environmental Quality's ("TCEQ") 0.6 gallons per minute of source water per connection rule.

The project is being separated into two projects with Project A including: (1) a 250,000-gallon ground storage tank; (2) pump station; (3) disinfection facilities; (4) generator; (5) SCADA; (6) water line from the pump station to J.C. Maples Road; and (7) appurtenances. Project B includes a new water well and appurtenances. One (1) contractor submitted a bid for Project B – Water Well. The low bidder was Hall Resources, LLC dba THI Water Well of Bowie, Texas in the Base Bid amount of \$1,156,189.00 and a construction time of 180 calendar days. The City of Gunter Council approved the Authority to award contract at their June 20, 2019 meeting. It was

suggested that the awarding of the contract be contingent upon the Red River Groundwater Conservation District and TCEQ approval of the well. A brief discussion was held. Board Member Ken Brawley made the motion to award the contract contingent upon the Red River Groundwater Conservation District and TCEQ approval. Board Member Stanley Thomas seconded the motion. Motion passed unanimously.

X. Consider and act upon award of contract and Change Order No. 1 for the City of Gunter Water System Improvements Project A – High Service Pump Station, Ground Storage Tank, Pipeline.

General Manager Drew Satterwhite provided background information for the Board. As previously stated in the about item. The project is being separated into two projects with Project A including: (1) a 250,000-gallon ground storage tank; (2) pump station; (3) disinfection facilities; (4) generator; (5) SCADA; (6) water line from the pump station to J.C. Maples Road; and (7) appurtenances. Project B includes a new water well and appurtenances. Three (3) contractors submitted a bid for Project A – High Service Pump Station, Ground Storage Tank, and Pipeline. The low bid was Legion Development LLC of Georgetown, Texas in the Base Bid amount of \$2,153,329.00. The bid for was in excess of the engineer's original estimate. The bonds issued were based upon the estimate and therefore funds would not be available to construct the project without a reduction change order. Since the bid opening, the engineer began working with the low bidder to reduce the scope and cost of the project. Most of the items that were reduced were related to the shortening of the waterline tying the well into the City's system. The largest reduction came from changing the 250,000 gallon ground storage tank from a pre-stressed concrete tank to a bolted steel tank. These changes resulted in a Change Order No. 1 for \$486,967.00 reduction (23%) resulting in a revised contract amount of \$1,666,362.00. It was suggested that approval be contingent upon Red River Groundwater Conservation District and TCEQ approval of the well. A brief discussion was held. Board Member Donald Johnston made a motion to award the contract to Legion Development LLC in the Base Bid amount of \$2,153,329.00 and as a simultaneous action, authorize Change Order No. 1 to the contract for a reduction of \$486,967.00 resulting in a revised contract amount of \$1,666,362.00 contingent upon the Red River Groundwater Conservation District and TCEQ approval of the well. Board Member Mark Kuneman 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 Bonds, Series 2019A (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 staff approached the Authority staff requesting financial assistance for the relocation water lines that are located in the TXDOT right-of-way along SH 1417. TXDOT has informed the City of Sherman of the need to relocate the utility lines for the widening of SH 1417. Additional Bonds in the amount of \$2,895,000 are required by the City of Sherman to provide the funding prior to the project beginning to TXDOT. A Reimbursement Resolution will be brought to the Board next board meeting. Kristen Savant, Norton Rose Fulbright, explained the parameters resolution that would delegate authority to the General Manager to execute bond documents after the bond series has been priced. The City of Sherman Council will consider this issue at

their October 7, 2019 council meeting. Board Member Stanley Thomas made the motion to approve the resolution relating to bond funds issued on behalf of the City of Sherman for relocation of utilities located in the TXDOT right-of-way along FM 1417 contingent upon the City of Sherman Council approving the same. Board Member Ken Brawley seconded the motion. Motion passed unanimously.

The Board entered into Executive Session at 1:07 p.m.

XII. EXECUTIVE SESSION

Pursuant to Government Code Section 551.071 and 551.072, the Board of Directors may adjourn into closed Executive Session to discuss the following:

Consultation with Attorney regarding authorizing the execution of all documents associated with the sale of drainage easements to the Texas Department of Transportation

Deliberation Regarding Real Property

The Board reconvened into Regular Session at 1:27 p.m.

XIII. Regular Session

Board President Brad Morgan stated that no action taken in Executive Session. Board Member Ken Brawley made motion that Mike Wynne and Drew Satterwhite have authority to approve an executed easement with TxDOT as long as easement effectively protects the integrity of the GTUA pipeline. Board Member Anthony Richardson seconded the motion. Motion passed unanimously.

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

General Manager Drew Satterwhite provided the following update:

The City of Whitewright Private Placement Bond issuance has been closed.

CGMA request for bids for the connection of the Bloomdale Pump Station to the NTMWD transmission line has been posted. Hopefully will have bids to award contract for the project at the September meeting. Project is to be funded by prior sale of seven easements in the McKinney area. This project will connect to the NTMWD system and bypass the City of McKinney system.

Budget Committee will have one meeting to discuss budget and budget amendment. The Budget Committee consists of Brad Morgan, Stanley Thomas, and Matt Brown.

XV. Adjourn

Board Member Mark Kuneman made the motion to adjourn. Board Member Ken Brawley seconded the motion. The motion passed unanimously. Board President Morgan declared the meeting adjourned at 1:34 p.m.

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Velma Starks

Recording Secretary

Ken Brawley

Secretary-Treasurer