

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

MONDAY, AUGUST 18, 2008

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

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

Members Absent: Don Skelton

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

Visitors: Mike Wynne, Nall, Pelley & Wynne
Joyce Godwin, Herald Democrat
Mark Gibson, City of Sherman
Tim Morris, Morris Engineers
Philip Sanders, City of Anna

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. Vice-President Johnson 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 July 21, 2008 Meeting

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

V. Citizens to be Heard

VI. Wastewater Activities

Receive reports on wastewater activities:

Melissa/Anna Interceptor Sewer Phase III was awarded to Wright Construction. The Authority has been waiting to issue a Notice to Proceed to see if the City of McKinney wants to participate. As the City of McKinney has not advised of their intentions, General Manager Chapman stated he would write a letter to the City requesting a final decision on participation since the project needs to proceed.

Last month, the Board authorized General Manager Chapman to sign a contract with the Texas Water Development Board (TWDB) for a grant to fund a sewer study in the Trinity River East Fork Basin. The contract for this grant was received after 5:00 p.m. on Friday. There are eight cities who will participate. The Board was asked to review the contract before General Manager Chapman signs it. This study should proceed in September, once a consultant is chosen. Next months agenda should include an item for a contract with a consultant. Board Member Henderson asked who would perform the biological and archeological studies. General Manager Chapman stated customarily a contract is awarded with a third party to do an archeological survey. Board Member Henderson then asked if the State of Texas has an approved checklist and what drives the decision for a study. General Manager Chapman advised the TWDB decides if a study is needed and someone who is well experienced in the field would perform the study.

Consider and act upon Change Order No. 1 to the contract with Four D Construction Inc. for the Throckmorton Creek/Trinity Sewer Interceptor Phase II.

The Authority was notified by BWR, the consulting engineer on this project, a minor change was necessary in the construction of this project. One manhole was moved and another was removed completely. The change order reflects a decrease of \$9,930.00.

Board Member Henderson motioned to approve Change Order No. 1 to the contract with Four D Construction Inc. for the Throckmorton Creek/Trinity Sewer Interceptor Phase II. The motion was seconded by Board Member Kuneman and passed unanimously.

Consider and act upon Change Order No. 2 to the contract with Four D Construction Inc. for the Throckmorton Creek/Trinity Sewer Interceptor Phase II.

BWR, the consulting engineer on this project, notified the Authority of a minor change needed for relocation of a manhole. The change order reflects a decrease of \$360.00.

Board Member Henderson motioned to approve Change Order No. 2 to the contract with Four D Construction Inc. for the Throckmorton Creek/Trinity Sewer Interceptor Phase II. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon Change Order No. 1 to the contract with Tank Builders for the South Plant 1.5 Mil. Gal. Ground Storage Tank.

In order for this project to proceed, General Manager Chapman signed Change Order No. 1 with the understanding it would be confirmed by the Board at this month's Board meeting. There is no change in contract amount or time. The TWDB has approved Change Order No. 1 by receipt of a letter dated August 4, 2008. This change order was necessary to move the ground storage tank away from gas lines at the site.

Board Member Henderson motioned to approve Change Order No. 1 to the contract with Tank Builders for the South Plant 1.5 Mil. Gal. Ground Storage Tank. The motion was seconded by Secretary-Treasurer Rowland and passed unanimously.

Receive report from General Manager Chapman on On-Site Sewage Facility (OSSF) Program.

Last year Grayson County asked the Authority to submit a proposal to contract for the OSSF Program. The contract was signed and the Authority has administered the program since December, 2007. General Manager Chapman recently met with County Judge Drue Bynum and the Commissioners during a budget meeting. The Authority gave the County a cost estimate for four areas of the program. Later in the week, the County called and informed the staff that the program would be taken back in house. The Authority has not received written verification of this action. Board Member Henderson asked if the Authority would be totally out of the picture and General Manager Chapman stated yes. Vice President Johnson asked when the contract expires and was told September 30th. Board Member Henderson stated the County is looking for money in their budget. General Manager Chapman stated this is a fee-based program and the County will need to look at that. Board Member Johnson asked if the County was willing to extend contract. General Manager Chapman stated he was invited to come to the budget meeting and he gave the County the cost estimate at that time.

VII. Water Activities

Receive reports on water activities:

State Representative Phillips has provided a date for the water summit, which will be held September 11th at 2:00 pm at the Grayson County College Center for Workforce Learning Auditorium. During the contested hearing in May, the TCEQ Executive Director and staff agreed they would refrain from making any further efforts to establish groundwater districts in the North Central Texas counties until after the 2009 legislative session. This gave the North Central Texas counties time to configure the required districts. There are presently eight counties that do not have a groundwater district in place. Representative Phillips will discuss possibilities that exist for groundwater producers to establish an organization to best fit their needs. Board Member Henderson questioned if all groundwater providers were aware of meeting. General Manager Chapman stated a memo was emailed Friday afternoon and County Judges and Commissioners were included though they were not groundwater providers.

Cynthia Kitchens with the Corp of Engineers called Thursday afternoon requesting additional information on the Reallocation Report they are working on with Southwest Power Administration. General Manager Chapman is gathering the information she requested and provide it to her next week. The Authority was granted 50,000 acre-feet of water storage in 1986. The reallocation study has been in progress since 2000 to arrive at the current status. The Authority should not be required to go through this drawn out process each time additional water storage is needed.

Consider and act upon award of contract for Texoma Parkway waterline project Frisco Rd. to Fallon Dr. (City of Sherman) to Cook Concrete, LP

The lowest bid for this project was submitted by Cook Concrete, LP on June 13th. The bid was significantly lower than the others were. Board Member Kuneman said he heard this morning that Cook Concrete, LP is trying to get suppliers to lower the cost for this project. Vice President Johnson asked if the contractor has done work for the Authority in the past. General Manager Chapman stated the superintendent worked on a project for the Authority in 2004. However, Tim Morris updated that the superintendent is not with Cook Concrete, LP any longer. Vice President Johnson asked Mark Gibson, City of Sherman, if the City has used Cook Concrete, LP in the past and Mark Gibson advised they have not. Vice President Johnson inquired if Mr. Morris was satisfied with the reference inquiries. Mr. Morris stated he did not receive any negative responses about the Cook Concrete, LP. He did determine the superintendent who prepared the bid left Cook Concrete, LP sometime after the bid was submitted to the Authority. There was a lapse in time between the bid being submitted and the contracted being awarded. Mr. Morris stated he can only conclude they are a responsible bidder because of the references and it is his duty to recommend the lowest responsible bidder. Vice President Johnson inquired if the contractor had tried to modify the bid since the superintendent had left the company and Mr. Morris advised they have not contacted him for any reason. Board Member Kirley asked what would happen if Cook Concrete, LP completed half the project and decided they could not finish. General Manager Chapman stated the job would be finished with the bonding company.

Board Member Henderson motioned to approve award of contract to Cook Concrete, LP for Texoma Parkway waterline project Frisco Rd. to Fallon Dr. (City of Sherman). The motion was seconded by Secretary-Treasurer Rowland and passed unanimously, contingent upon similar action being taken by the Sherman City Council at their August 18th meeting.

Consider and act upon award of contract for DART Waterline from South Plant to FM 455 Anna to W.R. Hodgson Co., LP

Bids were accepted on August 7th for the construction of the DART waterline from the South Plant to FM 455 in Anna. The waterline is necessary to be constructed from the ground storage tank and the pump station north along the DART right-of-way. Eleven bids were received on this project. The lowest bid was submitted by W.R. Hodgson Co., LP, who is currently working on two other projects for the Authority in Anna. A letter has been received from Tim Morris recommending the Authority award the contract to W.R. Hodgson Co., LP.

Board Member Grantham motioned to approve award of contract to W.R. Hodgson Co., LP for DART Waterline from South Plant to FM 455 Anna. The motion was seconded by Board Member Kuneman and passed unanimously.

Consider and act upon Change Order No. 1 for Hillcrest Water Line Replacement in the City of Sherman for B. Bray Construction Co., Inc.

Mr. Tim Morris of Morris Engineers, the consulting engineer on this project, has notified the Authority of Change Order No. 1 to reconcile the contract price due to the actual quantities used. Change Order No. 1 results in a decrease of \$170.00.

Board Member Henderson motioned to approve Change Order No. 1 to the contract with B. Bray Construction Co., Inc for Hillcrest Water Line Replacement in the City of Sherman. The motion was seconded by Board Member Grantham and passed unanimously

Consider and act upon Resolution by the Board of Directors of the Greater Texoma Utility Authority accepting the contract with B. Bray Construction Co., Inc. as complete for the construction of the Hillcrest Water Line Replacement in the City of Sherman

Mr. Tim Morris, of Morris Engineers, consulting engineer, has provided close out documentation for the Sherman Hillcrest water line replacement. The project has been inspected by Mr. Morris and City of Sherman staff, and found to be acceptable.

Board Member Grantham motioned to approve contract to B. Bray Construction Co., Inc as complete for the construction of the Hillcrest Water Line Replacement in the City of Sherman. The motion was seconded by Board Member Henderson and passed unanimously

Consider and act upon Change Order No. 1 for the US Hwy 82 Waterline – Lamberth Rd. to Proposed 289 for the City of Sherman for Lynn Vessels Construction, LLC.

Mark Gibson, with the City of Sherman, updated the Board on this project. The contractor attempted several times to bore at a specified location, but he could not get across because something was obstructing the path. The contractor moved to the west end of the project and tried another crossing, which was successful. The additional costs are due to site conditions the contractor could not foresee; several legitimate attempts were made where specified. General Manager Chapman stated there are funds in the bond issue for the additional \$17,307.76 needed to compensate the contractor for these activities.

Board Member Henderson motioned to approve Change Order No. 1 of contract to Lynn Vessels Construction, LLC for the US Hwy 82 Waterline – Lamberth Rd. to Proposed 289. The motion was seconded by Board Member Kirley and passed unanimously

Consider and act upon Resolution by the Board of Directors of the Greater Texoma Utility Authority accepting the contract with Lynn Vessels Construction, LLC as complete for the construction of the US Hwy 82 Waterline – Lamberth Rd. to Proposed 289

Tim Morris, of Morris Engineers, the consulting engineer on this project, has provided close out documents for this project. The project has been inspected by Mr. Morris and the City of Sherman staff, and found to be acceptable.

Board Member Henderson motioned to approve contract to Lynn Vessels Construction, LLC as complete for the construction of the US Hwy 82 Waterline – Lamberth Rd. to Proposed 289. The motion was seconded by Board Member Grantham and passed unanimously.

VIII. General Activities

*Receive monthly financial reports: General Manager Chapman advised there are no financials this month due to installation of new software. Vice President Johnson asked if the accounting department was satisfied with the new software and Administrative Assistant Carolyn Bennett advised once the technical problems are worked out they will be. The accounting system is much larger than what the contractor thought.

Board Member Henderson asked if the Budget Committee has met and General Manager Chapman stated the Authority is waiting for other cities to get their budgets set and then the committee will be asked to meet.

Consider and act upon Policy No. 30.05, relating to award of contracts.

Mike Wynne, General Counsel for the Authority, updated the Board on this policy. There are statutes in local government code which provide numerous factors the Authority can consider in accepting a bid. Lowest and most responsible bidder does not bind the Authority, if bidders are given notification of the other eight factors that can be considered. This will give the Authority more flexibility on which the project can be awarded. Mr. Wynne said these factors need to be included in information to the bidders before they submit their bids. If notice is not given to contractors that we may rely on these factors, we cannot rely on them. Board Member Henderson asked about Section I, letter (b) on the first page of the policy. The paragraph is almost redundant. Mr. Wynne explained the paragraph is verbatim per the state statute.

Board Member Henderson motioned to approve Policy No. 30.05, relating to award of contracts. The motion was seconded by Board Member Kirley and passed unanimously.

Consider information received from New Century Production Co. in regards to oil and gas leasing.

The Authority received an unsolicited offer from New Century Production Co. This company is interested in leasing mineral interests the Authority owns in Grayson County.

They, among other companies, are searching Northeast Grayson County for mineral rights. The Authority does not have a policy on this. The Authority owns a 60 acre tract next to the Dripping Springs Landfill that was used as a borrow pit back in the 1980's. There would be no need to drill at the landfill, which is owned by the City of Sherman. The company is interested in leasing the mineral interests at \$150.00 per net mineral acre for a 5 year lease. General Manager Chapman stated he is not sure if this price is fair. Any revenue generated from leasing the mineral interests would go against operational costs of the landfill. Board Member Henderson asked General Manager Chapman if he was looking for leadership on this or a new policy. Vice President Johnson said if the Authority is willing to lease the property, then we need to make sure the price is reasonable. Vice President Johnson asked what other tracts the Authority might have and General Manager Chapman stated there is a 14 acre tract associated with the Collin Grayson Municipal Alliance (CGMA) project. Secretary/Treasurer Rowland stated the offer is not a bad offer, but the lease agreement needs to be reviewed. Mike Wynne said he looked at a mineral rights lease a couple of weeks ago and it included ¼ royalty and \$200 an acre, but the land had good potential. Board Member Henderson requested General Manager Chapman to obtain a copy of the lease agreement and to verify if the price is fair and reasonable.

This item was tabled for action pending further information.

IX. Executive Session

Pursuant to Government Code Sections 551.071, the Board of Directors convened into Executive Session at 1:20 p.m. to discuss the following:

Consultation with attorney: Consider contemplated or pending litigation.

X. Regular Session

The Board of Directors convened into regular session at 2:05 p.m. Vice President Johnson stated no action was taken on item discussed during Executive Session.

XI. Adjourn

Upon motion by Vice President Johnson, seconded by Secretary-Treasurer Rowland and passed unanimously, the Board adjourned at 2:06 p.m.

#####

Recording Secretary

Secretary-Treasurer