

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

MONDAY, DECEMBER 17, 2007

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

Members Present: Donald Skelton, Bill Johnson, George Rowland, Everett Grantham, Paul Kirley, Duane Hayes, Mark Kuneman, and Ray Nichols

Members Absent: Joe Henderson

Staff: Jerry Chapman, Carolyn Bennett, and Carmen Catterson

Visitors: David Gattis, Freeman-Millican, Inc.
Don Paschal, Paschal Consulting
Kristen Savant, Fulbright & Jaworski

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 Board Member Grantham and passed unanimously.

III. * Consider and act upon approval of Minutes of November 19, 2007 Meeting

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

V. Citizens to be Heard

No citizen comments were heard.

VI. Wastewater Activities

Receive reports on wastewater activities: The plans and specifications for the Anna/Melissa joint wastewater project have been submitted to the Texas Water Development

Board (TWDB) for review. The Authority staff expects the plans and specifications for the Anna/Melissa project to be released soon. The Sherman Ross Avenue sewer project may need additional time and money due to the difficulty obtaining the railroad permit. The contractor has already purchased the required insurance, but the City has not been able to negotiate a permit with the railroad company. The lack of permit is causing a delay in completing the project.

The City of Bells received a Notice of Violation (NOV) from the Texas Commission on Environmental Quality (TCEQ). The Authority operates the City's wastewater treatment plant. The NOV was not the result of an operational problem. The plant exceeded its permitted capacity seven times in 2005, four times in 2006, and five times in 2007. Some of this is due to the extreme amount of rain received in July 2007, which resulted in collection overflows. The City will need to spend money to correct the problem.

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 (Melissa/Anna Project)" for the construction, acquisition and improvement of sewer facilities and necessary appurtenances for use by the Cities of Melissa and Anna and the payment of all costs incident and related to the construction, acquisition, and 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: This is a joint project between the Cities of Anna and Melissa. In the future, other cities will become involved as the southern part of Collin County develops. The first phase was approved in 2006. Since the project began, construction costs have increased. This bond issue will begin the second phase with a cost of \$3,230,000. Both Anna's and Melissa's City Councils have approved this bond issue. The proforma information attached demonstrates that Melissa will not require a rate adjustment to cover the additional debt service; however, Anna required a \$4 per month rate increase to sustain debt service for this issue. Kristen Savant with Fulbright & Jaworski, the Authority's bond counsel, explained that this bond issue is the same as past issuances.

Board Member Grantham motioned for approval of a Resolution authorizing the issuance of a contract revenue bond for or the Melissa/Anna sewer project. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority authorizing the General Manager to submit an application to the Texas Water Development Board for wastewater planning funds: Project consultant Don Paschal presented a slide show detailing the wastewater planning grant project and costs. Most of the Cities involved will need additional wastewater treatment plants and systems within the next six years. If the grant is awarded, the study will provide the information needed to provide economical wastewater systems to southern Grayson County and northern Collin County. An areawide study is more economically feasible than each entity trying to perform a study independently, as each study would cost approximately \$100,000. The Authority will perform in a similar role as for the Pottsboro/Denison wastewater planning project. North Texas Municipal Water District has

agreed to provide planning staff to perform the study. The Authority would be involved in administration of finances and other processes.

Board Member Grantham motioned for the approval of a Resolution authorizing the General Manager to submit an application to the Texas Water Development Board for wastewater planning funds. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

VII. Water Activities

Receive reports on water activities: The Groundwater Management Area (GMA) 8 meeting is being held this morning. Alan Moore, Operations Supervisor will attend the meeting in place of General Manager Chapman. The GMA 8 board is planning to adopt “Desired Future Conditions” for the aquifers from the Red River to Waco. No changes have been made on the Reallocation Study for Lake Texoma. General Manager Chapman met with the North Texas Municipal Water District (NTMWD) on December 13th to discuss a five-point plan for attacking the problem. First, General Manager Chapman will contact Rich Brontoli with the Red River Valley Authority. Mr. Brontoli has a long history of working with the Corps of Engineers, so hopefully he will be able to learn more information about why the report has not been released. Second, General Manager Chapman will contact Colonel Funkhouser to arrange a meeting. Third, Mr. Jim Parks with NTMWD will contact the Southwest Division Office to try to learn more information about the Report. Fourth, the Congressional Members in the area will be informed of the situation. Fifth, a meeting will be scheduled with the Senators and Congressmen either in the Texoma area or a Texas Water Day in February. The suspected reason for the delay in the release of the report is that this is the first time that water reserved for hydropower has been reallocated for municipal use. The hydropower interests want to be reimbursed at the market rate, which is much higher than the rate the Corps normally uses.

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 (Argyle Water Supply Corporation)” for the construction, acquisition and improvement of water supply facilities and necessary appurtenances for use by the Argyle Water Supply Corporation and the payment of all costs incident and related to the construction, acquisition, and 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: This project is being undertaken on behalf of Argyle WSC. Argyle is embarking on a 5 year Capital Improvement Program to extend several water lines. Kerry Maroney with Biggs and Mathews will be the consulting engineer for this project. On November 15th General Manager Chapman attended an all day retreat with the Board of Directors for the Argyle WSC to discuss their future plans. Argyle WSC is a very financially sound entity. Kristen Savant with Fulbright & Jaworski discussed the Argyle WSC bond issue with the Board.

Vice President Johnson motioned for the approval of a Resolution authorizing the issuance of contract revenue bonds for the Argyle Water Supply Corporation project. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority accepting the contract with Red River Construction Company, Inc for the Collin/Grayson Municipal Alliance Water Transmission Line project as complete: Red River Construction Co. is the final contract to be closed out for the CGMA waterline project. Mr. David Gattis, consulting engineer for the project, verified that the contractor has completed all punch list items. The tanks, however, have shown evidence of minor leaks, which is not unusual for newly installed tanks. The tanks are bolted tanks, as opposed to welded steel, which also increases the possibility for leaks. All visible leaks have been corrected at both McKinney and Howe sites, but Alan Moore, the Authority's Operation Supervisor, and Mr. Gattis prefer evidence of several weeks of dry performance before finalizing the contract. The contractor needs to correct the issues before it becomes a warranty item after finalizing the contract. The contract will not be closed until the leaks have been repaired for a minimum of two weeks.

Secretary/Treasurer Rowland motioned for the approval of a Resolution accepting the contract with Red River Construction Company, Inc for the Collin/Grayson Municipal Alliance water transmission line project as complete, contingent upon all leaks being corrected and dry performance for a minimum of two weeks. The motion was seconded by Board member Grantham and passed unanimously.

VIII. General Activities

*Receive Monthly Financial Reports

Consider appointment of Nominating Committee for selection of officers for 2008 calendar year: President Skelton appointed Board Members Everett Grantham, Paul Kirley, and Ray Nichols as the Nominating Committee for selection of officers for the 2008 calendar year.

IX. Adjourn

Upon motion by President Skelton, seconded by Board Member Grantham and passed unanimously, the Board adjourned at 1:48 p.m.

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Recording Secretary

Secretary-Treasurer