

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

**MONDAY, JULY 16, 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, Clyde Yeatts

Members Absent: Mark Kuneman, David Sprowl

Staff: Jerry Chapman and Carmen Catterson

Visitors: Mike Wynne, Wynne and Smith, LLC  
Mark Gibson, City of Sherman

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I. Call to Order

President Skelton called the meeting to order at 12:30 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 Grantham motioned to approve the consent agenda. The motion was seconded by Board Member Yeatts and passed unanimously.

III. \* Consider and act upon approval of Minutes of May 29, 2012 Special Meeting

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

V. Citizens to be Heard

Mr. Chapman welcomed Mr. Gibson.

VI. Consider all matters incident and related to the adoption of a resolution providing for the redemption of certain outstanding "Greater Texoma Utility Authority Contract Revenue Bonds, Series 1996 (City of Whitewright Project)" and "Greater Texoma Utility Authority Contract Revenue Bonds, Series 1999 (City of Whitewright Project)"; and resolving other matters incident and related to the redemption of such bonds.

The City of Whitewright inquired about redeeming two bond issues nearing their call date. Both issues have interest rates of approximately 6%. By redeeming the bond series, the City will save interest costs. The redemption must be published 45 days before the call date of October 1<sup>st</sup>. The City has been notified of the process and timeline.

Board Member Kirley motioned to approve all matters incident and related to the redemption of “Greater Texoma Utility Authority Contract Revenue Refunding Bonds, Series 1996 (City of Whitewright Project)” and “Greater Texoma Utility Authority Contract Revenue Bonds, Series 1999 (City of Whitewright Project)”. The motion was seconded by Vice President Johnson and passed unanimously.

VII. Consider and act upon award of contract for the City of Sherman Surface Water Distribution Pipeline East project.

This was included on the agenda to provide the Board some indication that the project would be within the budgeted amount. The project will add a second distribution line from the water treatment plant east to North Travis Street. Bonds were issued to construct this project. A recommendation for award was not available because the consulting engineer has not received all of the Bidder’s Qualifications for the low bidder. A recommendation will be available at the next meeting. In addition, the City of Sherman is still in the process of obtaining a final easement, so the award of contract will need to be delayed until the easement is filed.

VIII. Consider and act upon the North Texas Municipal Water District’s request to terminate contract for raw water supply.

The North Texas Municipal Water District (NTMWD) signed a contract with the Authority in 2004 to purchase raw water from the Authority up to 25,000 acre-feet per year. Every year the Authority visits with the City of Sherman to determine the amount of water the City needs per year and the rest of the water is sold to the NTMWD. The NTMWD contacted the Authority and requested to terminate the contract since the water cannot be pumped from Lake Texoma, but a minimum amount of water must be purchased per the contract requirements.

The agreement still has value to the NTMWD because the Authority has an Interbasin Transfer Permit attached to the water storage. Once the NTMWD pipeline from Lake Texoma to the water treatment plant on Lake Lavon, the NTMWD may want to purchase the water storage from the Authority in order to utilize the Interbasin Transfer Permit. The water storage could be sold to other retail water suppliers. Marilee SUD has indicated some interest in purchasing treated water from the City of Sherman.

The NTMWD authorized the sale of the bonds for the pipeline from Lake Texoma to the water treatment plant at Lake Lavon. The pipe has been ordered and is expected to be complete in several months. The pipeline should be complete by Fall 2013. No zebra mussels have been found in Lake Lavon or Lake Ray Hubbard, but zebra mussel DNA has been found in Lake Lavon, Lake Ray Hubbard and Lake Caddo.

Vice President Johnson motioned to accept the NTMWD’s request to terminate the contract for raw water supply. The motion was seconded by Board Member Kirley and passed unanimously.

IX. Discuss proposed federal legislation to amend the Lacey Act.

Congressman Hall is willing to and has offered to introduce a piece of legislation in the House to amend the Lacey Act. The Lacey Act was created in 1981 to address invasive species. The bill is small and vaguely worried and is not expected to be opposed in the House. However, the Senate Committee may experience some opposition. This bill would exempt the Lake Texoma Pump Station from the Lacey Act regarding zebra mussels. The current wording of the Lacey Act could potentially prevent GTUA or the NTMWD from pumping due to zebra mussels in Lake Texoma.

Mr. Chapman has spoken with members of the House Natural Resources Committee. The NTMWD visited Washington, DC to discuss the revision with members of the Natural Resources Committee and Fish and Wildlife.

The border between Texas and Oklahoma was drawn according to incorrect coordinates. The incorrect coordinates affects everyone. However, Oklahoma is not of a mind to adjust the boundary since Tarrant Regional Water District has attempted to get water through the courts. The issue is also not high on the State Attorney's priority list. The NTMWD may choose to switch a small pump with a large pump. The small pump is still on the Texas side of the boundary, so in the event of an accusation of transporting invasive species a large pump would still be available for use.

Board Member Kirley motioned to support the amendment to the Lacey Act. The motion was seconded by Board Member Yeatts and passed unanimously.

X. Consider and discuss status of Krum Wastewater Treatment Reconstruction Project.

A \$2.8 million commitment from the Texas Water Development Board (TWDB) expires in October. The project was delayed due to a contestation from the City of Denton against the City of Krum wastewater permit application. This has been resolved and the bond resolution will be on the August agenda. The City of Krum has a contract with the City of Denton to treat some wastewater and that will not be dissolved.

XI. \*Receive Monthly Financials

XII. Consider and act upon the appointment of a budget committee for FY 2013

Interest earnings are flat currently and the Authority has utilized a provision in the Contracts for Water and Sewer Service currently in place and the staff has submitted invoices to the cities. All have paid except one. Mr. Chapman visited the Anna City Council the week of July 2<sup>nd</sup> and the City submitted their payment at the end of the week. This provision will continue to be utilized next year since interest rates are still low. President Skelton appointed Board Members Kirley, Rowland and Hayes to the budget committee for FY 2013. This is the same committee as the previous year. The budget will need to be adopted in September and reviewed by the Committee in August for a recommendation to be provided.

XIII. Receive General Manager's Report

Mr. Chapman reported that the North Texas GCD has registered 635 wells. The municipal suppliers, energy companies, and golf courses have registered. One of the most vocal citizens is Kenny Klement, a member of the Board of Directors. Mr. Klement spent the afternoon with the field technician on Friday and was satisfied that the field technician is aware of all energy wells. The staff has scheduled meetings with the AgriLife organization to educate the public on groundwater. These meetings will be held in July and August in each of the three counties.

The Red River GCD has registered 292 wells since April 1<sup>st</sup>. On July 1<sup>st</sup>, a \$100 registration fee and a \$100 driller log deposit fee became effective.

The transmission line and elevated storage tank for the City of Princeton is expected to close out next month. The City of Anna has received approval for a below-marked TWDB loan, which should be pursued in the next months.

Panda Energy contacted the Authority for copies of water storage contracts and permits in order to pursue their financing. Their underwriters wanted to make sure there was no possibility of interruption of service. Some limited clearing is expected in the next few weeks. Their bond sale is scheduled for early August. Their operation is expected to be complete and running by 2014. They will utilize approximately 4 million gallons per day of raw water.

On August 9, 2012, Mr. Chapman has a meeting with the City of Denison to discuss how the City can become a purveyor of water to the area. The City of Gainesville requested an estimate on providing an additional \$6 million in projects. The City has some debt that will be completely amortized in February, which will open some revenue to complete additional projects that are needed without raising the fees.

Secretary/Treasurer Rowland commented that he will be unavailable

XVI. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:13 PM.

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Recording Secretary

  
Secretary-Treasurer