

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

**MONDAY, APRIL 21, 2008**

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

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Members Present: Donald Skelton, Bill Johnson, George Rowland, Everett Grantham, Duane Hayes, Paul Kirley, Mark Kuneman, and Ray Nichols

Members Absent: Joe Henderson

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

Visitors: John Hunter Smith, Nall, Pelley & Wynne  
Kevin Farley, City of Pottsboro

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I. Call to Order

President Skelton 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 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. Vice President Johnson made a motion to approve the consent agenda. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

III. \* Consider and act upon approval of Minutes of March 17, 2008 Meeting

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

V. Citizens to be Heard

No citizen comments were heard.

## VI. Wastewater Activities

Receive reports on wastewater activities: A preconstruction meeting was held for the Melissa-Anna sewer project (west of US 75) on April 14<sup>th</sup>. A Notice to Proceed was issued to the contractor. The contractor is scheduled to begin construction on April 21<sup>st</sup>. The City of Sherman Ross Avenue sewer project is continuing. The City provided all required information to the railroad company, but has still not received the permit. The contractor was approved to complete construction.

Consider and act upon letter agreement with Freese and Nichols for biological survey associated with Relief Sewer K and US 75 sewer main projects (City of Sherman): The Texas Water Development Board (TWDB) is requiring a biological survey for two of the Sherman sewer projects. These two projects include the Relief Sewer K on the west side of Sherman from McGee St. to Lamberth Rd. and the US 75 sewer main project. A biological survey consists of verifying that the proposed project will not displace any endangered species or their habitat, or unnecessarily remove any trees in the project area. Any trees that are removed must be replaced. The Sewer K project was granted approval in 2001, but the permit lapsed. Funding is being requested again for the biological survey. Freese and Nichols have offered their services for \$21,721 to conduct the biological survey. Freese and Nichols are one of the few engineering firms with a biologist on staff. The City of Sherman is currently working on the rights of entry for this project, which will allow the surveys to commence.

Secretary/Treasurer Rowland motioned for approval of a letter agreement with Freese and Nichols for a biological survey associated with Relief Sewer K and US 75 sewer main projects for the City of Sherman. The motion was seconded by Vice President Johnson and passed unanimously.

Confirm work order with AR Consultants for archeological survey associated with US 75 sewer main project (City of Sherman): The TWDB requirement for an archeological survey only applies to the US 75 sewer main project. This is a new area recently annexed. AR Consultants is an archeological firm located in Dallas, Texas. They have been the most inexpensive and responsive firm for past surveys completed and have offered their services for \$5,869.00.

Vice President Johnson motioned to confirm a work order with AR Consultants for archeological survey associated with US 75 sewer main project for the City of Sherman. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon award of contract for digester rehabilitation at the Sherman wastewater treatment plant: Bids were received for the Sherman wastewater treatment plant digester repairs on April 17<sup>th</sup>. This project has been on our schedule for some time and includes rehabilitation of the digester units. These parts wear out more quickly than other parts, since they are exposed to certain gases. The bids were not provided at this meeting because the engineer has some concerns with the equipment and would like to investigate the companies further as the low bidder is a company we have not worked with previously. Glen Middleton with Carollo Engineers will have a recommendation available for the next Board meeting.

No action was requested at this time for this item.

Consider and act upon Resolution authorizing application to the Texas Water Development Board on behalf of the City of Sherman (US 75 sewer main project): This item has involves the sewer extension project the City of Sherman requested the Authority finance. The sewer line along US 75 north was originally a very basic extension. However, Freeman-Millican, Inc. the project engineers, recommended expanding the project. This expansion of the project raised the cost of the project by \$2,705,000. The City Council recognized and approved the additional costs. The TWDB issued a letter that additional funding will be available for expanding projects. This application to the TWDB allows additional funding from the Clean Water State Revolving Loan Fund. This fund bears a below-market interest rate.

Board Member Grantham motioned to authorize a Resolution for an application to the Texas Water Development Board on behalf of the City of Sherman for the US 75 sewer main project. The motion was seconded by Vice President Johnson and passed unanimously.

## VII. Water Activities

Receive reports on water activities: A new bond series for the City of Anna will be placed on the agenda for consideration in May to issue an additional \$500,000 in debt for projects that have been constructed by developers. These projects include the North Pointe sewer project and the Ferguson Parkway waterline. The developer constructed these projects last year and the City agreed to reimburse them. Since the projects are already constructed, the bonds cannot be sold to the TWDB. This will result in the Authority staff pursuing private bonds. Bids will be due on May 13<sup>th</sup>. A recommendation will be made at the May 19<sup>th</sup> Board meeting to award the contract.

David McGinnis, president of the Grayson-Collin Electric Cooperative (GCEC) visited General Manager Chapman last week. GCEC serves Grayson and Collin Counties. GCEC is installing a new electric line at CR 1106 south of Van Alstyne. Last year, the Board motioned to issue permits for utility companies to cross property owned by the Authority rather than obtaining easements. Mr. McGinnis has requested that GCEC not be categorized with the gas companies. GCEC is in same situation as the Authority. If a line is installed in a TxDOT right of way without an easement, the installing entity will be forced to move the lines at cost with no reimbursement. Hwy 5 is scheduled to be expanded to a four-lane road. Mr. McGinnis would like an easement so that GCEC will be reimbursed for moving the lines in the future. General Manager Chapman will verify with Mike Wynne, General Counsel, that it is legal to issue permits to some companies and easements to others.

General Manager Chapman and the North Texas Municipal Water District (NTMWD) continue to contact the Corps of Engineers for updates on the Reallocation Study. A meeting was held recently between the Corps of Engineers and the power industry. Chapman will express to Congress that the report should be encouraged for finalization. Congressman Hall issued a letter to the Corps of Engineers and will continue to pursue the report. His local representative, Judy Rowton, said she will continue to pursue the report as diligently as possible.

However, the Corps of Engineers is proceeding to draft the necessary storage contract for the 1,500 acre-feet the Authority is requesting from the original allocation.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority accepting the contract with H2M Construction Co., Inc for the City of Bells, Texas waterline project as complete: The waterline project for the City of Bells is ready to be accepted as complete. One ditch still needs to be cleaned out. Retainage is being held pending the completion of the ditch cleaning.

Vice President Johnson motioned to accept a Resolution by the Board of Directors of the Greater Texoma Utility Authority accepting the contract with H2M Construction Co., Inc for the City of Bells, Texas waterline project as complete pending the completion of clearing the ditches and finishing the street cuts, and the receipt of close out documents. This motion was seconded by Board Member Kuneman and passed unanimously.

Consider and act upon award of contract for City of Anna storage tank project: Last week the Authority accepted bids for the ground storage tank project for the City of Anna. This ground storage tank will be needed for the City to take water from the Collin/Grayson Municipal Alliance waterline. The engineer's recommendation was included in the agenda packets. Tank Builders, Inc. is a well known company, has worked for the Authority in the past, and is reliable. The bid is approximately \$300,000 more than anticipated by the engineer in 2006. However, three other line projects were financed from this bond issue at a cost under the original budget. Therefore, the projects are still \$48,000 below the total anticipated cost.

Board Member Grantham motioned for the award of contract for the City of Anna storage tank project to Tank Builders, Inc. in the amount of \$1,307,300 based on the consulting engineer's recommendation. The motion was seconded by Board Member Kuneman and passed unanimously.

Consider and act upon Lake Texoma joint water transmission facilities expansion: No motion is being requested at this time. In 1995, a contract was entered into with NTMWD to share the costs for a distribution line and pump station from Lake Texoma. The contract has worked well for both parties involved. The NTMWD will need additional capacity in the waterline. This increase based on the project engineer's recommendation and will increase the pressure in the line. NTMWD would also like to check the line. Since the line became operational in the early 1990s, the lines have only been inspected once. This process will require the line be taken out of service later this year, which could cause a problem during the peak water time of year. NTMWD wants to coordinate with the Authority to determine the best time of year when water usage is lower. The City of Sherman has been notified. When the feasibility portion of the project is complete, the Authority and the City will have a 60-day period to decide whether or not to participate. The City of Sherman will most likely want to participate in the expansion. The electrical capacity already exists to handle the additional demand by the pumps. Before continuing, the capacity and condition of the lines will need to be checked. The pumping capacity is currently not enough to deliver the water allocation available. Once additional water is available, there will not be enough capacity without increasing the pump station's capacity.

Consider and act upon legal representation for Groundwater Conservation District hearing on May 12, 2008: The Authority has been asked to coordinate the groundwater issue scheduled to be heard by the Administrative Law Judge at a Texas Commission on Environmental Quality contested hearing on May 12<sup>th</sup> in Austin. This is the same group of Cities the Authority represented last fall. A change in legal representation was required. The previous law firm felt it would take \$60,000-\$80,000, with more expenses for expert witnesses to contest the ruling. None of the Cities wanted to support that level of funding. The legal representation was changed to the Lloyd Gosselink Firm, who submitted a letter verifying a maximum of \$15,000 for representation at the May 12<sup>th</sup> hearing. The attorney has requested that General Manager Chapman testify on behalf of the Cities and water providers. This is not a new project, but the Authority staff would like to have it officially stated that the Board approved the General Manager providing testimony.

Board Member Nichols motioned to approve the Lloyd Gosselink Firm at legal representation for the Groundwater Conservation District hearing on May 12, 2008 and authorize the General Manager to testify at the hearing. The motion was seconded by Vice President Johnson and passed unanimously.

#### VIII. General Activities

\*Receive monthly financial reports:

\*Receive quarterly investment report: Interest rates are declining. Recommendations from the Finance Committee will be requested in the coming months.

Debi Atkins, Finance Officer mentioned the Authority staff has been considering changing accounting software. Currently, the Authority uses AccountMate. The maintenance fee for this program is \$1,200 per year. In addition, certain charges are added for additional services, including tax information. Several companies have been solicited for information on competitive software. The Authority's auditors have also been questioned as to which programs are recommended. Within the next two months a recommendation will be provided for a change in accounting programs. President Skelton provided information about Microsoft Quickbooks, including personal experience that the program is trouble and glitch-free. He also recommended the program because several local companies are certified for Quickbooks. The AccountMate software is based in Dallas, with two or three days to receive any response.

Health Insurance Review: Last year, the Authority changed health insurance carriers to lower premium costs. The plan chosen was offered by the Texas Water Conservation Association Risk Management Fund. The Risk Management Fund was established by the water industry 20-25 years ago to cover liability issues. The fund also added health insurance several years ago. Since the change occurred, several concerns have been encountered. Laurie Killian, the Authority's Accounting Assistant, has many years of experience in the insurance field. She explained that one employee is not completing necessary medical procedures because the insurance requires 20% to be paid up front and the employee cannot afford it. Some physician offices only have two out of four doctors in the plan, and some doctors do not participate in this plan. The Authority's finance department has requested quotes from providers, which are

expected next month. The plans will be examined more closely and will be presented to the Board as soon as possible. Only seven employees are on the insurance, limiting insurance companies that are available. President Skelton recommended soliciting proposals from many different companies to get the best plan with the best premiums.

Special Presentation: General Manager Chapman issued an award to Debi Atkins for 20 years of exemplary service with the Authority. President Skelton and Board Members commended Mrs. Atkins for a job well done.

Discuss Board policy concerning insurance requirements: General Manager Chapman revisited an issue presented last month for insurance requirements for contracts below \$250,000. He believes that the staff made a error in requesting the Board to approve a minimum of \$250,000 for Owner's and Contractor's Protection Liability Insurance. The staff does not want anyone to feel uncomfortable about the policy, and several Board members expressed concerns. Next month, an item will be on the agenda to rescind the policy. The insurance protects the Authority, the Cities, and the engineers and does not add much in cost to the contractor. The contractors need to read the bids and provide the insurance requirements. President Skelton stated that since he has been on the Board, nothing but unanimous votes have been casted. President Skelton thanked the staff for their ability to admit to a mistake and ask to rescind the policy. Board Member Grantham stated that he only provided a second motion because he had faith in the staff and the general counsel. President Skelton expressed appreciation for revisiting and reconsideration of the policy.

IX. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:38 p.m.

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Recording Secretary

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Secretary-Treasurer