

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

MONDAY, NOVEMBER 20, 2006

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

Members Present: David Wright, George Rowland, Donald Skelton, Bill Johnson, Joe Henderson, Everett Grantham and Paul Kirley

Members Absent: Mark Kuneman

Staff: Jerry Chapman and Carolyn Bennett

Visitors: John Hunter Smith, Nall, Pelley, and Wynne, LLP
Mark Gibson, City of Sherman
Kevin Farley, City of Pottsboro

I. Call to Order

President Wright called the meeting to order at 12:32 p.m.

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 Wright 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.

Board Member Henderson made a motion to approve the consent agenda. The motion was seconded by Board Member Johnson and passed unanimously.

III. *Consider and act upon approval of Minutes of October 16, 2006 Meeting

IV. *Consider and act upon approval of accrued liabilities for October 2006

V. Citizens to be heard

There were no citizen comments presented.

At this time, Board Member Henderson distributed articles concerning water issues. One article was from the New Yorker Magazine, discussing water in general. The second was an article from the Dallas Morning News concerning the City of Irving and their water issues. Discussion ensued concerning the on-going drought, the water supplies used by the North

Texas Municipal Water District (“NTMWD”), the water provider for the Collin/Grayson Municipal Alliance (“CGMA”) project, and issues concerning Dallas area water providers possibly looking north for water supplies. Board Member Johnson asked if the depleting water supplies for the NTMWD would affect the CGMA project. General Manager Chapman responded that these circumstances would not affect this project, due to the fact that Sherman’s surplus water is sold annually to the NTMWD.

General Manager Chapman introduced Mr. Kevin Farley, the new City Manager for the City of Pottsboro, who was present for the Board’s consideration of a bond application for the City of Pottsboro for water improvements.

VI. Wastewater Activities

The City of Van Alstyne refunded bonds issued through the Greater Texoma Utility Authority to move some of the City’s debt to general obligation bonds. Van Alstyne chose to refinance existing sewer debt into certificates of obligation due to additional debt being issued through the Authority. The general obligation bonds will be paid using tax revenue, and the additional bonds being issued through the Authority will be paid using water and sewer revenues. This project could not have closed without Mr. Mark Westergard, Bond Counsel with Fulbright & Jaworski, and Mr. Garry Kimball, Financial Advisor with First Southwest Company.

General Manager Chapman reported that Mr. Westergard is retiring and moving to Vermont. Mr. Westergard has indicated he will be introducing Mr. Chapman to another bond lawyer from Fulbright & Jaworski, who will take on Authority projects.

Consider and act upon approval of City of Anna Water Conservation and Drought Contingency Plan. General Manager Chapman explained to the Board the circumstances surrounding the need for the Authority to approve the City of Anna Water Conservation and Drought Contingency Plan. During the closing of the initial bond series for the \$7,300,000 Melissa/Anna sewer project, the Attorney General’s Office provided a condition that the Authority approve the Water Conservation and Drought Contingency Plan for each city. The Authority staff assisted the city staff in preparation of their plan, utilizing a model plan provided by Freese and Nichols, Inc., and the requirements of the Texas Water Development Board (“TWDB”), the Texas Commission on Environmental Quality (“TCEQ”) and the NTMWD.

Upon motion by Board Member Johnson, seconded by Board Member Grantham, and passed unanimously, the Board of Directors approved the Water Conservation and Drought Contingency Plan for the City of Anna.

Consider and act upon approval of City of Melissa Water Conservation and Drought Contingency Plan. Upon motion by Board Member Johnson, seconded by Board Member Grantham, and passed unanimously, the Board of Directors approved the Water Conservation and Drought Contingency Plan for the City of Melissa.

VII. Water Activities

Receive reports on water activities. The contractor for the Bells project has completed approximately 2,000' of 12,000' of water line. If the project is not completed by December 17th, liquidated damages may be initiated. There are several new developments on US 82 that are awaiting the completion of this line.

The plat for the pump station has been submitted to McKinney; a building permit should be issued for the pump station site this week. Problems have been encountered with Dallas Area Rapid Transit ("DART") representatives concerning the prescriptive easements in Anna, Melissa and Van Alstyne. DART representatives stated they wanted a license agreement for the elongated easement. General Counsel Mike Wynne was contacted and requested to review this matter. Mr. Wynne sent case law concerning this type of issue, and requested the Authority require DART officials to depict exactly where the easements need to be accomplished, how far off the railroad they would need to be, etc. Mayor Dorman of Melissa sits on the regional transportation group with DART, and will discuss these issues with them if necessary. The fee for the required license agreements with DART for railroad bores was negotiated, resulting in a flat fee of \$9,450 each.

The water line contractors are on schedule for the CGMA Project. Four D Construction has installed approximately 34,500 feet out of 36,000 feet of line in their contract, with all of the bores for this portion of the project remaining to be accomplished.

The Grayson County Commissioners Court voted to allow roads to be cut instead of boring. Mayor Jones and Mayor Parker pursued this matter, and commissioners agreed to allow the roads to be cut. One of the roads in question is basically a dirt road.

The reallocation study for Lake Texoma may be finished before April or May of next year, which would be prior to the anticipated completion date. The water storage contracts for Pottsboro and Northwest Grayson WCID#1 will need to be pursued after the study is completed.

Sherman will lease excess water storage to NTMWD this year, on the same basis as last year. This water lease helps offset water storage costs.

The State of Texas issued ruling all cities/water providers/sewer providers file a certified copy of their Certificate of Convenience and Necessity map(s) with the county clerk in their respective county. The Authority staff has been assisting area cities with this endeavor. These maps need to be filed before January, when law takes effect.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith (City of Pottsboro water system improvements project). The City of Pottsboro initiated a water master plan approximately two years ago. Freese and Nichols, Inc. the city's consulting engineers, developed the master plan for the City. Pursuant to this plan, Freese and Nichols, Inc. submitted an intended use plan on behalf of the City to the TWDB for \$1,780,000 to upgrade their water system. The application for this project is required to be submitted prior to December 1st. The Pottsboro City Council met November 7th and authorized

the Authority to submit the application, requesting the Authority initiate actions necessary to secure funding for a below-market interest rate program offered by the TWDB to finance \$1.78 million in improvements to the city's water system. The project involves upgrading a section of the City of Pottsville's water transmission line. A water line on east side of town along Pearce Drive, which is located in a system that was previously privately owned, needs to be replaced and upgraded. Mr. Kevin Farley, Pottsville City Manager, stated the City has serious concerns on Pearce Drive. Approximately half of these bond funds will be utilized to correct issues on Pearce Drive, and the second half will be used to provide a loop system to the north, providing water to the area north of Pottsville along FM 120. The bond issue will provide funding to solve a problem the City is facing with TCEQ and provides for future development.

Mr. Chapman reported that a meeting was recently held with three water providers – the City of Pottsville, Red River Authority and Monarch Utilities, concerning provision of water for the area north along FM 120. This area most likely will be provided with water from the City of Pottsville in the future.

Motion was made by Board Member Henderson to approve the Resolution requesting financial assistance from the TWDB for the City of Pottsville water system improvements project. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon bids received by the City of Sherman water line relocations at FM 1417 and SH 56. The Authority recently sold a \$2,210,000 bond issue for the City of Sherman for water system projects. The relocation of water lines at FM 1417 and SH 45 is the first project to be funded through this bond issue. Bids were received November 14th pursuant to the advertisement for bids placed in local newspapers and mailed to prospective bidders. Four bids were received, with Wilson Contractor Services of Denton the apparent low bidder. The bid was submitted in the amount of \$172,157.45. The Authority staff has no prior experience with Wilson Contractor Services; however, Mark Gibson, Director of Utilities for the City of Sherman, has experience with them on the Loy Lake Road project. Mr. Tim Morris of Morris Engineers, the consulting engineer for this project, has had experience with this contractor in the City of Anna. Mr. Morris reported he had to request Wilson Contractors Services complete certain items on the project in Anna, but had no reason to suggest they not be awarded contract. There was a slight irregularity in the bid, in that the bid bond was made out to the City of Sherman instead of the Authority. All the other bidders were contacted, and no objections were made to requesting that the bid bond be re-issued in the name of the Greater Texoma Utility Authority. There is an item on the agenda for the Sherman City Council to consider at their 5:00 p.m. meeting today. The City of Sherman staff is recommending their Council authorize the Authority to award the contract to Wilson Contractor Services.

Mr. Morris recommends awarding the contract to Wilson Contractor Services. Motion was made by Board Member Henderson to award the contract for relocation of water lines in Sherman at FM 1417 and SH 56 to Wilson Contractor Services in the amount of \$172,157.45, subject to the Sherman City Council voting to authorize the award of the contract to Wilson Contractors and the re-issuance of the bid bond. The motion was seconded by Board Member Johnson and passed unanimously.

VIII. General Activities

* Receive monthly financial reports

Consider appointment of Nominating Committee for selection of officers for 2007 calendar year. President Wright appointed Board Members Bill Johnson and Everett Grantham as the Nominating Committee for selection of officers for the 2007 calendar year.

XI. Solid Waste Activities

Receive report on solid waste activities at the Dripping Springs Landfill. Groundwater monitoring activities continue at the Dripping Springs Landfill, as required by the TCEQ. The Authority staff has requested the consultants attempt to reduce the frequency of this requirement. No volatile organics or heavy metals were detected in the recent monitoring event.

A neighbor adjacent to the property purchased in 1989 by the Authority for use as a borrow pit has requested permission to fence the area between the borrow pit and his property. A pond was constructed on their side of their property, with a fence through the center of it. This property owner wants to construct a fence around the pond on the Authority's side of the property line. The landowner was advised that if fenced, all costs associated with this endeavor are to be paid by him. General Counsel Wynne was consulted, and he suggested a written agreement be entered into outlining all issues concerning the matter and filed at the County Clerks' office. This expense will also be borne by the landowner. It was the consensus of the Board that the Authority staff draft an agreement, to be placed on the December agenda for consideration by the Board, as long as the property owner pays all costs associated with his request.

X. Executive Session

Pursuant to Government Code, Section 551.072 and 551.074, the Board of Directors adjourned into closed Executive Session at 1:10 p.m. to discuss the following:

Deliberation Regarding Real Property: Consider and act upon easement/right-of-way acquisition for Collin/Grayson Municipal Alliance Project

Personnel Matters: (1) to deliberate the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee.

X. Regular Session

Consider and act upon items listed in Executive Session. The Board reconvened into Regular Session at 1:31 p.m. President Wright stated no action was taken on items discussed during the Executive Session.

Motion was made by Vice President Skelton to adopt a resolution determining a public necessity to acquire certain property; giving notice of an official determination to acquire property for the Collin/Grayson Municipal Alliance Water Transmission Pipeline(s) Project; establishing procedures for the acquisition of property, and appropriating funds for the JNC

Partners, LLC property. The motion was seconded by Board Member Johnson and passed unanimously.

The Board Members discussed with the staff the possibility of an educational session for area cities providing the status of water issues. Secretary-Treasurer Rowland suggested that the area cities be surveyed to determine if there is an interest in attending such a session prior to holding the session.

XI. Adjourn

Upon motion by President Wright, seconded by Board Member Johnson and passed unanimously, the Board adjourned at 1:36 p.m.

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Recording Secretary

Secretary-Treasurer