

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

**MONDAY, SEPTEMBER 17, 2007**

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

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

Members Absent: Donald Skelton and Ray Nichols

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

Visitors: Mark Gibson, City of Sherman  
Kevin Farley, City of Pottsboro  
David Gattis, Freeman-Millican Engineers  
Jerry White, Grayson County

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I. Call to Order

Vice President Johnson called the meeting to order at 12:30 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. Board Member Henderson 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 August 20, 2007 Meeting

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

V. Citizens to be Heard

No citizen comments were presented.

## VI. Wastewater Activities

Receive reports on wastewater activities: General Manager Chapman reported that Mr. Joel Smith, project review engineer with the Texas Water Development Board (TWDB), has received the plans and specifications for the Anna Wastewater Project and will review them within the next three weeks. At 2:00 on September 17<sup>th</sup>, General Manager Chapman, Mr. Alan Moore, Operations Supervisor for the Authority, Mr. Kevin Farley, City Manager for the City of Pottsboro, and Mr. Kendall King with Freese & Nichols will meet with the bid holders for the City of Pottsboro Wastewater Treatment Plant Interim Improvement Project to discuss specifications and possible adjustments to the project.

Consider and act upon providing water and wastewater services for the City of Pottsboro: Pottsboro City Manager Kevin Farley recently contacted General Manager Chapman and advised that the City no longer has the necessary employees to provide coverage for water and wastewater operations. As the Authority staff did not want the City to receive a Notice of Violation from the TCEQ, the Authority immediately provided assistance. In order to formalize a contract between the City and the Authority for coverage, the Board's approval is necessary. A proposed Water Production and Wastewater Treatment Agreement with Pottsboro was provided to the Board for their consideration. The agreement is in the same format as is used with other Cities and entities. The contract is supplemented with a letter from Mayor Frank Budra requesting assistance. The contract will allow the Authority to provide whatever services are necessary to provide adequate coverage with a licensed operator for the City of Pottsboro's wastewater and water operations. Mr. Farley anticipates contracting with the Authority for sewer assistance for the life of system or until either side determines to terminate the agreement, pursuant to a 90-day termination clause. For the water system, the City is in the process filling the recently vacated position of Public Works Director. General Manager Chapman verified that the Authority has adequate staff to operate the City's system.

Secretary/Treasurer Rowland motioned to approve providing water and wastewater services for the City of Pottsboro by the Authority operators personnel. The motion was seconded by Board Member Henderson and passed unanimously.

Consider and act upon award of contract for Ross Avenue Sewer Project (City of Sherman): This item was tabled at the August Board Meeting to allow the project engineer more time to make a recommendation. Whitewater Construction, Co. provided a significantly lower bid than the other bidders. Mr. Chris Schmidt, consulting engineer for the project, recommends Whitewater Construction for this project. Whitewater Construction has previously been contracted by the Authority and successfully completed a project for Bolivar WSC. Mr. Mark Gibson, Director of Utilities for the City of Sherman, informed the Authority that he would like to also use the alternate bid to add additional water line. Whitewater Construction also submitted a considerably lower bid for the alternate bid. The funds for this project are available from the Sherman 2002 bond series.

Board Member Henderson motioned for the award of contract for Ross Avenue Sewer Project (City of Sherman) to Whitewater Construction Company. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon submittal of Proposal to Grayson County for Designated Representative for Grayson County septic systems: Recently, an article in the Herald Democrat, dated September 16<sup>th</sup> explained that Grayson County has decided to outsource the septic tank inspection

program. Mr. Jerry White with the Grayson County Planning Department is in attendance today to answer any questions the Board may have regarding the Request for Proposal. The Authority could perform services economically and be a benefit to Grayson County and overall wastewater systems in the County. Proposals are due on September 26<sup>th</sup>. Approximately 400 permits are issued per year, not including repair permits. This figure has remained relatively consistent over the last few years. The County charged \$250 per permit and \$75 for repair permits. By maintaining the previous prices, the revenue earned would pay for all services rendered. General Manager Chapman explained that if the Authority is awarded the contract, the budget would be amended to include an additional staff member. Authority operators are all licensed with a minimum "C" class license for water and wastewater services, but the Designated Representative program would require an additional 24 hours of training to be a "Designated Representative." None of the Authority's current employees have the necessary training because the operators do not currently inspect septic systems. General Manager Chapman recommended training multiple employees to ensure an operator is always available. The training is available from the Texas Engineering Extension Service.

General Manager Chapman explained that the Authority already maintains the necessary insurance coverage, whereas small operations would need to purchase the insurance after the contract is awarded. General Manager Chapman recommended an annual review for both sides to negotiate terms or terminate the contract, if so desired.

Board Member Henderson motioned for the Authority to submit a proposal to Grayson County for provision of Designated Representative for Grayson County septic systems. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon authorization for General Manager to advertise for bids for the City of Anna wastewater projects: The bond resolution for Anna's wastewater system improvements was approved last month. The General Manager requests permission to advertise as soon as the plans and specifications have been reviewed by engineering staff.

Board Member Henderson motioned to approve advertising for bids for the City of Anna wastewater projects. The motion was seconded by Board Member Grantham and passed unanimously.

## VII. Water Activities

Receive reports on water activities: City Manager Kevin Farley and consulting engineer Kendall King with Freese & Nichols have scheduled a meeting to discuss the City of Pottsboro's water improvements. The contract for Sherman's Lockhart waterline project was approved and delivered to the Authority staff today. A preconstruction meeting has been scheduled for October 2<sup>nd</sup>. The Lake Texoma Reallocation study has not progressed any further. General Manager Chapman will be visiting the Corps of Engineers along with the North Texas Municipal Water District to discuss the situation. The Corps needs to take action with the Southwest Power Administration, which General Manager Chapman will encourage.

Consider and act upon Change Order No. 1 to the contract with Gin-Spen Construction, Inc. for the Collin/Grayson Municipal Alliance waterline project: Gin-Spen Construction, Inc. was responsible for installing pipeline on the north end of the CGMA project. Mr. David Gattis, the consulting engineer, has been working with Gin-Spen for approximately 2-3 months to receive an approved change order. One major reason this change order has been delayed is the principal has been hospitalized several times. As the change order contains a great deal of detail, the principal for Gin-Spen did not want to have someone else approve the document. The change order includes moving the take point in Van Alstyne in addition to changed DART requirements. The total reduction in price is \$51,580.

Board member Henderson motioned for the approval of Change Order No. 1 to the contract with Gin-Spen Construction, Inc. for the Collin/Grayson Municipal Alliance waterline project. The motion was seconded by Board Member Kuneman and passed unanimously.

Consider and act upon providing water and wastewater services for the City of Pottsboro: This item was posted both for water and wastewater activities. The water services proposed to be provided by the Authority staff would be under the same circumstances as the wastewater services. City Manager Farley took this opportunity to thank the Board of Directors and the Authority staff for their hard work and speedy response to the City's lack of operators for their water and wastewater systems. Mr. Farley informed the Board that Jerry Chapman, Alan Moore, and Dean Henderson responded immediately when Pottsboro requested the Authority's assistance.

No action required as this item was acted upon under wastewater activities. Items that include both wastewater and water activities are required to be posted under both wastewater and water activities.

Consider and act upon authorization for General Manager to advertise for bids for the City of Anna water projects: The bond resolution for Anna's water projects was approved last month. The General Manager requests permission to advertise as soon as the plans and specifications have been reviewed by engineering staff.

Secretary/Treasurer Rowland motioned to approve advertising for bids for the City of Anna water projects. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon authorization for General Manager to provide testimony for the proposed designation of Northern Trinity and Woodbine Aquifers Priority Groundwater Management Area: The Authority staff recently received notice from the TCEQ announcing a hearing regarding the recommended Groundwater Conservation Districts (GCD) in the North Texas area. Most of you will remember that in December 2006, the TCEQ issued a report recommending 13 counties needed to be included in one or more GCDs. Cooke, Fannin, and Grayson Counties did not share this opinion. The City of Gainesville and Grayson County requested that the Authority submit a report contesting the TCEQ recommendation. While the TCEQ's final report did add additional information, it did not remove the counties. The state will host a hearing in Fort Worth on October 23<sup>rd</sup>. General Manager Chapman requests permission from the Board to attend this hearing and provide testimony for the groundwater providers interested in providing a joint effort.

General Manager Chapman recommends Mr. Jim Mathews, an attorney in Austin, be hired as legal counsel to represent the groundwater providers at the hearing. Mr. Matthews has worked for Authority in the past, and also for Denison and Gainesville this year. His cost would be shared by participants based on the amount of groundwater pumped last year, or by another method approved by those entities participating if this method is not acceptable by the participants.

Board Member Grantham motioned to authorize the General Manager to provide testimony at the TCEQ hearing on October 23<sup>rd</sup> for the proposed designation of Northern Trinity and Woodbine Aquifers Priority Groundwater Management Area. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

#### VIII. General Activities

##### \*Receive monthly financial reports:

Consider and act upon engagement letter for audit services: Finance Officer Debi Atkins submitted requests for proposals for audits from local audit firms. Schalk & Smith was the only company that responded. After receiving no proposals from other companies, Finance Officer Atkins verified with the other firms, and all were either booked solid or did not have enough staff to take on additional audits. Schalk & Smith's proposed cost is \$19,250 for the audit services for the fiscal year ending September 30, 2007. This is the same price as last year. In addition, Schalk & Smith will audit the retirement system for \$1,500.

Board Member Henderson motioned for to engage Schalk & Smith to provide audit services for the 2006-2007 fiscal year. The motion was seconded by Board Member Kirley and passed unanimously.

Consider and act upon budget for fiscal year ending September 30, 2008: The proposed budget included in the agenda packet is based on three separate sections including a general section, a solid waste section, and a capital improvement section. The general section includes administrative and operations costs. The solid waste section includes Dripping Springs maintenance costs and is paid for by the Cities of Sherman and Denison equally until post closure maintenance is complete. The final section is for capital improvement, which includes the cities and water providers the Authority works for. General Manager Chapman provided a brief breakdown of the budget to the Board. Finance Officer Atkins provided a brief explanation of the expenses listed in the budget. The equipment line items explain that the Authority needs three (3) computers due to their age as the anti-virus program cannot be upgraded. The equipment expense also include yearly software renewals for accounting and mapping use, a new server, as the current one is four (4) years old and needs replacing, as well as a new engineering copier. The list also includes another year's worth of archiving documents, a process that began last year to allow for digital files of the plans and drawings that are too large for the Authority staff to scan. The budget also includes new truck equipment to be used to inspect the CGMA waterline. Personnel costs are reflected at current salaries. Vehicle costs include an additional truck as well as vehicle expenses for the General Manager. The electrical cost includes a negotiated rate with TXU for two years, unless the sale of TXU terminates this contract.

Board Member Henderson stated the Board would not act on the budget until after discussion during Executive Session.

IX. Executive Session

Pursuant to Government Code Sections 551.071, 551.072, and 551.074, the Board of Directors adjourned into closed Executive Session at 1:28 p.m. to discuss the following:

Consultation with Attorney: Consider pending or contemplated litigation or settlement offer for Collin/Grayson Municipal Alliance Project

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

Personnel Matters: Consider and act upon evaluation and duties of Authority General Manager

X. Regular Session

Consider and act upon items listed in Executive Session. The Board reconvened into Regular session at 2:03 p.m. Vice President Johnson stated there was no action taken on items discussed during Executive Session.

Board Member Henderson motioned to approve the budget for the fiscal year ending September 30, 2008 with the following adjustments to salaries: 3% cost of living increase to all employees, including the General Manager, plus a \$2000 merit increase to the General Manager and \$8000 salary increases to all other personnel. The motion was seconded by Board Member Grantham and passed unanimously.

Board Member Grantham motioned to accept the settlement offered by legal representation prior to condemnation trial for the White property, part of the CGMA waterline project, for a total cost of \$42,000. The motion was seconded by Board Member Kirley and passed unanimously.

XI. Adjourn

Upon motion by Vice President Johnson, seconded by Board Member Henderson and passed unanimously, the Board adjourned at 2:05 p.m.

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Recording Secretary

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Secretary-Treasurer