

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

**MONDAY, MAY 29, 2012**

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

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

Members Absent: None

Staff: Jerry Chapman, Carolyn Bennett, Laurie Killian and Carmen Catterson

Visitors: Burt Garcia, Wynne and Smith, LLC  
Jonathan Cannon, Herald Democrat  
David Gattis, Freeman Millican, Inc.  
Ryan Hayes  
Garry Kimball, Specialized Public Finance Inc.  
Kristen Savant, Fulbright & Jaworski

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I. Call to Order

President Skelton called the meeting to order at 12:31 PM

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 Sprowl motioned 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 April 16, 2012 Meeting

IV. \* Consider and act upon approval of accrued liabilities for April 2012

V. Citizens to be Heard

Mr. Chapman introduced the visitors and Board Member Hayes introduced his son, Ryan Hayes. He is introducing his son to local government during the summer.

VI. Consider all matters incident and related to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Refunding Bonds, Series 2012A (City of Sherman Project)", including the adoption of a resolution authorizing the issuance of such bonds and delegating certain matters relating to the issuance and sale of the bonds to an authorized official of the Authority.

Mr. Kimball continually reviews the Authority's bond issues for potential refunding. Mr. Kimball identified in 2011 several issues that will reach their callable date in 2012. Interest rates today are lower than the rates were when they were issued. Bond series 2002A, 2002B and 2003 are being recommended for refunding. The current rates will result in a savings of approximately \$1 million with a net present value savings of approximately 8.3%. Mr. Kimball reviewed the specifications of the refunding. The resolution is very similar to past refunding resolutions. Ms. Savant reviewed the specifications of the bond and the process required to complete the refunding.

Board Member Sprowl motioned to approve all matters incident and related to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Refunding Bonds, Series 2012A (City of Sherman Project)", including the adoption of a resolution authorizing the issuance of such bonds and delegating certain matters relating to the issuance and sale to an authorized official of the Authority. The motion was seconded by Vice President Johnson and passed unanimously.

VII. Consider all matters incident and related to approving the expenditures of surplus proceeds of sale of the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2010 (Lake Texoma Water Storage Project)" to the Texas Water Development Board in exchange for the cancellation of a like principal amount of bonds, including adoption of a resolution pertaining thereto

In 2010, the Authority issued \$21.3 million to purchase 50,000 acre-feet of water storage in Lake Texoma. Mr. Chapman briefly reviewed the history behind the purchase and the sale of bonds to fund the purchase. The bond resolution was structured as a one project, with the funds being used solely to fund the purchase of the water storage. Unfortunately, this meant that the remaining funds after purchasing the bonds cannot be used for any other project. The resolution would transfer \$155,000 to the Texas Water Development Board (TWDB) in exchange for a repayment of a like-amount of bonds.

Secretary/Treasurer Rowland motioned to adopt a resolution approving the expenditures of surplus proceeds of sale of the "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2010 (Lake Texoma Water Storage Project)" to the TWDB in exchange for the cancellation of a like principal amount of bonds. The motion was seconded by Board Member Grantham and passed unanimously.

VIII. Consider and act upon a Resolution accepting the contract with Howard-Estruct, JV for the Sherman Hwy 75 North Sewer Contract "D" as complete.

Contract "D" of the Sherman Hwy 75 North Sewer projects is the final portion of the series of projects to be closed out. Mr. Gattis, the consulting engineer, is recommending close out of the contract. The project has been operational since December 2011. The remaining punch list items are very minor and the contractor is working to complete them. If the contract is closed out, the required documents will be submitted to the TWDB for approval, but the retainage will be held and the City of Sherman will not be requested to accept the project as complete until the punch list is finished. The punch list should be complete in approximately 30 days.

Board Member Kirley motioned to adopt a Resolution accepting the contract with Howard-Estruct, JV for the Sherman Hwy 75 North Sewer Contract "D" project as complete, contingent upon receipt of close out documents. The motion was seconded by Board Member Yeatts and passed unanimously.

IX. Consider and act upon a contract with the City of Anna to provide right of way acquisition services.

The City of Anna requested a proposal for right of way acquisition services recently since the Authority has provided those services for other cities in the past. The City will be required to move water and sewer lines along FM 455 due to a road widening project by the Texas Department of Transportation. The staff provided a proposal and the City responded that they were interested in contracting with the Authority to secure the easements. Ms. Bennett will do 95% of the work to acquire the 15 parcels. Mr. Chapman briefly reviewed the

right of way acquisition process, which includes three separate contacts to the property owners before condemnation is considered. The Authority's General Counsel Mr. Wynne reviewed the contract.

Board Member Grantham motioned to enter into a contract with the City of Anna for the Authority to provide right of way acquisition services. The motion was seconded by Board Member Yeatts with Board Member Hayes abstaining. The motion passed unanimously.

X. Consider all matters incident and related to a Lake Texoma Water Storage Project, including approving and authorizing the execution and delivery of a Contract for Water Supply Services with Woodbine Water Supply Corporation in relation to such project

When the Authority purchased 50,000 acre-feet of water storage in Lake Texoma, the Authority utilized tax exempt bonds. Two entities, the Woodbine WSC and the Lake Kiowa SUD were not eligible to purchase through the tax exempt bonds. The Corps of Engineers reported that 1,515 acre-feet of water storage was available for purchase. The Authority contracted with the Corps of Engineers to purchase the 1,515 acre-feet of water storage on behalf of the Woodbine WSC and the Lake Kiowa SUD. The Authority needs a contract with the water suppliers to verify that payments will be made for the water storage and that the two entities are guaranteed the water storage capacity in the future.

Ms. Savant developed contracts with the two water suppliers and reviewed the contracts with the Board. The two contracts mirror each other and outline the payment obligations, as well as their water storage rights. Mr. Martin Rochelle of the Lloyd Gosselink Firm is reviewing the contracts as a water attorney. The resolution would authorize Mr. Chapman to negotiate any final changes with the water producers and Mr. Rochelle and then execute the contracts.

Secretary/Treasurer Rowland motioned to authorize a Contract for Water Supply Services with the Woodbine WSC in connection with the Lake Texoma Water Storage Project. The motion was seconded by Board Member Kirley and passed unanimously.

XI. Consider all matters incident and related to a Lake Texoma Water Storage Project, including approving and authorizing the execution and delivery of a Contract for Water Supply Services with Lake Kiowa Special Utility District in relation to such project

Board Member Yeatts motioned to authorize a Contract for Water Supply Services with the Lake Kiowa SUD in connection with the Lake Texoma Water Storage Project. The motion was seconded by Board Member Kirley and passed unanimously.

Secretary/Treasurer Rowland left at 1:10 PM.

XII. Consider and provide direction on health insurance coverage for employees for 2012-2013

Mrs. Killian has previous experience on health insurance and recently notified Mr. Chapman that the current carrier requires notice by June 1<sup>st</sup> as to whether the insurance contract will be continued or cancelled. Several options were provided for the Board's consideration. Unfortunately, the Authority is too small to purchase a large plan and does not qualify for the pools that cities and counties use. Nine employees currently purchase insurance with four spouses and two families. Secretary/Treasurer Rowland and President Skelton expressed a desire to not increase the deductible. President Skelton noted the staff has not had raises in three years and health insurance should be a benefit provided to the staff. The Board agreed to continue coverage as it currently stands. Cities cannot cover the Authority since the Authority is a separate entity and the insurance carrier will not allow the Authority under the umbrella.

Board Member Yeatts motioned to keep the health insurance coverage as it currently stands with no increase in deductible. The motion was seconded by Board Member Sprowl and passed unanimously.

XIII. \*Receive Monthly Financials

XIV. Receive Quarterly Investment Report

The staff purchased securities recently at a 0.4% interest rate, which is not a much higher yield, but is better than the 0.11% offered by the pools.

XV. Receive General Manager's Report

Mr. Chapman reported that the staff is spending time on the Red River Groundwater Conservation District and North Texas Groundwater Conservation District activities. Both district's Management Plans have been approved and submitted to the TWDB. The well registration websites are not currently active, but should be in the next week or two. Mr. Chapman also reported that the staff is working to reprogram approximately \$650,000 in bonds remaining for the City of Sherman to construct additional wastewater projects on the City's Capital Improvement Project list.

The Collin-Grayson Municipal Alliance waterline project is being utilized to service the City of Melissa. The City of Anna intends to take water in 2013. Van Alstyne had considered taking water this summer to supplement a well that is not working. However, due to the length of time required to transport the water to Van Alstyne and the cost to disinfect the line, the City has decided not to begin utilizing the water this year.

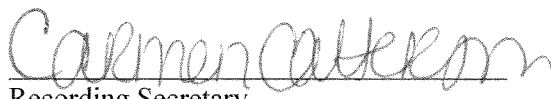
The City of Van Alstyne is utilizing the SEP program in lieu of paying approximately \$30,000 in fines for wastewater treatment plan violations. On Friday, the staff learned that the City of Denton has formally removed their objection from the City of Krum's application for their wastewater permit. Panda Electric intends to begin construction on their facility on the south side of Sherman. They have been researching the Zebra Mussels issue to see if there will be any impact on their plant.

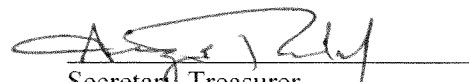
The North Texas Municipal Water District is continuing to acquire property to construct their 84-inch waterline south from Howe to Leonard and then south toward Farmersville around the lower edge of Lake Lavon to their water treatment plan on the shores of Lake Lavon. This \$270 million project will be completed in November 2013. This will unlock the 28% of their supply that is in Lake Texoma because it will not be released into the Trinity River Basin, they will be filtered at the water treatment plant.

XVI. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:31 PM.

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Recording Secretary

  
Secretary-Treasurer