

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

MONDAY, JULY 21, 2008

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

Members Present: Donald Skelton, Bill Johnson, Duane Hayes, Joe Henderson, Paul Kirley

Members Absent: Ray Nichols, Everett Grantham George Rowland, Mark Kuneman

Staff: Jerry Chapman, Carolyn Bennett, Alan Moore, Debi Atkins and Melanie Howard

Visitors: Mike Wynne, Nall, Pelley & Wynne

I. Call to Order

President Skelton called the meeting to order at 12:47 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 Vice President Johnson and passed unanimously.

III. * Consider and act upon approval of Minutes of June 16, 2008 Meeting

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

V. Citizens to be Heard

VI. Wastewater Activities

Receive reports on wastewater activities: Currently there are over 20 projects or contracts underway. In order to be viewed easier, a spreadsheet was created by Carolyn Bennett. There are no concerns with the Slater Creek sewer project for NNA that General Manager

Chapman or Operation Supervisor, Alan Moore had information concerning. Power Point presentation pertained to Melissa-Anna Phase II with Four D Construction and was presented to the Board. A development occurred last week with the Melissa-Anna project and a change order should be on next month's agenda. At this time the amount of funds involved nor whether or not an environmental review is necessary is unclear. The surveyor surveyed to the top of the water instead of the flow line of the creek creating an elevation problem, which will need to be corrected. Vice President Johnson inquired as to who will accrue the cost. General Manager Chapman advised the engineer and surveyor both work for BWR Corp. President Skelton stated he had noticed pipes that are above other creeks, and inquired if this would be an option. Alan Moore advised those are most likely aerial crossings and that is something we would want to avoid.

Consider and act upon On-Site Sewage Facilities Program contract modifications with Grayson County: General Manager Chapman attended a work session with Grayson County on July 1 with the Commissioners and Judge Bynum. Also present were Operations Supervisor Alan Moore, Designated Representative Kaci Wilson, and Administrative Assistant for the OSSF program Carmen Catterson. Texas Commission on Environmental Quality (TCEQ) was unhappy when they visited Judge Bynum in May but very complimentary of Alan Moore, Kaci Wilson and Carmen Catterson. TCEQ stated maintenance records were not maintained accurately and the contract with the Greater Texoma Utility Authority (Authority) gives no authority over enforcement. Judge Bynum is attempting to get County Commissioners to correct some of these problems. General Manager Chapman was asked to give the Commissioners a price of updating records. The Authority will charge the County for at least time spent updating records or the County can hire ADP and get them to input the records. After the system is updated, homeowners will need to be notified annually by registered or certified mail stating reports are due. There is a possibility that a second and maybe third letter will need to be mailed to homeowners. General Manager Chapman presented a survey of surrounding counties fees during the work session. Hunt and Fannin Counties are charging a fee for record maintenance. The Authority does not have the funds available to update the records nor a means of obtaining those funds.

President Skelton inquired if the Authority would be responsible for enforcement. General Manager Chapman advised the Authority's role in enforcement would be to notify homeowners they have a violation and they have 30 days to correct the problem. If the Authority is not provided information showing the violation being corrected after 30 days, then Grayson County is notified. General Manager Chapman stated Grayson County is responsible for the actual enforcement. The Authority is only aware of violations when homeowners voluntarily come into the office, maintenance companies note problems on their reports, or there is a complaint filed. General Manager Chapman promised if the Authority were to administer the OSSF program, the program would be run correctly, by the State's regulations. Vice President Johnson stated we need to stick with that position. Board Member Henderson explained he did not feel homeowners are aware of the changes in the OSSF program. General Manager Chapman explained information would be provided to the news media, homeowner groups, a meeting with the Greater Texoma Association of Realtors, and possibly a mass mailing. Vice President Johnson asked who would create maintenance information to be given to homeowners. General Manager Chapman advised the Authority would. As for funding, one County Commissioner

stated there is \$75,000 left in the County's OSSF budget from this year but the work session ended without further conversation on the subject. Vice President Johnson asked about the timeframe for the County to comply with the State's request and General Manager Chapman advised the County has until October.

Consider and act upon grant contract from Texas Water Development Board's Research and Planning Fund, Fiscal Year 2008, in an amount not to exceed \$125,000.00: Several cities in southern Grayson County and northern Collin County asked the Authority to undertake this project last year. The cities of Howe, Van Alstyne, Anna, Melissa, McKinney, Weston, and the North Texas Municipal Water District (NTMWD) have expressed an interest in this project. General Chapman stated a meeting is needed with the cities involved to seek their approval of the local share of cash and contributed services to match this grant. A meeting has not been held since the announcement of the award was not received until June 26th. Once the contract is received, the Authority will sign. Board Member Johnson asked how it is determined the amount each city owes. General Manager Chapman said the amount is usually based on size of the area being studied. McKinney needs improvements on their north side, therefore their contribution could be larger. General Manager Chapman will let the cities decide how to divide the contributions. Vice President Johnson asked if we should approve now or wait for copy of contract from TWDB. General Manger Chapman stated there would be short timeframe and he will not sign the contract until General Counsel, Mike Wynne, has reviewed and cities have made their commitments.

Vice President Johnson motioned to approve the grant contract from Texas Water Development Board's Research and Planning Fund, subject to the cities providing an equal matched amount in cash or contributed services, Fiscal Year 2008, in an amount not to exceed \$125,000.00. The motion was seconded by Paul Kirley and passed unanimously contingent upon approval from General Counsel, Mike Wynne, and the commitments from the cities.

Consider and act upon Change Order No. 1 to contract with Dickerson Construction for the Slater Creek Sanitary Sewer Main Extension project for the City of Anna: Change Order No. 1 was proposed for a minor alignment resulting in a decrease of \$3,625.00. The realignment was at the Baldwin property.

Vice President Johnson motioned to approve Change Order No. 1 to decrease contract with Dickerson Construction in the amount of \$3,625.00 for the Slater Creek Sanitary Sewer Main Extension project for the City of Anna. The motion was seconded by Board Member Henderson and passed unanimously.

Consider and act upon negotiations with North Texas Municipal Water District (NTMWD) for capacity in raw water line from FM 691 to US Hwy 75 south of Sherman: No action was required at this time concerning this agenda item.

VII. Water Activities

Receive reports on water activities: A change order should be on next month's agenda for the City of Anna ground storage tank project. The ground storage tank is located south of Anna on the east side of Hwy 75 under a main power line that crosses Hwy 5. The developer did not want to give up his property. Two acres were needed but the City of Anna settled for one acre. The waterline project will connect at the location of the ground storage tank back into Anna. Currently there are two easements needed for this project. The Authority has obtained one and it will be the city's responsibility to secure the second easement.

The City of Pottsboro waterline begins on the northeast side of Pottsboro at the high school continuing south of Hwy 120 and then to the north side of Hwy 120 to Reeves Road. This is a 17,000-foot waterline. Advertising for this project started July 20th. Board Member Henderson asked about the water line replacement on Washington St. in Sherman. This is not a GTUA project, and Mark Gibson, Director of Utilities for the City of Sherman, advised two out of three holes have been repaired at this project location as of today.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority accepting the contract with Fox Contractors, Inc. for the 12" and 18" distribution line extension project for the Argyle Water Supply Corporation project as complete: Kerry Maroney, consulting engineer on this project, has submitted his letter recommending acceptance of project and Argyle WSC has provided a Resolution as project was completed satisfactorily.

Board Member Henderson motioned to approve the resolution accepting the contract with Fox Contractors, Inc. for the 12" and 18" distribution line extension for the Argyle Water Supply Corporation project as complete. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon award of contract for Texoma Parkway waterline project Frisco Rd to Fallon Dr (City of Sherman): Bids were received on this project on June 13th. The project attracted five bidders. Cooke Concrete, LP of Frisco was the lowest bidder. The Authority has not done business with Cooke Concrete, LP and has requested references. As of Friday afternoon, Tim Morris, the engineer on this project, had not received a response concerning the references. It is the engineers' responsibility to obtain references. President Skelton stated there is a significant difference in Cooke Concrete, LP's bid as to the others. The major difference is in the waterline. President Skelton commented perhaps the pipe is currently in the contractors yard. President Skelton asked the amount of the engineer estimate on this project. General Manager Chapman stated he was not sure. Vice President Johnson stated the lowest bidder does not have to be awarded the contract.

General Manager Chapman stated safety is another factor that can be considered when awarding the contract. The superintendent also submitted the bid for Texas Electric Utility on a past Authority project. General Manager Chapman stated he may have underbid that job as well. General Manager Chapman suggested no action be taken until references are received from the engineer.

This item was tabled until references are received.

Consider and act upon funding for Amicus Curiae Briefs: The Authority belongs to this group and they have asked for contributions on three briefs. Board Member Johnson stated this is something that has been done several times in the past and General Manager Chapman confirmed the Authority has participated in the TWCA Amicus Curiae Briefs in the past.

Board Member Henderson motioned to act upon funding in the amount of \$250.00 each for the three Amicus Curiae Briefs-TWDB v. Department of Interior, USFNS, Texas Citizens for a Safe Future & Clean Water et al v. Railroad Commission of Texas et al and Brookshire-Katy Drainage District v. The Lily Gardens et al. The motion was seconded by Vice President Johnson and passed unanimously.

Receive power point presentation by General Manager Chapman on waterline bore under US Hwy 75:

Consider and act upon Change Order No. 1 to the contract with Howard Construction, Inc. for the City of Sherman Texoma Parkway Waterline Project – Hwy 82 to Frisco Rd: Howard Construction, Inc has submitted a change order reconciling the contract on final quantities. Tim Morris, the engineer on this project, has recommended the change order. City of Sherman should take similar action at their August 4th meeting. This change order results in a net increase of \$5,355.44.

Vice President Johnson motioned to approve Change Order No. 1 to the contract with Howard Construction, Inc. for the City of Sherman Texoma Parkway Waterline Project – Hwy 82 to Frisco Rd. The motion was seconded by Board Member Kirley and passed unanimously, contingent upon the City of Sherman taking similar action at their August 4th meeting.

Consider and act upon accepting contract with Howard Construction, Inc. as complete for the City of Sherman Texoma Parkway Waterline Project – Hwy 82 to Frisco Rd : Tim Morris, the consulting engineer on this project, has provided close out documents for this project. The project has been inspected by Mr. Morris and City of Sherman staff, and found to be acceptable. The Sherman City Council will consider acceptance of the project at their August 4th meeting.

Vice President Johnson motioned to accept the contract with Howard Construction, Inc. as complete for the City of Sherman Texoma Parkway Waterline Project – Hwy 82 to Frisco Rd. The motion was seconded by Board Member Henderson and passed unanimously, contingent upon the City of Sherman's action.

VIII. General Activities

*Receive monthly financial reports: The Authority's portfolio is mostly in Texstar and Texpool because the funds could be needed quickly. Other investments may be extended as far as 5 years out. Those investments are listed as separate items. General Manager Chapman mentioned there are some Fanny Mae obligations in our portfolio.

Receive Quarterly Investment Report: General Manager Chapman asked if any questions from the Board. Board Member Henderson asked if there are any investments in Fannie Mae. Finance Officer, Debi Atkins replied the Authority has one investment in Fannie Mae. President Skelton expressed appreciation to Debi for her accurate reports in the Authority's financial aspect.

Consider and act upon Resolution of Appreciation for Ray Nichols: President Skelton stated General Manager Chapman wanted the Board to act on this Resolution today. General Manager Chapman will present Ray Nichols with his plaque, as he has not been able to attend Board meetings lately.

Board Member Henderson motioned to approve the Resolution of Appreciation for Ray Nichols. The motion was seconded by Vice President Johnson and passed unanimously

Consider appointment of Budget and Finance Committee: President Skelton inquired as to how many are to be appointed to the committee. General Manager Chapman stated two members are normally appointed. Ray Nichols and Duane Hayes served on the committee last year. Board Member Hayes and Board Member Henderson volunteered for this year. President Skelton stated they will be meeting with the staff during the month of August and they will be contacted as to date and time.

Consider and act upon budget amendment for fiscal year Oct. 1, 2007 to Sept. 30, 2008: There are three projects in the 2008 budget that are different than anticipated last year. The Pottsboro Waterline Project will not be under construction until late September or October. This will result in a cost of approximately \$200,000 to \$300,000 in the current fiscal year instead of \$1,625,000. The City of Anna requested the Authority's assistance in funding the North Pointe Sewer and Ferguson Parkway waterline project. Finance Officer, Debi Atkins asked the Board to amend the budget to reflect the projects actually undertaken during the current fiscal year.

Board Member Henderson motioned to accept budget amendment for fiscal year Oct. 1, 2007 to Sept. 30, 2008. The motion was seconded by Vice President Johnson and passed unanimously.

IX. Adjourn

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

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Recording Secretary

Secretary-Treasurer