

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

MONDAY, OCTOBER 16, 2006

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

Members Present: David Wright, George Rowland, Bill Johnson, Joe Henderson, Everett Grantham, Mark Kuneman and Paul Kirley

Members Absent: Donald Skelton

Staff: Jerry Chapman, Carolyn Bennett, and Lynn Bowdry

Visitors: Michael C. Wynne, Nall, Pelley, and Wynne, LLP
Mark Gibson, City of Sherman
David Gattis, Freeman Millican, Inc.

I. Call to Order

President Wright 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 Wright 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.

General Manager Chapman directed the Board's attention to the Liabilities Resolution for September 2006 and a problem with ultra flex connectors supplied by Shaw Environmental/LFG Specialties for the Dripping Springs Landfill gas piping system. The connectors must be replaced periodically. Some connectors from a recent order, invoiced at \$1,897.34, began to fail after less than 10 days, and a few developed problems within 4 days. This created a difficult and frustrating situation of having to frequently replace the connectors. The Authority staff is attempting to locate a new supplier for these devices; however, our landfill consultants do not know of any other vendor who carries this type of flexible connector.

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

III. *Consider and act upon approval of Minutes of September 18, 2006 Meeting

IV. *Consider and act upon approval of accrued liabilities for September 2006

V. Citizens to be heard

There were no citizen comments presented.

VI. Wastewater Activities

Receive reports on wastewater activities. General Manager Chapman indicated the City of Melissa/City of Anna sewer project funding would close on November 1st. The project will be constructed in phases. A meeting with Pottsboro officials has been scheduled for Monday, October 16th, to discuss the City's potential wastewater projects. The City of Gainesville has requested the Authority assist with a concrete drainage project along Pecan Creek. The staff will help the City of Gainesville obtain Right of Entry and easements for this project.

VII. Water Activities

Receive reports on water activities. General Manager Chapman indicated the contractor for the City of Bells project is scheduled to appear at the work site on October 16th-17th. The Authority cannot force the contractor to appear but can enforce liquidated damages if the contract deadline is missed.

Contractors for the Collin/Grayson Municipal Alliance ("CGMA") water transmission line project are moving swiftly, especially Four D Construction. Working on Contract C – 24" Water Line, they are expected to complete their work around the first of the year, according to Mr. David Gattis of Freeman-Millican, the consulting engineer.

General Manager Chapman reminded the Board that the Dallas Area Rapid Transit ("DART") owns the railroad, which will be crossed seven times by the CGMA water line. DART usually requires an annual payment of \$600 for each crossing. Mr. Gattis, the project engineer, was able to negotiate a one-time fee of \$9,450 per crossing. The funds for these fees will be taken out of the contingencies line item.

General Manager Chapman informed the Board one issue remains to be resolved with DART, regarding their request for valves to be placed on either side of the railroad at each crossing made by the CGMA water line. The Authority has already planned for 100' minimum casings at these crossings so drainage from any line break would be a reasonable distance from the railroad. In addition, this is a transmission line, not a distribution line, and the DART valve request is highly unusual. A meeting has been scheduled for Thursday morning, October 19th, to further discuss the matter with DART real estate representatives and their engineers. To place the two valves at each crossing would create an operational problem and cost well over \$168,000. If the October 19th meeting is not successful in resolving the issue, Mayor Dorman of Melissa has offered to discuss the situation with the President of DART, who serves with Mayor Dorman on the Regional Transportation Committee.

General Manager Chapman reported the funding for the City of Sherman's Phase I water system improvements should close on October 17th. According to Mr. Mark Gibson, Director of Utilities for the City of Sherman, one or two projects are ready to start right away.

Consider and act upon Change Order No. 2 to the contract with Whitewater Construction for the Bolivar Water Supply Corporation Phase I water system improvements project. General Manager Chapman reminded the Board the Bolivar Water Supply Corporation ("Bolivar") serves customers in Cooke, Denton and Wise Counties. This project involves construction of a water line, and Bolivar has been reluctant to condemn properties when the owner does not grant an easement. Consequently, alterations to the water line route in some locations were required. Change Order No. 2 updates the cost of the contract to reflect the additional water line materials and boring to avoid obstructions. Change Order No. 2 adds \$56,760 to the project cost and has been recommended by the engineer and the Bolivar Board of Directors at their recent meeting. There are funds available in the contingencies line item and the easement acquisition line item to accommodate this increase. Board Member Henderson made a motion to approve Change Order No. 2 in the amount of \$56,760. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon Change Order No. 1 to the contract with Red River Construction, Inc., for the Collin/Grayson Municipal Alliance's water transmission line project, Contract A – Bloomdale Pump Station. General Manager Chapman reminded the Board that the CGMA project was separated into multiple contracts. Originally, the pump station and ground storage tanks were contained in one contract. The first bids received were in excess of the engineer's estimates. With the Board's approval, the engineers and General Manager Chapman re-bid the pump station and the ground storage tanks separately. The Board of Directors awarded Contract A – Bloomdale Pump Station to Red River Construction ("Red River") and awarded Contract E – Ground Storage Reservoirs to JR Sheldon & Company, Inc. ("JR Sheldon"), with Red River responsible for the foundations of the ground storage reservoirs.

A month passed, and the Authority staff discovered JR Sheldon's insurance company had withdrawn from the Texas market. After another month passed, Mr. Alan Uptergrove of JR Sheldon informed the Authority JR Sheldon had obtained insurance with another company, but it would cost JR Sheldon an additional \$15,000 in expenses for the ground storage reservoir contract. Mr. Uptergrove reported he had spoken to Mr. Dean Porter of Red River about having Red River construct the ground storage tanks, which would relieve JR Sheldon of the responsibility. Mr. Porter indicated in a letter to the Authority that Red River would agree to construct the tanks for the same contract price, \$340,000. Mr. Gattis, consulting engineer with Freeman-Millican, Inc., prepared Change Order No. 1 for Contract A – Bloomdale Pump Station to reflect the increase in the contract cost and the additional responsibility for construction of the two tanks, and he then obtained Mr. Porter's signature on behalf of Red River.

There was only one other bidder for Contract E – Ground Storage Reservoirs for the bolted tank option, and that bid was approximately \$200,000 higher than JR Sheldon's bid. General Counsel Wynne recommended utilizing a Change Order to transfer the responsibility for Contract E into Contract A. The second part of process is to relieve JR Sheldon of responsibility for Contract E, which is to be considered in the next agenda item.

Mr. Gattis informed the Board that these cylindrical ground storage tanks would be located at the Bloomdale pump station and near the City of Howe on Old Patterson Road near Highway 5. The tank near Howe will provide surge capacity for the CGMA water line.

General Manager Chapman reported this Change Order would provide a coordination advantage to Red River by eliminating the second contractor, as Red River was already responsible for building the foundations for the two storage tanks. It will also be slightly easier for the Authority by reducing the number of contractors involved with the CGMA project. Board Member Johnson made a motion to approve Change Order No. 1. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider and act upon a request relieving JR Sheldon & Company, Inc., of the responsibility of fulfilling the bid requirements of Contract E – Ground Storage Reservoirs for the Collin/Grayson Municipal Alliance’s water transmission line project. Board Member Henderson made a motion to approve JR Sheldon’s request. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority approving an amendment to the Potable Water and Pass Through Agreement by and Between the City of McKinney and the Greater Texoma Utility Authority to allow for the funding of the construction of a portion of a segment of future Bloomdale Road and providing for an effective date. General Manager Chapman directed the Board’s attention to a map displaying the east-west segment of the CGMA water line from Priority Development to the Bloomdale pump station and the 36”/18” water line segment located on Priority Development’s property. The amendment to the Potable Water and Pass Through Agreement (“Agreement”) would allow the Authority to delay the construction of the east-west segment by accessing the City of McKinney’s double-fed water line near the Bloomdale pump station. It would also create a situation in which Priority Development might construct the 36”/18” segment of the water line on their property, since it is likely they will need the water for their customers before the Authority could construct the water line in that area. If Priority Development constructs the segment, it would save the CGMA project approximately \$500,000. Priority Development has already granted the right-of-way to the Authority so the water line could be aligned in such a way as to benefit the new development’s street layout.

Authority and CGMA representatives negotiated with the City of McKinney to take water from the new location next spring. Mr. Don Paschal, CGMA consultant, worked on this amendment to the Agreement. City of McKinney representatives have indicated a preference for providing water to the CGMA water line at the location near the pump station. The McKinney Water Superintendent feels comfortable with pumping up to one million gallons per day into the CGMA water line at this access point, subject to engineering approval of the final amount of water moving through the line. Mr. Gattis believed changing the access point to the location near the pump station could save about one year. He mentioned this option was not previously available because the McKinney water line involved was not double-fed until about a year ago, after the Agreement was finalized.

The location of the Bloomdale pump station is very close to the flood plain. On McKinney's Master Plan, a thoroughfare is planned to cross in front of the pump station. In reality, the road will probably never be constructed since the flood plain is in such close proximity. The City of McKinney had requested the Authority provide approximately \$30,000 to be put into an escrow account to fund a portion of the construction of this thoroughfare in the future. In the Agreement amendment being considered today, no money is to be paid at this time, but the Authority commits to contributing money, when needed in the future, for the construction of this thoroughfare. General Manager Chapman reiterated this road would cross the flood plain and will not be constructed for some time, if ever. Board Member Johnson made a motion to approve the Resolution and authorize the President to sign the amendment to the Potable Water and Pass Through Agreement. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon Sign Lease Procedure with the Collin/Grayson Municipal Alliance cities of Melissa, Anna, Van Alstyne and Howe relating to Collin/Grayson Municipal Alliance water transmission line project. General Manager Chapman informed the Board that this situation was not anticipated when the CGMA project was begun. Approximately one third of the 23-mile project was purchased fee simple. Now the Authority has surface rights for the parcels purchased. There is a sign in existence near FM 3133 on one property, and the current lease expires in February 2007. In a separate location, the City Engineer for City of Melissa, Mr. Bob Helmberger, and his wife have a business and have requested to put up a sign on another property owned by the Authority for the CGMA water line project.

At the CGMA meeting held on September 27th, the mayors of Melissa, Anna, Van Alstyne and Howe agreed to an outline of a procedure to approve or deny these sign requests. Basically, the sign request would be forwarded to the City in which it would be located, i.e. in that City's limits or extraterritorial jurisdiction. If that City approved the sign request, the Authority would collect the monies due and place those funds into the operating account for the CGMA water line project. The Authority would not authorize any sign construction or property leases for signage on property it owns along the CGMA water line route unless written approval was received from the applicable city.

The Authority will send a Letter Agreement to each CGMA city to receive their approval of the procedure. Market conditions will be investigated before rates are set for property leases for signs. Following a brief discussion regarding an existing agricultural tenant on property now owned by the Authority and zoning regulations affecting signage, Board Member Henderson made a motion to approve the procedures, subject to establishment of fair market pricing. The motion was seconded by Board Member Grantham and passed unanimously.

VIII. General Activities

* Receive monthly financial reports

Receive Quarterly Investment Report. General Manager Chapman reported approximately \$19.9 million is invested with TexPool, TexStar and in other investments. Some of that money will probably need to be invested in longer-term investments in the next month or two, since short-term rates may begin to decline. As always, the Authority will try to maximize the safety and yield on all investments.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority approving modifications to the Greater Texoma Utility Authority Retirement Plan. General Manager Chapman explained the Board had approved a budget at the September Board Meeting for the fiscal year ending September 30, 2007, which included an increase in mandatory employee contributions from 5% to 6% and employer matching contributions from 10% to 12% to the Greater Texoma Utility Authority Retirement Plan ("Plan"). The Resolution being considered has been reviewed by the Authority's retirement plan consultant, Mr. Thomas Barrett, and would approve the modification to the Plan. Board Member Henderson made a motion to approve the Resolution. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon nominations for Places 7, 8, and 9 of the Texas Water Conservation Association Risk Management Fund Board of Trustees. General Manager Chapman reminded the Board that the Authority is a member of the Texas Water Conservation Association's Risk Management Fund. All of the water districts and river authorities in Texas have banded together to purchase various types of insurance, such as liability and worker compensation. The nominees are very informed and capable. General Manager Chapman personally knows Mr. Montagne and Mr. Grant, and is acquainted with Ms. Robson. Board Member Johnson made a motion to approve the nomination of Ms. Madeline Robson for Place 7, Mr. John Grant for Place 8, and Mr. David Montagne for Place 9 on the Board of Directors of the Risk Management Fund. The motion was seconded by Board Member Kuneman and passed unanimously.

IX. Executive Session

Pursuant to Government Code, Section 551.072, the Board of Directors the Board of Directors adjourned into closed Executive Session at 1:14 p.m. to discuss the following:

Deliberation Regarding Real Property: Consider and act upon easement/right-of-way acquisition for Collin/Grayson Municipal Alliance Project

X. Regular Session

Consider and act upon items listed in Executive Session. The Board reconvened into Regular Session at 1:30 p.m. President Wright stated no action was taken on items discussed during the Executive Session.

XI. Adjourn

Upon motion by President Wright, seconded by Board Member Johnson and passed unanimously, the Board adjourned at 1:30 p.m.

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Recording Secretary

Secretary-Treasurer