

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

**MONDAY, OCTOBER 19, 2009**

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

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Members Present: Don Skelton, Bill Johnson, George Rowland, Everett Grantham, Paul Kirley, David Sprowl, Clyde Yeatts

Members Absent: Duane Hayes, Mark Kuneman

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

Visitors: Mike Wynne, Nall, Pelley & Wynne  
Kristen Savant, Fulbright & Jaworski  
Mark Gibson, City of Sherman  
David Howerton, City of Denison

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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. Vice President Johnson motioned to approve the consent agenda. The motion was seconded by Board Member Sprowl and passed unanimously.

III. \* Consider and act upon approval of Minutes of September 21, 2009 Meeting

IV. \* Consider and act upon approval of accrued liabilities for September 2009

V. Citizens to be Heard

At this time, President Skelton reported that the Greater Texoma Utility Authority (Authority) had received a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officer's Association (GFOA). He expressed his appreciation to Debi Atkins, the Authority's Finance Officer in her excellent work. Vice President Johnson requested the award be submitted to the local newspaper.

General Manager Chapman introduced Mark Gibson with the City of Sherman, David Howerton with the City of Denison and Kristen Savant with Fulbright & Jaworski, the Authority's bond counsel.

VI. Wastewater Activities

Consider all matters incident and related to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2009A (City of Melissa Project)", including the adoption of a resolution authorizing the issuance of such bonds.

This is a bond resolution for financing a project in Melissa. A handout was provided to the Board illustrating the location of the proposed sewer improvements. The City of Melissa was instructed by the Texas Department of Transportation (TxDOT) to relocate a waterline, sewer line and lift station for Hwy 5 improvements. The TxDOT prefers the project be undertaken by the end of the year. The bonds are being issued in two parts. This is the first of the two bond series and is for \$445,000. Ms. Savant reported the bonds are very similar to previous bond resolutions. However, the Authority does not have any outstanding bonds with the City of Melissa. Therefore, this bond resolution will function as the base resolution. Slightly different, but has the same provisions as past resolutions. City of Melissa will be adopting the ordinance for the bonds. All future bond issues will reflect this base resolution.

Vice President Johnson motioned to execute a resolution authorizing the issuance and sale of the Greater Texoma Utility Authority Contract Revenue Bonds, Series 2009A (City of Melissa Project). The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon authorization for the General Manager to advertise for bids for projects associated with the 2009A \$445,000 Melissa bond issue.

This will authorize the Authority staff to pay right of way, engineering and to advertise for bids associated with the Melissa 2009A \$445,000 bond series. President Skelton inquired about the location of the relocation of the water and sewer lines. Chapman referred President Skelton to a map that reflected the location of the lines along with the master plans for Hwy 5 and FM 121.

Vice President Johnson motioned to authorize the General Manager to advertise for bids for wastewater projects associated with the 2009A \$445,000 Melissa bond issue. The motion was seconded by Board Member Grantham and passed unanimously.

Receive report on Melissa-Anna sewer project

Chapman reported that the Settlement Agreement between the Authority, the Cities of Anna and Melissa and BWR Corp. has been achieved. The signatures were completed earlier in the day. Mike Wynne, the Authority's general counsel has expressed his satisfaction with the agreement. Once the Texas Water Development Board (TWDB) submits a letter authorizing the transfer of funds from the Anna 2007 sewer project to the Anna-Melissa sewer project, a partial payment will be remitted to BWR Corp. Mr. Wynne reported that the next step

is to meet with Travelers, Inc. to pursue the claim for the additional costs incurred as a result of the delay in completion. The total cost is approximately \$100,000. He emailed the Travelers, Inc. representative regarding possible meeting dates.

Receive report on Upper East Fork Sewer Study.

On October 14<sup>th</sup>, representatives of the eight cities participating in the study met to discuss the status of the study. Only Princeton was not able to attend. Freese & Nichols, Inc. provided a status update for their work to date. Some discussion was undertaken to determine accurate population estimates for each area. Another meeting will be held in January. The Board will be updated once a meeting date has been established. The purpose of the study is to determine the future wastewater needs in the Upper East Fork Basin. All the sewer collections will eventually flow into Lake Lavon. The North Texas Municipal Water District (NTMWD) has a significant interest in where the flow will go into Lake Lavon. This project should be finished by the first quarter of 2010. Ms. Atkins reported that no financing had been received from the TWDB at this time. The Authority is currently using local funds to pay all invoices. Once the local funds are exercised, the TWDB will begin to provide funding.

VII. Water Activities

Consider all matters incident and related to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2009A (City of Melissa Project)", including the adoption of a resolution authorizing the issuance of such bonds.

This item was discussed and motion was made under Wastewater Activities, Item VI-A.

Consider and act upon authorization for the General Manager to advertise for bids for projects associated with the 2009A \$445,000 Melissa bond issue.

This item was discussed and motion was made under Wastewater Activities, Item VI-B.

Consider and act upon matters relating to the Application No. 4301B to Amend the Authority's Water Use Permit No. 4301 for Lake Texoma.

The Authority is in the process of securing the additional 50,000 acre-feet of water storage in Lake Texoma. In order to complete the process, the Water Use Permit No. 4301 must be amended. This application was submitted to the Texas Commission on Environmental Quality (TCEQ) in July. The TCEQ found five items to be deficient. Freese & Nichols will reply to three of the five items. The second item is a signed contract with the Corps of Engineers. Chapman will respond to the TCEQ stating that the contract is still unavailable, but will be forwarded once it is received and executed. The last item is a fee of \$60,236.25 to pay for the permit. Chapman proposes the fee be included in the financing for the water storage, then each entity would pay a proportionate amount as part of their bond payment. A second option would be to pay the bill and then bill each entity a proportionate amount based on how much water storage they purchase. The entities will still pay the same amount for the permit, but the second

option would result in two invoices being submitted to each entity. A response to each of the five items must be submitted to the TCEQ by November 2<sup>nd</sup>, including the \$60,236.25 payment.

Board Member Grantham motioned to authorize the issuance of \$60,236.25 to the TCEQ to amend Permit No. 4301. The motion was seconded by Secretary-Treasurer Rowland and passed unanimously.

Consider and act upon a Resolution accepting the contract with WR Hodgson Co., Inc. for the Anna West Crossing Blvd waterline project as complete.

This is a waterline that installed in Anna by WR Hodgson Co., Inc. This will be on Anna's agenda for October 27<sup>th</sup>.

Board Member Sprowl motioned to authorize a Resolution accepting the contract with WR Hodgson Co., Inc. for the Anna West Crossing Blvd waterline project as complete, contingent upon similar action being taken by the Anna City Council. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon a Resolution accepting the contract with Tank Builders, Inc. for the Anna South Plant 1.5 Million Gallon Ground Storage Tank project as complete.

This 1.5 million gallon ground storage tank was constructed in Anna so the City could take water from the Collin-Grayson Municipal Alliance waterline. The only problem that occurred during construction was the paint subcontractor over sprayed onto the pump station. However, the situation was resolved satisfactorily by the insurance carrier for the painting subcontractor.

Vice President Johnson motioned to authorize a Resolution accepting the contract with Tank Builders, Inc. for the Anna South Plant 1.5 Million Gallon Ground Storage Tank project as complete. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon Water Revenue Sharing Agreement between the Greater Texoma Utility Authority and the North Texas Municipal Water District

Panda Energy, LLC requested raw water from the City of Sherman last year. An agreement has been drafted and has been approved by the NTMWD, Mike Wynne, and the City of Sherman allowing the Authority to transport raw water to Panda's site through a portion of the Lake Texoma Raw Water Line owned entirely by the NTMWD. The proposal for revenue sharing is attached. This provides for the Authority to share with the NTMWD 8% of the revenue received from selling water to Panda Energy, LLC. This was a more economical decision than leasing or purchasing equity in the line. This is on the NTMWD's agenda for action at their next Board meeting. Panda Energy, LLC has received their air permit to emit certain pollutants and plans to be in production by 2012.

Board Member Sprowl motioned to authorize the execution of a Water Revenue Sharing Agreement between the Authority and the NTMWD. The motion was seconded by Secretary-Treasurer Rowland and passed unanimously.

Receive update on Texas Water Development Board Water Infrastructure Fund application for Lake Texoma Water Storage funding.

This application will fund the additional 50,000 acre-feet of water storage from Lake Texoma. The application is for \$22 million. Collinsville, Van Alstyne and Whitesboro have not verified the amount of water storage they want to purchase. All but 3,000 or 4,000 acre-feet have been requested.

Receive report on Groundwater Conservation District Activities.

The Red River Groundwater Conservation District (GCD) Board Members met last week. George Olson and David Gattis are representatives for Sherman, Don Wortham represents the rural water providers, and John Young represents the small cities in Grayson County. They plan to meet November 5<sup>th</sup> at the Grayson County Courthouse to determine their priorities between now and the first of the year.

Receive report on Reallocation Study.

A report from Cynthia Kitchens with the Corps of Engineers was distributed to the Board at the meeting. They are anticipating a response from the US Army Corps of Engineers headquarters by October 30<sup>th</sup>.

Consider all matters incident and related to the redemption of the outstanding "Greater Texoma Utility Authority Contract Revenue Bonds, Series 1995 (Town of Lindsay Project)", including the adoption of a resolution pertaining thereto.

The City of Lindsay contacted the Authority earlier this year and requested to call their bonds since they had the cash reserves available. Ms. Savant worked with the paying agent to waive the 45-day notice. In order to call the bonds at the next available date, December 1<sup>st</sup>, the Board needed to take action at the October Board meeting. The resolution authorizes the General Manger to notify the paying agent of the City's desire to call the bonds.

Secretary-Treasurer Rowland motioned to authorize a Resolution related to the redemption of the outstanding "Greater Texoma Utility Authority Contract Revenue Bonds, Series 1995 (Town of Lindsay Project)." The motion was seconded by Vice President Johnson and passed unanimously.

VIII. General Activities

\*Receive Monthly Financial Reports

Consider and act upon Single Audit Requirement.

This item has to do with a Single Audit requirement received from the TWDB. When an entity spends more than \$500,000 of federal funds in a single year, they are required to perform a Single Audit. When a regular audit is performed, the auditor only uses a sample set. However, a Single Audit has to review every expense and every deposit for the project. Mrs. Atkins requested an estimate from Schalk & Smith, but has not received a response. The Board


expressed concern about not having a cost estimate. Chapman recommended setting a not to exceed amount of \$2,500 for the audit, to ensure that the Single Audit could be done as efficiently as possible.

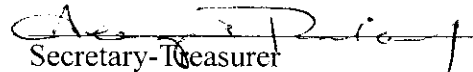
Vice President Johnson motioned to authorize the additional expenditure of funds for Schalk & Smith to complete the Single Audit required by the TWDB not to exceed \$2,500. The motion was seconded by Board Member Grantham and passed unanimously.

IX. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:20 p.m.

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Recording Secretary

  
Secretary-Treasurer