

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

MONDAY, DECEMBER 18, 2006

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

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

Members Absent: Bill Johnson

Staff: Jerry Chapman, Carolyn Bennett and Lynn Bowdry

Visitors: Mike Wynne, Nall, Pelley, and Wynne, LLP
Kristin Savant, Fulbright & Jaworski

I. Call to Order

President Wright called the meeting to order at 12:31 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 Grantham and passed unanimously.

III. *Consider and act upon approval of Minutes of November 20, 2006 Meeting

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

V. Citizens to be heard

There were no citizen comments presented.

General Manager Chapman directed the Board's attention to the plaque received from the Government Finance Officers Association certifying the Authority's financial records for fiscal year ending September 30, 2005. He commended Finance Officer Atkins for her hard work. Board member Henderson requested the commendation be entered into the meeting minutes.

VI. Wastewater Activities

Receive reports on wastewater activities. General Manager Chapman reported the refinancing for some of the City of Van Alstyne's bond issues closed on December 1st. The monies left in the reserve accounts will be refunded as soon as the arbitrage rebate analysis is received. Regarding the City of Pottsboro's wastewater treatment plant rehabilitation project, the City will write a letter to the Texas Water Development Board ("TWDB") officially requesting to redirect the bond funds from engineering to rehabilitation of the wastewater plant. The City of Gainesville Pecan Creek drainage project has 47 Right-of-Entry forms received, with 16 remaining to be obtained.

VII. Water Activities

Receive reports on water activities. General Manager Chapman informed the Board that 9000' of approximately 12,000' of water line have been installed and tested so far on the City of Bells Hwy 69/Hwy 82 water main project. The contractor started late on this project, and the contract deadline was December 17th. The contractor has requested permission to submit a Change Order to extend the deadline on this contract. General Manager Chapman suggested the Authority wait until the City of Bells decides on what action should be taken.

General Manager Chapman directed the Board's attention to a letter sent by the Texas Commission on Environmental Quality ("TCEQ"). The letter details the new requirement to file a certified copy of the maps of all existing Certificates of Convenience and Necessity ("CCN") with the respective County Clerks, along with a written description of the area displayed on the map, by January 1, 2007. The TCEQ hired a firm to locate the maps in the TCEQ Central Records files and sent out the certified maps with the letter on December 6th. Previously, the requirement specified a metes and bounds description to be included as part of the filing. Attorneys representing several water providers negotiated with State Representatives and the requirement was reduced to a written description of the CCN boundaries displayed on the certified map. The Authority notified the City of Denison and other water providers when certified maps could not be located in the TCEQ Central Records. General Manager Chapman and Mapping Technician Bowdry are working on this matter for several member cities.

Consider and act upon raw water lease agreement with the North Texas Municipal Water District. General Manager Chapman reported that in 2004 the Authority signed an agreement with the North Texas Municipal Water District ("NTMWD") to allow the NTMWD to lease excess Lake Texoma raw water from the City of Sherman, with the amount varying each year. Sherman City Manager Wall has acknowledged the City's approval of the lease of 18,000 acre-feet of water to the NTMWD for 2007. Following a brief discussion of the variables affecting the charge for the water, such as the operations and maintenance cost, Board Member Henderson made a motion to approve the lease of 18,000 acre-feet of raw water to the NTMWD for 2007. The motion was seconded by Vice President Skelton and passed unanimously.

VIII. General Activities

* Receive monthly financial reports

Consider and act upon engagement letter for bond counsel services. General Manager Chapman reminded the Board that Fulbright and Jaworski has been the Authority's bond counsel since the 1970's, and that Mr. Mark Westergard of Fulbright & Jaworski had previously announced his intention to move to Vermont. Since the December Board meeting, General Manager Chapman met with the new representative, Ms. Kristin Savant, who was present at the Board meeting to answer any questions the Board might have for her regarding her experience. Ms. Savant informed the Board that she has 5 water district clients, specialized experience in public finance, and has been with Fulbright & Jaworski for 8 years. Mr. Westergard was Ms. Savant's mentor during this time. General Manager Chapman informed the Board that Ms. Savant would become a partner of Fulbright & Jaworski as of January 1, 2007.

General Manager Chapman announced plans to meet next week with Ms. Savant, another Fulbright & Jaworski partner and Mr. Garry Kimball of First Southwest. He then directed the Board's attention to the legal fees listed on Page 3 of the bond counsel services proposal. These fees have remained unchanged over the years. Board Member Grantham made a motion to approve the engagement letter for bond counsel services provided by Fulbright & Jaworski. The motion was seconded by Board Member Kuneman and passed unanimously.

Receive report from Nominating Committee. President Wright announced that he had decided to withdraw from the Greater Texoma Utility Authority Board of Directors, after having served since 1990. He commended and thanked the Board on its dedication and mentioned the satisfaction he felt at the resolution of several landfill issues. As a member of the Nominating Committee, Board Member Grantham made a motion recommending Donald Skelton for President, Bill Johnson for Vice President and George Rowland for Secretary/Treasurer. Board Member Kuneman seconded the motion, which passed unanimously.

IX. Executive Session

Pursuant to Government Code, Section 551.071 and 551.072, the Board of Directors adjourned into closed Executive Session at 12:54 p.m. to discuss the following:

Consultation with Attorney: Consider pending or contemplated litigation or a settlement offer for Collin/Grayson Municipal Alliance Project

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

X. Regular Session

Consider and act upon items listed in Executive Session. The Board reconvened into Regular Session at 1:10 p.m. President Wright stated no action was taken on items discussed during the Executive Session.

Board Member Kuneman made a motion to approve acceptance of the offer made by the legal representatives for the 6.6-acre Addison Wilson tract prior to the condemnation hearing, with a not to exceed limit of \$129,000. Vice President Skelton seconded the motion, which passed unanimously.

General Manager Chapman reported the Collin/Grayson Municipal Alliance (“CGMA”) water line project Contract C with Four D is almost complete. All CGMA contracts should be completed by June 2007. During the past month Authority representatives have met with each of the CGMA cities and found that some are behind schedule in constructing their facilities to receive water from the CGMA water line. The City of Melissa is on schedule to receive water; however, the City of Anna has yet constructed their ground storage tank and facilities to receive the treated water. The City of Van Alstyne is still determining if they wish to have separate zones to receive water. The City of Howe can wait since their demand level is not yet critical.

If the CGMA cities decide to not fully charge the entire line in the summer of 2007, it would avoid triggering the take or pay requirement under the agreement with the NTMWD and the Potable Water and Pass Through Agreement by and Between the City of McKinney and the Greater Texoma Utility Authority. However, the delay would not avoid the debt service obligations. Each city is currently paying 25% of the required debt service. At this point, it is anticipated Melissa will take water in summer 2007, while Anna and Van Alstyne will need additional time to prepare to take their water. Howe will be last CGMA city to come online.

General Manager Chapman informed the Board that Operations Supervisor Moore has reported all contractors will be required to test the water line hydrostatically. The provision requiring disinfecting may be removed. The Authority staff can handle this task, which would reduce the contract amounts somewhat. General Manager Chapman related that Mr. Moore is doing a very good job of resolving issues with four contractors and has maintained good communication with the property owners on the easements.

XI. Adjourn

Upon motion by President Wright, seconded by Board Member Henderson and passed unanimously, the Board adjourned at 1:16 p.m.

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Recording Secretary

Secretary-Treasurer