

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

**MONDAY, FEBRUARY 19, 2007**

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

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Members Present: Donald Skelton, Bill Johnson, George Rowland, Mark Kuneman, Everett Grantham, Paul Kirley,

Members Absent: David Wright, Joe Henderson, Duane Hayes

Staff: Jerry Chapman, Carolyn Bennett, Carmen Catterson, and Lynn Bowdry

Visitors: Michael Wynne, Nall, Pelley, and Wynne, LLP  
David Gattis, Freeman-Millican, Inc.  
Kristin Savant, Fulbright & Jaworski  
Mark Gibson, City of Sherman

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I. Call to Order

President Skelton 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 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 made a motion to approve the consent agenda. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

III. \* Consider and act upon approval of Minutes of January 22, 2007 Special Meeting

IV. \* Consider and act upon approval of accrued liabilities for January 2007

V. Citizens to be Heard

General Manager Chapman informed the Board that the Texas Water Conservation meeting has been scheduled for March 6<sup>th</sup>-7<sup>th</sup> in Austin, Texas and extended an invitation for any interested Board members to attend the meeting.

## VI. Wastewater Activities

Receive reports on wastewater activities: General Manager Chapman reported that the Pottsboro wastewater treatment plant renovation project is scheduled to be considered by the Texas Water Development Board (TWDB) at their March meeting. The Board of Directors will be asked to consider this project at the April meeting.

Consider all matters incident and related to declaring expectation to reimburse expenditures with proceeds of future debt, including the adoption of a resolution pertaining thereto: General Manager Chapman reminded the Board that the City of Anna had previously requested \$3,855,000.00 in funding to construct certain water and sewer improvements. The first section of improvements will be funded through a \$2,500,000 bond issue. The application for this bond issue was approved at the January meeting and will be further acted upon in March. The bond approval will be on the April agenda. The second component of the financing will pay for approximately \$760,000 in improvements necessary to connect the City of Anna's water system to the Collin/Grayson Municipal Alliance (CGMA) surface water being constructed by the Greater Texoma Utility Authority (GTUA). This expenditure will be financed from a TWDB commitment issued in October 2005. The third component of the financing consists of facilities that have already been constructed. These projects include the Northpointe sewer collection system for approximately \$524,000 and the Ferguson Parkway water line for approximately \$70,000, for a total of \$594,000 for both projects. Since construction has already begun on these two projects, it is not possible to sell bonds for the City of Anna's portion of the expense to the TWDB.

In 2007, GTUA expects to issue more than \$10,000,000.00 in tax-exempt bonds. Therefore, the Authority will not be considered as a small issuer during 2007. As a result, any private placements with banks for this bond series would not be tax-exempt. The Authority could issue taxable bonds and refund them during a succeeding year, however the interest rate on such a taxable bond would be approximately 7%.

After discussing this matter with Mr. Garry Kimball of First Southwest Company, the Authority's financial advisor and Ms. Kristin Savant of Fulbright & Jaworski, the Authority's bond counsel, it was concluded that the most economical method of assisting the City of Anna in meeting its obligations would be to ask the City to use funds on hand in the treasury to pay their portion of the development costs and then, with reimbursement by the Authority in 2008 when bonds are issued.

Secretary/Treasurer Rowland made a motion to approve the Reimbursement Resolution authorizing the reimbursement of expenditures by the City of Anna relating to the Northpointe sewer collection system project and the Ferguson Parkway water line with proceeds of future debt. The motion was seconded by Board Member Grantham and passed unanimously.

## VII. Water Activities

Receive reports on water activities: General Manager Chapman reported that all contractors for the CGMA Water Transmission Project, except Red River Construction, are ahead of schedule. Four D is currently testing the lines and correcting leaks. Gin-Spen is nearly

ready to begin searching for and repairing leaks. David Gattis, consulting engineer with Freeman-Millican, Inc., confirmed this information and indicated that four leaks had been located and repaired. General Manager Chapman also reported that real estate issues on the Sherman Phase I Water System Improvement project were settled in a meeting last week between Mark Gibson and General Manager Chapman.

Due to the letters written by cities and water providers, an additional 90 days has been granted by the Texas Commission on Environmental Quality (TCEQ) regarding the Priority Groundwater Management Area (PGMA). A meeting for Cooke County has already been scheduled. Mark Gibson, Director of Utilities for the City of Sherman, and General Manager Chapman have discussed the need for a meeting for Grayson County cities and water providers to discuss information that is not accurate in the TCEQ Draft Report, such as the amount of water available in the Trinity, the need for water control, and the changes in surface water use. A meeting will be scheduled in mid-March and TCEQ representatives will be invited. If the meeting is not successful, the state could press for a Groundwater Control District (GCD) to be initiated for all 13 counties.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority accepting the contract with Whitewater Construction, Inc., for the Bolivar Water Supply Corporation Phase I water system improvements as complete: General Manager Chapman reported that all documents recommending the closeout of the contract with Whitewater Construction, Inc. for construction of the Bolivar Water Supply Corporation Phase I water system improvement project in south Cooke County, north Denton County, Montague County and Wise County have been submitted.

Vice President Johnson motioned for the approval of the resolution accepting the contract with Whitewater Construction, Inc for the Bolivar Water Supply Corporation's Phase I water system improvement as complete. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority authorizing the issuance of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2007-A (City of Anna Project)" for the construction, acquisition and improvement of water system facilities and necessary appurtenances for use by the City of Anna, Texas; and the payment of all costs incident and related to the construction and financing thereof; prescribing the form, terms, conditions and resolving other matters incident and related to the issuance, sale, and delivery of said bonds; including the pledge of certain revenues to pay the principal of and interest on such bonds; and resolving provisions incident and related to the subject and purpose of this resolution. The City of Anna initiated a plan for improvements to the water system approximately two years ago. This plan would be used to connect the City's lines to the CGMA surface water line and to make improvements throughout the City of Anna's distribution system to enable the CGMA surface water to reach all areas of the City. With the CGMA project nearing completion, the City of Anna is now ready to begin implementing these distribution system improvements. The final cost estimate to undertake and complete these improvements is \$760,000.00. Ms. Kristin Savant verified that this amount is part of the application the City of Anna submitted two years ago.

General Manager Chapman expanded to say that the Authority would be able to provide water to the CGMA line in June 2007, however, it now appears only the City of Melissa will be ready to accept the water. The City of Anna has not completed their facilities, the City of Van Alstyne has requested that Mr. David Gattis assist in moving their take point south of town, and the City of Howe is not currently pressed for surface water. The remaining three cities are anticipated to begin accepting water in the summer of 2008. Four D is already in the completion stages of their section of line and have found four leaks to date. The leaks have, so far, all been caused by installation damages, not pipe problems. President Skelton questioned whether the completed lines would deteriorate if not used for an extended period of time. Mr. Gattis described the procedures and requirements for the lines and explained that each line has a two-year guarantee. As such, once the cities are prepared to accept water, the CGMA line will be disinfected and pressure tested again to ensure quality. In addition, Mr. Gattis recommended valving be installed as part of the City of Melissa's second take point to reduce the possibility of problems in the future. General Manager Chapman explained that this Resolution is contingent upon the Anna City Council taking similar action in their February 27<sup>th</sup> meeting.

Motion was made by Vice President Johnson to approve the Resolution authorizing the issuance of \$760,000.00 Greater Texoma Utility Authority Contract Revenue Bonds Series 2007-A (City of Anna) for the City of Anna water system improvements, which will be taken from the existing \$5,000,000.00 Texas Water Development Board commitment for water system improvements, contingent upon the Anna City Council taking similar action at their February 27<sup>th</sup> meeting. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon proposal for engineering and surveying services for City of Sherman Lockhart Street waterline replacement project. General Manager Chapman reminded the Board that the Sherman Lockhart waterline replacement project is the third in series of projects with the City of Sherman. Vice President Johnson requested clarification on the project. Mr. Mark Gibson explained that the water line project will be to replace the existing water line with a new water line in the same location.

Motion was made by Board Member Grantham to approve the utilization of Morris Engineers of Morris Engineers to provide engineering services in the amount of \$15,250.00 and Underwood Drafting and Surveying to provide surveying services in the amount of \$5,250.00 for the City of Sherman Lockhart water line replacement project, contingent upon the Sherman City Council taking similar action at their February 20<sup>th</sup> meeting. The motion was seconded by Board Member Mark Kuneman and passed unanimously.

Consider all matters incident and related to declaring expectation to reimburse expenditures with proceeds of future debt, including the adoption of a resolution pertaining thereto. This item was acted upon in the wastewater portion of the meeting.

Consider and act upon Change Order No. 1 to the contract with Four D Construction, Inc., for the Collin/Grayson Municipal Alliance water transmission line project.

Mr. David Gattis provided Change Order No. 1 for the contract with Four D Construction for the middle portion of the CGMA water line project. Four D Construction has completed the majority of the 24" line and are currently in the testing and repairing phase of the

project. The Change Order increases the total cost by \$50,081.00 but does not increase the number of days allotted for the project. Mr. Gattis explained that the increase in cost is due to several circumstances. One cause for the increase is a request by the City of Anna to change the pipe casings at several thoroughfares. However, the City will reimburse the Authority for the cost of the casings, which will more than offset the cost of the increase. General Manager Chapman explained that another cause for the increase is the delay in obtaining DART permits. DART had additional requirements. Mr. Gattis negotiated with DART to decrease the requirements, thus saving \$150,000.00 in additional costs.

Secretary/Treasurer Rowland motioned to approve Change Order No. 1 to the contract with Four D to increase the total contract amount by \$50,081.00. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon Change Order No. 2 to the contract with Red River Construction Company for the Collin/Grayson Municipal Alliance water transmission line project. Mr. Gattis explained to the Board Change Order No. 2 to the contract with Red River Construction Company for the CGMA water transmission line project. The Change Order will increase the total contract amount by \$4,986.00 and is due to several small changes to the pump station. The pump station sits on the edge of a flood plain. Therefore, fencing with an additional gate will be added facing Hwy. 5 to provide maintenance access. The heating system was upgraded to central air, which saved money. The extra money was used to upgrade the gravity vents to allow better air exchange. In addition, a change was made to the Howe system since the City of Howe will not be taking water as soon as anticipated. The line will be installed in order to control the pump station until Howe's storage system reservoir is put into use. General Manager Chapman verified that the funds are available to cover the increase in cost.

Motion was made by Board Member Grantham to approve Change Order No. 2 to the contract with Red River Construction Company in the amount of \$4,986.00. The motion was seconded by Vice President Johnson and passed unanimously.

#### VIII. General Activities

##### \*Receive monthly financial reports

Receive Quarterly Investment Report. General Manager Chapman reported the Authority's projects have approximately \$18.1 million is invested with TexStar and in other investments. The majority of that amount is invested in short-term securities, which have better rates. As always, the Authority will try to maximize the safety and yield on all investments.

#### IX. Executive Session

Pursuant to Government Code Sections 551.071 and 551.072, the Board of Directors adjourned into closed Executive Session at 1:13 p.m. to discuss the following:

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

Deliberation Regarding Real Property: Consider 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 1:22 p.m. President Skelton stated no action was taken on items discussed during the Executive Session.

General Manager Chapman proposed the Board make a motion, contingent upon approval by the mayors of the CGMA, to accept a settlement offer from the Wilmeth 337 group at a total acquisition cost of \$22,000.00. Motion was made by Vice President Johnson to accept the settlement offer. The motion was seconded by Board Member Grantham and passed unanimously.

XI. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:23 p.m.

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Recording Secretary

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Secretary-Treasurer