

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

MONDAY, AUGUST 20, 2007

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

Members Present: Donald Skelton, Bill Johnson, Everett Grantham, Duane Hayes, Joe Henderson, Mark Kuneman, and Ray Nichols

Members Absent: Paul Kirley and George Rowland

Staff: Jerry Chapman, Carolyn Bennett, Debi Atkins, and Carmen Catterson

Visitors: Karen Bomar, Northwest Grayson WCID #1
Kevin Farley, City of Pottsboro
Bert Garcia, Nall, Pelley, and Wynne, LLP
David Gattis, Freeman-Millican Engineers
Gary Kimball, First Southwest
William Ray, Northwest Grayson WCID #1
Kristin Savant, Fulbright & Jaworski
Denise Smith, City of Pottsboro

I. Call to Order

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

III. * Consider and act upon approval of Minutes of July 17, 2007 Meeting

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

V. Citizens to be Heard

General Manager Chapman introduced several guests including Mr. William Ray, president for Northwest Grayson WCID #1, Mr. Kevin Farley with the City of Pottsboro, the Authority's bond counsel, Ms. Kristin Savant with Fulbright and Jaworski, the Authority's financial advisor, Mr.

Gary Kimball with First Southwest, and Mr. Bert Garcia with Nall, Pelley and Wynne, LLP., substituting for Mike Wynne, the Authority's legal counsel.

VI. Wastewater Activities

Receive reports on wastewater activities: General Manager Chapman expanded on the information contained in the Wastewater Report to provide the information from suppliers on the mechanical portion of the fine grit screening purchase for the City of Pottsboro wastewater treatment plant improvements. The items will be shipped ahead of schedule, however, the Authority has not received an exact date. The bids for the electrical portion of the treatment plant improvements will be opened on September 11th.

Consider and act upon award of contract for Ross Avenue Sewer Project (City of Sherman): General Manager Chapman explained that three bids were received for the City of Sherman Ross Avenue project. Whitewater Construction submitted the apparent low bid. The company satisfactorily completed a project for the Authority for Bolivar Water Supply Corporation. In order to give the project engineer enough time to investigate and consider the contractors before presenting a recommendation, the General Manager recommended that the item be tabled until the September meeting.

It was the consensus of the Board to table this item until September.

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-B (City of Anna Project)" for the construction, acquisition and improvement of sewer 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, acquisition, improvement 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 (\$1,105,000): The City of Anna is a rapidly growing city in north Collin County. The City needs to expand their water and wastewater systems to meet the Texas Commission on Environmental Quality's requirements. The City currently has \$7 million in outstanding bonds with the Authority and will add an additional \$4 million with the two bond resolutions contained on the agenda. Before finalizing the bond resolution, the Authority staff reviews the City's finances with Mr. Gary Kimball, the Authority's financial advisor to determine the City can pay the proposed debt at the current rates or if the rates need to be increased.

The Authority staff monitors financial audits provided by Anna to ensure they are meeting their debt service. A reserve account is maintained, as required by the Bond Resolution, in the event emergency situations occur. This account is utilized to make bond payments, if necessary.

Board Member Grantham motioned for the approval of a Resolution authorizing the issuance of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2007-B (City of Anna Project)" for \$1,105,000 for sewer system projects. The motion was seconded by Board Member Henderson and passed unanimously.

VII. Water Activities

Receive reports on water activities: General Manager Chapman explained that Argyle WSC requested \$1.605 million in bonds from the Texas Water Development Board (TWDB) Rural Water Assistance Fund. The Authority staff checked with the TWDB and verified the funds were available from this fund before completing the bond application process. However, the staff was subsequently contacted by the TWDB and informed that the funds were not available in the Rural Water Assistance Fund. The TWDB depleted that particular fund for the 2006-2007 fiscal year, but would issue new debt series in October. If the Authority determines the funds are needed, the TWDB can transfer money from another account. The Bond Resolution for this project was pulled from the August agenda and will be presented on a future agenda for consideration. The preconstruction meeting for the City of Sherman Texoma Parkway waterline project will be held on August 23rd. The Reallocation study for Lake Texoma has been delayed as a result of the 2007 Water Resources Act. The Bush administration has threatened to veto the Act, despite it already having gone through Congress.

Consider and act upon Change Order No. 3 to the contract with Fox Contractors, Inc. for the Collin/Grayson Municipal Alliance waterline project: This contractor installed the 30" pipeline from the pump station in McKinney north to Melissa. Mr. David Gattis, project engineer, has recommended Change Order No. 3, which reconciles the contract to final quantities used. The change order includes replacing bores with open cuts, DART permits were changed from 50' to 100', per DART requirements, and fewer fence gaps and gates were installed. The contractor did not cross a septic system or waterline, as originally anticipated; however, the change order adds for replacing a sewer line found in Melissa. The change order includes several changes in repair of asphalt and driveways, including a church in Melissa that added a concrete driveway after the contract was finalized, but before installation. The result of Change Order No. 3 is a net decrease is \$34,000. The contractor is aware of and has approved the changes contained in Change Order No. 3.

Vice President Johnson motioned for the approval of Change Order No. 3 to the contract with Fox Contractors, Inc. for the Collin/Grayson Municipal Alliance waterline project. The motion was seconded by Board Member Henderson and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority accepting the contract with Fox Contractors, Inc. for the Collin/Grayson Municipal Alliance Water Transmission Line Project as complete: A Resolution was presented to the Board of Directors accepting the contract with Fox Contractors, Inc. as complete. Close out documents are being processed for the contract.

Vice President Johnson motioned for the approval of a Resolution accepting the contract with Fox Contractors, Inc as complete, contingent upon receipt of closing documents. The motion was seconded by Board Member Henderson and passed unanimously.

Consider and act upon Change Order No. 1 to the contract with Gin-Spen Contractors, Inc. for the Collin/Grayson Municipal Alliance waterline project: General Manager Chapman requested the Board defer action on this item until next month. The owner of Gin-Spen Contractors, Inc recently had back surgery and will be unable to review the change order with Mr. David Gattis, project engineer, until late August or early September.

It was the consensus of the Board to table this item until September.

Consider and act upon award of contract to Jerry Paul Higgins, Ltd. for the City of Sherman Lockhart waterline project: Four bids were received for the City of Sherman Lockhart waterline project. The low bid was submitted by Jerry Paul Higgins, Ltd.

Board Member Henderson motioned for the award of contract to Jerry Paul Higgins, Ltd. for the City of Sherman Lockhart waterline project. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon a Resolution authorizing the issuance of “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2007-C (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, acquisition, improvement 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 (\$3,365,000): General Manager Chapman explained that this bond resolution is for the water projects on behalf of the City of Anna, as previously discussed under wastewater activities. The interest rate for this bond issue is different from the wastewater bond issue because of the longer maturity date of the bond. This date is extended due to the larger size of the bond.

Board Member Henderson motioned for the approval of a Resolution authorizing the issuance of “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2007-C (City of Anna Project)” for \$3,365,000 for sewer system projects. The motion was seconded by Vice President Johnson and passed unanimously.

Receive report on Argyle Water Supply Corporation waterline project: General Manager Chapman explained that Argyle WSC requested \$1.605 million in bonds from the TWDB. The Authority staff checked with the TWDB and verified the funds were available for use from the Rural Water Assistance Fund. The Authority staff completed the bond application process, but was contacted by the TWDB and informed that funds were not available in the fund. The TWDB received requests for too many projects to fund all of them in the 2006-2007 fiscal year, but the funds will be available in October. Chapman explained that until a rate is received from the TWDB, the bond resolution documents cannot be completed.

No action was requested at this time

Consider and act upon authorization for Greater Texoma Utility Authority to provide right of way services for the City of Gainesville: The City of Gainesville has requested assistance to help with right of way acquisition to improve the flooding situation along Pecan Creek. General Manager Chapman provided a proposal to the City, which was approved at their August 7th City Council meeting. Board Member Ray Nichols, representative for the City of Gainesville, reported that no building permits are currently being provided in the drainage area

Vice President Johnson motioned for the acceptance of the letter proposal approved by the City of Gainesville for right of way services. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon requests from Northwest Grayson WCID #1 and the City of Pottsboro for water storage contracts: Earlier this summer, the Corps of Engineers reallocated 1,515 acre-feet of water storage out of the original water allocation. Northwest Grayson WCID #1 (District) previously agreed to allow the City of Pottsboro to purchase the entire water allocation to allow the City to renegotiate their rates with the City of Denison. After discussions with Denison, Pottsboro discovered they would not be able to renegotiate the water rates even if they purchased the entire available allocation. General Manager Chapman recommended, based on the circumstances, to provide each entity with a portion of the available water storage based on the original request from the City and the District. He recommends the water storage be divided into 900 acre-feet to the City (or 60%) and 600 acre-feet to the District (or 40%). The Authority staff has already requested the contract for the 1,515 acre-feet of water storage from the Corps of Engineers. The contract process usually takes approximately 12 months to complete.

Board Member Henderson motioned for the approval of requests from Northwest Grayson WCID #1 and the City of Pottsboro for water storage contracts, with 60% of the water storage allocated to the City of Pottsboro and 40% allocated to the Northwest Grayson WCID #1. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon proposal for engineering and surveying services for U.S. 82 waterline from Lamberth Road to SH 289 for the City of Sherman: This project is part of Phase II for the City of Sherman waterline projects and extends the waterline on US 82 farther than the original project to connect to a recently annexed piece of land. The land owner requested City of Sherman utilities. Morris Engineers has provided a proposed agreement for engineering services associated with this project at a lump sum of \$34,000, with surveying to be provided by Underwood Drafting & Surveying, Inc. at a lump sum of \$9,000.

Board Member Henderson motioned for the approval of engineering and surveying services for the U.S. 82 waterline from Lamberth Road to SH 289 for the City of Sherman. 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 explained that most of the portfolio for the Authority's investments is in short-term investments in TexPool or TexStar. Approximately \$15 million is invested in TexStar and \$1.3 million is invested in TexPool. Chapman requested advice from the Board for recommendations in long-term investments.

Consider and act upon policy for use of Greater Texoma Utility Authority property: The version of the policy presented to the Board for consideration today is the same as was provided to the Board in previous meetings. Mr. Don Paschal, consultant for CGMA, reviewed the document and made no changes. The proposed resolution would apply to property the Authority owns and would govern how the staff would consider applications for use.

Board Member Grantham motioned for the approval of a policy for use of Greater Texoma Utility Authority property. The motion was seconded by Vice President Johnson and passed unanimously.

Consider appointment of Budget and Finance Committee: Mrs. Debi Atkins, the Authority's finance officer, submitted requests for audit proposals to local CPA firms. However, only one proposal was received. Most firms do not have the staff members to handle an audit the size of the Authority. Schalk & Smith has performed the Authority's audit for 15 years. Mrs. Atkins requested a Budget and Finance Committee be formed to assist in preparing the 2007-2008 budget.

President Skelton motioned for the appointment of a Budget and Finance Committee consisting of Board Members Hayes, Henderson, and Nichols. The motion was seconded by Vice President Johnson and passed unanimously. A meeting was scheduled with the committee on September 5, 2007 at 9:30 a.m.

Consider and act upon budget amendment for fiscal year ending September 30, 2007: Finance Officer Atkins submitted a budget amendment to the Board to modify the 2006-2007 fiscal year budget to reflect changes in predicted and actual expenditures. Many projects were scheduled to be undertaken in the 2006-2007 fiscal year, but the Authority needed to delay several of them for a variety of reasons. For example, Argyle WSC was unable to be funded this fiscal year due to the TWDB's lack of available funding. In addition, the Authority added several unanticipated projects. This amendment will more accurately depict the actual expenses for the fiscal year.

Board Member Henderson motioned for the approval of a budget amendment for the fiscal year ending September 30, 2007. The motion was seconded by Vice President Johnson and passed unanimously.

X. Executive Session:

The Board of Directors determined there was no need for a closed Executive Session and did not adjourn from the regular session.

The Authority is still waiting for a date to go to trial on the Owens case. The White case will be going to trial on Sept 19th. Mediation is expected prior to the trial date.

XI. Regular Session

Consider and act upon items listed in Executive Session. (see explanation above)

XII. Adjourn

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

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Recording Secretary

Secretary-Treasurer