

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

**MONDAY, JUNE 16, 2008**

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

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

Members Absent: Donald Skelton, George Rowland, and Ray Nichols

Staff: Jerry Chapman, Carolyn Bennett, Alan Moore, Laurie Killian, Carmen Catterson, and Melanie Howard

Visitors: Mike Wynne, Nall, Pelley & Wynne  
Bob Drainsfield, Fulbright & Jaworski  
Mark Gibson, City of Sherman  
Garry Kimball, First Southwest  
Bob Helmberger, BWR Engineers

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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 May 19, 2008 Meeting

IV. \* Consider and act upon approval of accrued liabilities for May 2008

V. Citizens to be Heard

General Manager Chapman introduced four visitors. Mr. Bob Drainsfield with Fulbright & Jaworski substituted for Kristen Savant, the Authority's bond counsel who is on maternity leave. Also present at the meeting were Mr. Mark Gibson, Director of Utilities for the

City of Sherman, Garry Kimball with First Southwest and Mr. Bob Helmberger of BWR Engineers.

At this time, Vice President Johnson moved out of agenda order and proceeded to Wastewater Activities, Item VI-B, then to Water Activities, Item VII-F.

Consider and act upon a Resolution authorizing the issuance of “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2008 (City of Anna Projects)” for the construction, acquisition and improvement of water supply system facilities and sewer facilities and necessary appurtenances for use by the City of Anna and the payment of all costs incident and related to the construction and financing thereof; prescribing the form, terms, conditions and resolving other matters incident and related to the issuance, sale, and delivery of said bonds; including the pledge of certain revenues to pay the principal of and interest on such bonds; and resolving provisions incident and related to the subject and purpose of this resolution: General Manger Chapman advised the Board that the City of Anna contacted the Authority several weeks ago requesting financing for improvements undertaken in 2006 and 2007 by a local developer. The total cost to the City of Anna is \$540,000. Comerica Bank submitted a bid of 5.14% with a 20-year amortization schedule. General Manager Chapman said this was a fair interest rate since the bid was small and not many funding options are available. The proceeds will go towards settling the City’s share of the costs for water and wastewater developments. Board Member Henderson questioned General Manager Chapman regarding the combined total amount needed from both the developer and the City of Anna. General Manager Chapman responded he did not know the amount needed from the developer, only the City’s share. Mr. Garry Kimball, with First Southwest, the Authority’s financial advisor, stated the closing date for the sale of the bonds would be either July 8 or July 11.

Board Member Grantham motioned to approve a Resolution authorizing the issuance of “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2008 (City of Anna Projects).” The motion was seconded by Board Member Kuneman and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority authorizing the issuance of “Greater Texoma Utility Authority Contract Revenue and Refunding Bonds, Series 2008 (City of Sherman Project)” pledging the Pledged Revenue to the payment of the principal of and interest on said Bonds; prescribing the form, terms, conditions, and resolving other matters incident and related to the issuance, sale, and delivery of said Bonds, including the approval and execution of a Paying Agent/Registrar Agreement, a Bond Purchase Agreement and a Special Escrow Agreement, and the approval and distribution of an Official Statement pertaining to such Bonds; providing for the redemption of the bonds being refunded; and resolving provisions incident and related to the subject and purpose of this resolution: Last year, the City of Sherman requested the Authority to finance several water projects. After consultation with First Southwest, the Authority’s financial advisor, the most economical method was determined to be combining the \$2 million in refunding with the new debt series. This \$4,190,000 bond series is comprised of two parts. The first part refinances a portion of a debt series issued in 1998. When the debts were issued, market conditions dictated a payment in 2011 of approximately \$6 million. Since the 10-year

anniversary of this debt series is approaching, refunding a portion of the outstanding debt service to lower the average annual debt service in 2011 to approximately \$4 million is possible. The second part of this bond series will finance the costs anticipated to extend water services northward along US Hwy 75 to FM 691. The City of Sherman is trying to accommodate growth by extending waterlines along this corridor.

General Manager Chapman called on Gary Kimball of First Southwest Company, the Authority's financial advisor. Mr. Kimball recommended combining the new debt series with the anticipated refinancing. The true interest cost would be 4%, which is close to what was expected. Mr. Kimball stated that the underwriter worked diligently to provide the Authority with the best possible rates for this bond series. General Manager Chapman said that the underwriter has been a friend of the Authority for quite some time and has helped the Authority with previous bond issues. Mr. Kimball believes this is a very fair arrangement with all objectives being accomplished and the Authority's credit rating increasing from A- to A.

Board Member Henderson motioned to approve a Resolution authorizing the issuance of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2008 (City of Sherman Project)." The motion was seconded by Board Member Grantham and passed unanimously.

At this time, Vice President Johnson moved back to the regular agenda order, beginning with Wastewater Activities, Item VI-A.

#### VI. Wastewater Activities

##### Receive reports on wastewater activities:

General Manager Chapman advised the Board that the Texas Commission on Environmental Quality (TCEQ) and Grayson County are in the process of addressing problems with the Grayson County On-Site Sewage Facilities (OSSF) program. The TCEQ found problems with several aspects of the Grayson County program during the audit in May of this year. General Manager Chapman, Operations Supervisor Alan Moore, and Designated Representative Kaci Wilson met with Grayson County Judge Drue Bynum last week. Judge Bynum outlined additional activities the State and the County would like the Authority to be performing. More information regarding these additional activities should be available for the Board to consider by next month's meeting.

According to General Manager Chapman, Judge Bynum recognizes that Grayson County will need to be responsible for the payment of these additional activities. Funding may mean an increase in permit fees. Board Member Henderson questioned if there would be any staffing changes. General Manager Chapman responded if the County approves and presents the Authority with a contract that he supports, he would present the contract to the Board. Board Member Johnson expressed concern that if the Authority does assume new responsibilities, would there be the possibility of experiencing the same problems as the County has in the past. General Manager Chapman promised if the Authority is to administer the OSSF program, the program would be run correctly, by the State's regulations. Board Member Henderson also

inquired if homeowners would be provided with information regarding all changes to the program and their responsibilities. General Manager Chapman explained that information will be provided to the news media and a meeting will be held with the Greater Texoma Association of Realtors. Board Member Hayes inquired who would be responsible for the record keeping. General Manager Chapman responded that Carmen Catterson would be handling the administrative duties for the OSSF program. Alan Moore and Mrs. Catterson have been working on a draft contract that will be presented to Mike Wynne, the Authority's General Counsel, for review. At this time data is being compiled from surrounding counties on number of permits issued each year, permit fees, etc. Grayson County is currently issuing approximately the same number of permits per year as Denton County.

Consider and act upon award of contract for Phase III of the Melissa-Anna wastewater project: The Melissa-Anna wastewater project consists of three phases. Phase I has already been constructed and Phase II is currently under construction. This award of contract is for Phase III of this project. General Manager Chapman advised bids were opened on June 5, 2008. General Manager Chapman was unable to attend the bid opening but Mr. Moore and Bob Helmberger, with BWR Engineers, the consulting engineer, were present to review the bid documents. The bid from Wright Construction, Co. has one correction. The bid amount should be \$3,657,424 instead of \$3,647,424. The bids are recorded as submitted by each bidder and then evaluated for completeness. The change in Wright Construction Co.'s bid was due to a mathematical error.

Mr. Helmberger was present to summarize the bid opening for the Board. A required pre-bid conference was held on May 28<sup>th</sup> with fourteen companies attending. This was a good response for a project of this size. At the bid opening on June 5<sup>th</sup>, Blue Ridge Construction was the lowest bidder on this project, but there were seven omissions on their bid. The omissions consisted of a copy of the bid bond instead of an original, several missing forms, resumes of key personnel were not included, the bid was picked up on June 2<sup>nd</sup> after the cutoff date of May 30<sup>th</sup>, and various insurance resolution forms that were not included. On June 12<sup>th</sup>, the Authority notified Mr. Harvey Dalton, CEO of Blue Ridge Construction by fax and certified mail of the omissions to the bid packet. A fax confirmation was received and the certified mail receipt should be received within the next day. The letter stated that the Board of Directors would consider awarding the contract to Wright Construction Co., the second lowest bidder, based on the engineer's recommendation and the recommendation of the City Councils of Anna and Melissa. Mr. Dalton was advised of his right to appear before the Board at the June 16<sup>th</sup> meeting to contest this recommendation.

Mr. Helmberger recommends awarding this contract to Wright Construction Co. despite minor omissions in the bid. The omissions were not contractual or bond issues, but forms needed to be provided with the bid. Mr. Helmberger advised that the Authority can and should require Wright Construction Co. to submit the omitted forms before a contract is signed. Wright Construction Co. has not received the forms because there has not been a recommendation from the Board. Board Member Johnson asked Mr. Wynne if the Authority could award the contract to Wright Construction Co. when the law states the contract be awarded to the lowest bidder. Mr. Wynne explained the law states the contract be awarded to the lowest responsible bidder. The law also states that if the contract is not to be awarded to the lowest bidder, notice must be given

with an opportunity for the company to appear before the Board to contest the award of contract. Board Member Henderson stated Blue Ridge Construction would need to be present at the June 16<sup>th</sup> board meeting to contest the engineer's recommendation and General Manager Chapman acknowledged this affirmatively.

Mr. Helmberger explained a detailed evaluation was processed on the four lowest bidders and there was not a successful bid. In the process of these evaluations, he was advised by the City of McKinney they were interested in buying into the project, which would be a prorated amount. Cities of Anna and Melissa could save approximately \$2 million. If McKinney chooses not to buy into the project, his recommendation is to award the contract to Wright Construction Co. General Manager Chapman advised we have the financing for this project, as well as a commitment of \$1,400,000 if needed. Mr. Helmberger believes there is a very good possibility the City of McKinney will want to buy into this project since we are dealing with the City instead of the developer. If the City of McKinney does choose to buy into the project, the change order will be needed to adjust the contract with Wright Construction Co.

Board Member Henderson motioned to approve awarding the contract for Phase III of the Melissa-Anna wastewater project to Wright Construction Co. in the amount of \$3,657,424. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon Change Order No. 1 for the Slater Creek Sanitary Sewer Main Extension project for the City of Anna: This change order decreased the contract with Dickerson Construction, Co. for the construction of the Anna Slater Creek sanitary sewer main extension by \$15,830.00. This decrease removes the System Control and Data Acquisition (SCADA) program from the contract. The City of Anna will install this program later.

Board Member Henderson motioned to approve Change Order No. 1 for the Slater Creek Sanitary Sewer Main Extension project to decrease the contract with Dickerson Construction Co. by \$15,830.00. The motion was seconded by Board Member Grantham and passed unanimously.

## VII. Water Activities

Receive reports on water activities: An email was received from Philip Sanders, Anna's City Manager, on June 13<sup>th</sup> requesting the Authority to approach the Leonard family and obtain an easement on behalf of the City of Anna for construction of a waterline to connect to the Collin/Grayson Municipal Alliance (CGMA) distribution line. The Authority staff will begin contacting the Leonard family this week to request the easement.

A preconstruction meeting has been scheduled for June 18<sup>th</sup> at 3:00 for the Bells ground storage tank project. More information will be available at the next Board meeting.

Cynthia Kitchens with the US Army Corps of Engineers provided an email to the Authority on June 10<sup>th</sup> with a schedule for negotiations with the Southwest Power Administration. Approval is scheduled to be received by November 15<sup>th</sup>. General Manager Chapman stated the schedule needed to be accomplished as shown due to reelections and

transfers of several contacts. Representative Ralph Hall's office is attempting to secure a solution as quickly as possible.

Consider and act upon award of contract for the Anna South Plant Pump Station project: On April 23rd bids were received for the Anna South Plant pump station project. This project will provide the facilities needed for the City of Anna to take water from the CGMA distribution line. Mr. Tim Morris, the consulting engineer on this project, has submitted a letter recommending the contract be awarded to Crescent Constructors, Inc. They have adequate staff and a good reputation. The Authority supports Mr. Morris's recommendation.

Board Member Grantham motioned to approve awarding the contract for the Anna South Plant Pump Station project to Crescent Constructors, Inc. in the amount of \$1,097,000. The motion was seconded by Board Member Henderson and passed unanimously.

Consider and act upon Change Order No. 1 to the contract with Wilson Contractor Services, LLC for the FM 1417 and SH 56 waterline project for the City of Sherman: The Authority awarded the contract to Wilson Contractor Services, LLC last year. The contractor had to perform additional services and is asking to be compensated. Board Member Henderson inquired as to reason for increase. Mr. Mark Gibson responded that Atmos Energy had to move some of their lines and that Verizon had lowered their lines. This blocked the crossings and the contractor had to dig 22 feet deeper than anticipated and hit white rock. This was a major undertaking for the contractor and Mr. Gibson feels compensation should be provided to Wilson Contractor Services, LLC for the additional services.

Board Member Henderson motioned to approve Change Order No. 1 to the contract with Wilson Contractor Services, LLC for the FM 1417 and SH 56 waterline project to increase the contract by \$50,000.00. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon a Resolution accepting the contract with Wilson Contractor Services, LLC for the FM 1417 and SH 56 waterline project for the City of Sherman as complete: General Manager Chapman stated the Authority is asking the Board to authorize closing out this project. The City has inspected the project and provided a letter of satisfaction with services rendered.

Board Member Grantham motioned to authorize the Resolution accepting the contract with Wilson Contractor Services, LLC as complete. The motion was seconded by Board Member Kirley and passed unanimously.

Consider and act upon a Resolution authorizing the issuance of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2008 (City of Anna Projects)" for the construction, acquisition and improvement of water supply system facilities and sewer facilities and necessary appurtenances for use by the City of Anna and the payment of all costs incident and related to the construction and financing thereof; prescribing the form, terms, conditions and resolving other matters incident and related to the issuance, sale, and delivery of said bonds; including the pledge of certain revenues to pay the principal of and interest on such bonds; and

resolving provisions incident and related to the subject and purpose of this resolution: This item was discussed and acted upon under Wastewater Activities, Item VI-B. No further discussion was undertaken.

Board Member Grantham motioned to approve a Resolution authorizing the issuance of “Greater Texoma Utility Authority Contract Revenue Bonds, Series 2008 (City of Anna Projects).” The motion was seconded by Board Member Kuneman and passed unanimously.

Consider and act upon authorization for the General Manager to advertise for bids for water projects associated with the 2008 Sherman Bond issue: Routinely after a bond issue is motioned upon, the Authority staff requests permission to advertise for projects associated with the bond. Once plans and specifications have been prepared by the consulting engineer, the US 75 waterlines will be ready to advertise for bids.

Board Member Henderson motioned to authorize the General Manager to advertise for bids for water projects associated with the 2008 Sherman Bond issue. The motion was seconded by Board Member Hayes and passed unanimously.

Consider and act upon Change Order No. 1 for West Crossing Blvd. Waterline Extension to Rosamond Pkwy for the City of Anna: This project for the City of Anna extends the waterline from West Crossing Blvd to Rosamond Pkwy on the north side of town. The change order increases the total contract amount by \$21,421.90 and has been accepted by W.R. Hodgson Co., LP, the contractor, and the City of Anna.

Board Member Grantham motioned to approve Change Order No. 1 for the Anna West Crossing Blvd waterline extension to Rosamond Pkwy to increase the contract with W.R. Hodgson Co., LP by \$21,421.90. The motion was seconded by Board Member Kuneman and passed unanimously.

Consider and act upon Change Order No. 1 for County Road 369/371 Waterline for the City of Anna: Change Order No. 1 to the contract with W.R. Hodgson Co., LP adjusts the total price by \$108.60. The increase in price is due to the contractor realigning the waterline to match overhead utilities. Both the contractor and the City of Anna have accepted this change order.

Board Member Henderson motioned to approve Change Order No. 1 for the Anna CR 369/371 waterline to increase the contract with W.R. Hodgson Co., LP by \$108.60. The motion was seconded by Board Member Kuneman and passed unanimously.

Consider and act upon a Resolution accepting the contract with Howard Construction, Inc. for the US Highway 82 waterline for the City of Sherman as complete: The contract was awarded for this project to Howard Construction, Inc. and the lines have been in service for several months. Tim Morris with Morris Engineers, the consulting engineer for this project, has submitted a letter verifying satisfaction with the completed work. The close out has also been accepted by the City of Sherman.

Board Member Henderson motioned to approve a Resolution accepting the contract with Howard Construction, Inc. for the US Highway 82 waterline for the City of Sherman as complete. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon Change Order No. 1 for the 12” and 18” distribution line from Station No. 8 to Country Lakes waterline project for the Argyle WSC: A change order has been requested by Argyle WSC to make accommodations for additional line and fireplugs. The change order has been signed by Kerry Maroney of Biggs and Mathews, Inc., the consulting engineer, and Kelli Ashcroft with Fox Contractors, Inc. Fox Contractors, Inc. has done exceptional work on this project, as well as the first section of the CGMA waterline. Funds are available from the GTUA/Argyle 2007 bond series to pay for the cost of the change order.

Board Member Grantham motioned to approve Change Order No. 1 for the 12” and 18” distribution line from Station No. 8 to Country Lakes waterline project to increase the contract with Fox Contractors, Inc. by \$19,416.25. The motion was seconded by Board Member Kirley and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith (City of Anna Project): The Texas Water Development Board (TWDB) received appropriations for their Water Infrastructure Fund for water projects in Texas during the last legislative session. The current funding will be depleted this fiscal year, but more will be available during the next fiscal year beginning October 1, 2008. Applications are being accepted until the June 30<sup>th</sup> deadline. All projects must meet two preliminary requirements. They must be included in both regional and state water plans. All of the following bond resolutions are similar and will be forwarded to the same location for the same funding source. Most will probably be funded, if not all. The Board then considered each of the five projects being proposed for funding.

Administrative Assistant Carolyn Bennett explained that Anna’s engineer estimates \$5 million in water projects for an elevated storage tank and a supply line. These projects will be needed for the City of Anna to increase its’ water capacity to serve future water needs.

Board Member Henderson motioned to approve a Resolution authorizing the filing of an application requesting financial assistance from the Texas Water Development Board. The motion was seconded by Board Member Hayes and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith (CGMA Project): \$1.52 million in funding will be needed for the CGMA

project to construct the east-west line that has been planned for several years. This line is already funded, but a lower rate of funding will be highly desirable.

Board Member Henderson motioned to approve a Resolution authorizing the filing of an application requesting financial assistance from the Texas Water Development Board. The motion was seconded by Board Member Hayes and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith (City of Gainesville Project): This item has been tabled until the City of Gainesville requests the Authority pursue the funding. Gainesville will revisit this item next year, but at the moment the additional funding is not feasible to the City.

No action was requested at this time.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith (City of Melissa Project): The City of Melissa is attempting to obtain funding from the Water Infrastructure Fund to connect the City's waterline system to the CGMA distribution line, construction of a ground storage reservoir, piping and connection to the elevated storage tank, pump station, yard piping and appurtenances.

Board Member Henderson motioned to approve a Resolution authorizing the filing of an application requesting financial assistance from the Texas Water Development Board. The motion was seconded by Board Member Hayes and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith (Northwest Grayson WCID#1 Project): Northwest Grayson WCID #1 has plans to construct a water treatment plant, conventional treatment facilities, pump station, elevated storage tank and associated water supply lines. This would be a combination of new construction funding and deferred funding not to exceed \$10.5 million.

Board Member Henderson motioned to approve a Resolution authorizing the filing of an application requesting financial assistance from the Texas Water Development Board. The motion was seconded by Board Member Hayes and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith (City of Princeton Project): The City of Princeton is a member of the North Texas Municipal Water District (NTMWD). However, they desire the Authority's assistance in

applying for this financing. The NTMWD was consulted and no objections were made. The City desires \$5,290,000.00 to construct an elevated storage tank and associated water supply line.

Board Member Henderson motioned to approve a Resolution authorizing the filing of an application requesting financial assistance from the Texas Water Development Board. The motion was seconded by Board Member Hayes and passed unanimously.

VIII. General Activities

\*Receive monthly financial reports:

Consider and act upon insurance proposals: This item was tabled from last month because proposals had not been received from all providers. Accounting Assistant Laurie Killian provided a recommendation for United Health Care (UHC) as the Authority's insurance carrier for 2008-2009. In the past, the Authority has experienced problems with Aetna, Blue Cross Blue Shield, and Humana. Problems range from formulary drugs changing price tiers, limited range of network providers and incorrectly paid claims. The Authority has used UHC in the past and has not experienced any problems. At the end of one year with UHC, rates increased significantly and the Authority chose a new insurance carrier for the following year. Until a relationship is established with an insurance carrier, rates will typically increase. Rates will level out once the insurance carrier is aware of the company's health needs. Currently, the Authority pays \$4600.00 a month for insurance coverage with the Texas Water Conservation Association Risk Management Fund, with an annual budget of \$60,000.00 for health insurance. The employee is responsible for 33% of the cost, while the Authority pays the balance.

Board Member Henderson motioned for the approval for UHC insurance coverage for the 2008-2009 fiscal year for the Greater Texoma Utility Authority. The motion was seconded by Board Member Grantham and passed unanimously.

IX. Adjourn

Upon motion by Vice President Johnson, seconded by Board Member Grantham and passed unanimously, the Board adjourned at 1:55 p.m.

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Recording Secretary

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Secretary-Treasurer