

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

MONDAY, MAY 19, 2008

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

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

Members Absent: Mark Kuneman and Ray Nichols

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

Visitors: Mike Wynne, Nall, Pelley & Wynne
Mark Gibson, City of Sherman
David Howerton, City of Denison
David McGinnis, GCEC
Glen Middleton, Carollo Engineers

I. Call to Order

President Skelton called the meeting to order at 12:31 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 April 21, 2008 Meeting

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

V. Citizens to be Heard

At this time, General Manager Chapman introduced two visitors. Mr. David McGinnis, General Manager of Grayson-Collin Electric Cooperative (GCEC), who has an item on the agenda to request an easement for utility installation and Mr. Glen Middleton with Carollo

Engineers is the consulting engineer for the Sherman wastewater treatment plant digester rehabilitation project. General Manager Chapman also informed the Board that as Board Member Nichols has been elected to the Gainesville City Council, he cannot continue to serve on the Board. The City will appoint a new representative as soon as possible. Administrative Assistant Bennett introduced Melanie Howard, the temporary employee who will be replacing Carmen Catterson while she is on maternity leave.

At this time, President Skelton moved out of agenda order and proceeded to Water Activities, Item VII-C

VI. Wastewater Activities

Receive reports on wastewater activities: General Manager Chapman informed the Board that the staff is proposing to solicit bids to finish the conduits at the Pottsboro wastewater treatment plant. The other equipment has already been shipped to the site. The City had intended to use City employees to install the equipment. The City is short handed at this time, which could delay this project considerably. Bids will be taken to contract the construction of the assembly, which will be a separate contract to assemble and is expected will cost approximately \$11,000-\$12,000.

Consider and act upon award of contract for Sherman wastewater digester rehabilitation project: Mr. Glen Middleton with Carollo Engineers, the consulting engineer for the Sherman wastewater treatment plant digester rehabilitation project, attended the Board meeting to provide a verbal recommendation for Crescent Constructors, Inc, the low bidder for the project. The contract will be in the amount of \$993,000. Mr. Middleton explained that concerns were presented regarding the lowest bidder (Crescent Constructors, Inc) including a provision for explosion proof motors. Mr. Middleton has verified that Crescent Constructors, Inc. will be providing explosion-proof motors. While the Authority has no prior experience utilizing Crescent Constructors, Inc's services, the company has good references and has completed several projects in the north Texas area, including the City of Denton. Since bids were received for this project, Crescent Constructors, Inc. has also submitted the low bid for another project for the Authority. The Sherman City Council will consider this item tonight.

Vice President Johnson motioned for award of contract for Sherman wastewater digester rehabilitation project to Crescent Constructors, Inc. in the amount of \$993,000.00, contingent upon similar action being taken by the Sherman City Council. The motion was seconded by Secretary/Treasurer Rowland 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: The City

of Anna requested the Authority to finance \$540,000 to meet the requirement for a developer to install water and sewer lines. One bid was received with a 5% interest rate over 20 years. The bid is from a new company that the Authority has not worked with in the past. The bond counsel will investigate the company this week. Unfortunately, the information could not be compiled in time for this Board meeting. The company has agreed to hold the rate for 90 days. Bond counsel advises taking no action until next month, when more information will be available.

This item will be tabled until next meeting.

Consider and act upon On-Site Sewage Facilities Program contract modifications with Grayson County: This item is the result of a visit from the Texas Commission on Environmental Quality (TCEQ) on May 6-7. Mr. Ren Berra, On-Site Sewage Facilities (OSSF) Program Specialist for the TCEQ, performed the inspection in conjunction with Mr. Mike Sessions and Mr. Paul Gorman of the TCEQ. The TCEQ staff was not pleased with Grayson County's performance this past year. The inspection report from last year was also unsatisfactory. The only modification to the program from the list of recommended changes from the 2006 inspection was the contract initiated between Grayson County and the Authority for Designated Representative Services. The final inspection report for 2008 will most likely result in the County choosing to contract with the Authority for additional services related to the OSSF program. Mr. Berra felt that the County 'handcuffed' the Authority by limiting the enforcement abilities of the Designated Representatives. One of the main complaints from the TCEQ was the lack of maintenance record keeping by the County. In September, the State changed the guidelines for maintaining aerobic treatment systems. Homeowners can now maintain single-family residence systems without training or reporting test results to the permitting authority. Most counties have created amended orders to provide more stringent rules for maintaining systems. The County Commissioners will review modifying the contract with the Authority within the next several weeks.

Board Member Henderson questioned if the contract with the County is expanded what changes would need to be made to the number of Authority staff members. General Manager Chapman responded that more information from the County would be needed before staffing could be determined. Board Member Henderson also inquired what methods could be used to educate homeowners of changes to the OSSF program. Most homeowners are not currently aware of the changes, but the Authority would like to provide information to the public through the news media and a meeting with the Greater Texoma Association of Realtors. A public meeting could also be held to answer citizen questions.

President Skelton inquired how the program has improved over the last few months since the Authority contracted with the County to provide Designated Representative services. General Manager Chapman clarified that some problems are being experienced due to the lack of structure previously present in the program; however, positive changes are occurring and Mr. Berra acknowledged the improvements. Secretary/Treasurer Rowland questioned if the new system guidelines apply to existing structures. Currently 6,000-10,000 facilities exist in Grayson County that require maintenance. If complaints are received on an existing system, the complaint must be addressed and maintenance work performed to bring the system into compliance. Otherwise, neither the Authority nor County can force properly functioned systems to be modified. Vice President Johnson asked if the problems occurring are new or existing.

General Manager Chapman explained the State has not been satisfied with the Grayson County OSSF program for some time. Last year, County Judge Drue Bynum requested the State review the program for problems and deficiencies. In return a list of problems needing correction was received. The Board expressed a desire that the Authority staff operate the program consistently by the TCEQ's standards to eliminate favoritism and discrimination fears.

Board Member Henderson queried if any studies have been accomplished around Lake Texoma for sewer systems. General Manager Chapman verified that a study was conducted several years ago regarding sewer collection around the lake. However, the study was not utilized. Board Member Henderson expressed an interest in the cost to update the study. General Manager Chapman advised this would need to be discussed with the consultants who completed the formal study, but that he would research costs.

This item was tabled for action until June.

Discuss award of Texas Water Development Board \$125,000 wastewater planning grant: Verbal notice was received recently from the Texas Water Development Board (TWDB) of approval for the \$125,000 grant application to perform a sewer study in the Upper East Fork Basin. This geographic area encompasses northern Collin County and southern Grayson County combined with Howe, Van Alstyne, Anna, Melissa, McKinney, Princeton, Weston, and the North Texas Municipal Water District (NTMWD). The NTMWD has agreed to provide \$40,000 in contributed services for this project. The Authority expects to meet with the entities involved in June. Once the cities have firmly established their willingness to provide the required contributions, the Board will then be asked to authorize the acceptance of the grant. An engineering firm will need to be hired to conduct the evaluation and analysis. The study, which is designed to determine where sewer systems and package plants should be developed in the Upper East Fork Basin, will most likely begin in September. The wastewater will be transmitted to the NTMWD and returned to Lake Lavon. The NTMWD needs to have some say in where the water enters Lake Lavon, as many areas are nearing maximum capacity.

No action was requested at this time.

VII. Water Activities

Receive reports on water activities: A contested hearing on the TCEQ recommendation for a groundwater conservation district was held on Tuesday, May 13th in Austin. A letter was mailed on Friday, May 16th with the results of the hearing to the participants of the groundwater coalition. The transcript will be prepared by May 23rd, and provided to the attorneys for response. The Administrative Law Judge will have 60 days to propose a decision, which will then be provided to the TCEQ Commissioners. The TCEQ Commissioners will make a final decision in October or November. The decision will most likely establish that a Primary Groundwater Management Area (PGMA) is needed in North Texas. The TCEQ Executive Director indicated the TCEQ would not enforce a PGMA until 2009.

The configuration in the report issued by the TCEQ last summer is not preferred by local entities. If the TCEQ decides a PGMA is needed, legislation will need to be drafted. The

2009 deadline would provide time for legislature to meet and authorize a groundwater conservation district per local desires.

General Manager Chapman requested permission to contact Representative Larry Phillips to conduct a water summit in order to begin developing a strategy this summer. Representative Phillips needs to be knowledgeable and familiar with the PGMA issue in North Texas. If the PGMA is required, his assistance and the assistance of experts who have addressed these situations before will be necessary. The water summit will be hosted at a neutral site, possibly Grayson County College and include participation of the groundwater collation, as well as other local groundwater providers.

It was the consensus of the Board that General Manager Chapman contact Representative Larry Phillips to establish a water summit in June.

General Manager Chapman also reported that Judy Rowton, from Congressman Hall's office, spoke with John Roberts, chief civilian in the Tulsa District of the US Army Corps of Engineers, in reference to the Reallocation Study. Mr. Roberts informed her that the Authority should expect action in June. Information will be provided as it becomes available.

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This item was tabled for action until June.

Consider and act upon request from the Grayson-Collin Electric Cooperative for easement: In 2007, the Board adopted a policy for utility companies to receive a permit to install utilities on property owned by the Authority, rather than an easement. Section 2 of the policy explains that the Authority will consider issuing easements or licenses to local governments, other public agencies, private corporations, and non-profit corporations on a case-by-case basis. Mr. David McGinnis, General Manager of the Grayson Collin Electric Cooperative (GCEC), thanked the Board for considering a request from GCEC for an easement. Mr. McGinnis clarified GCEC is different from other utility companies as GCEC has always worked with landowners to obtain easements, rather than using eminent domain. GCEC is one of the largest utility companies in the area. He further explained the situation for his easement request. Several months ago, the Phillips 66 sign fell in Anna, leaving large portions of the City offline until the sign could be righted. GCEC would like to install a relief electric supply in the event of such power outages. Mr. McGinnis said GCEC is concerned about the requirement of a 30-day permit, as underground utilities are very expensive to relocate. Collin County is growing quickly and to accommodate the growth, the State may widen Hwy 5 to four lanes. Without an easement,

utility companies are required to relocate the lines at their expense. With an easement, the State will reimburse for a percentage of relocation costs. General Manager Chapman verified that the land was purchased for the Collin Grayson Municipal Alliance (CGMA) waterline. Extra space was obtained so that a 72" waterline could be installed on the same easement at a later date. Mr. McGinnis said that GCEC is willing to accommodate the depth issue so that the corridor is still available to install the 72" waterline in the future.

The Authority has experienced a similar situation previously with relocating waterlines at cost due to roadwork. The staff has no problem issuing an easement to GCEC. Vice President Johnson expressed concerns that issuing an easement could cause problems in the future by setting a precedent. General Manager Chapman explained that GCEC serves other areas, including Collin County, and is still a regulated utility, unlike TXU and other power companies. While this might cause other companies to request an easement, the final decision will still be up to the Board. Mr. Wynne advised issuing an easement will not set a binding precedent based on resolutions approved previously. Mr. Wynne verified that easement language can be altered to protect the Authority. General Manager Chapman clarified that the motion being requested is an authorization for Mr. Wynne to negotiate with GCEC's attorneys for an easement.

Board Member Henderson motioned to approve the General Counsel to negotiate an easement with the Grayson-Collin Electric Cooperative for installation of new electric utilities in property owned by the Greater Texoma Utility Authority. This motion was seconded by Board Member Kirley and passed unanimously.

Discuss construction of a portion of the east-west line of the Collin/Grayson Municipal Alliance project: Recently, the City of McKinney contacted the Authority regarding the east-west portion of the CGMA waterline project. During construction of the pump station, David Gattis, consulting engineer, contacted McKinney regarding temporarily connecting to McKinney's distribution line at a location near the pump station. An agreement with the City of McKinney was obtained to allow the Authority an additional 18-months to construct the east-west line. However, a new development is being constructed west of the current CGMA line. The City has requested the Authority install a portion of the east-west waterline to provide water to the development. The developer and their engineer spoke with the City last week regarding the location of the water line. The line will most likely be installed along the street to maintain the home sites. If the City does not approve the installation of two waterlines along the street, an agreement will be reached with the developer to utilize the back part of the development. The complete water line will be installed next year, with 180 days for construction. Additional bonds will need to be purchased to install the remainder of the line. Administrative Assistant Bennett is currently pursuing a low interest rate loan, 2% below market value. This interest rate loan will be included on the June agenda.

No action was requested at this time.

Consider and act upon Change Order No. 1 to the contract with Jerry Paul Higgins, Ltd. for the Sherman Lockhart waterline replacement project: This change order

reduces the contract price with Jerry Paul Higgins, Ltd for the Sherman Lockhart waterline replacement project by \$7,229 due to rerouting the waterline.

Board Member Henderson motioned to approve Change Order No. 1 to the contract with Jerry Paul Higgins, Ltd. for the Sherman Lockhart waterline replacement project for a net decrease of \$7,229.00. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider and act upon Change Order No. 2 to the contract with Jerry Paul Higgins, Ltd. for the Sherman Lockhart waterline replacement project: This change order reduces the contract price with Jerry Paul Higgins, Ltd for the Sherman Lockhart waterline replacement project by \$10,002.61, reconciling the contract to final quantities.

Board Member Henderson motioned to approve Change Order No. 2 to the contract with Jerry Paul Higgins, Ltd. for the Sherman Lockhart waterline replacement project for a net decrease of \$10,002.61. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider and act upon a Resolution by the Board of Directors accepting the contract with Jerry Paul Higgins, Ltd. as complete for the construction of the Sherman Lockhart waterline replacement project: This Resolution will officially accept the work done by Jerry Paul Higgins, Ltd. For the Sherman Lockhart waterline project as complete.

Board Member Henderson motioned to approve a Resolution by the Board of Directors accepting the contract with Jerry Paul Higgins, Ltd. as complete for the construction of the Sherman Lockhart waterline replacement project. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

VIII. Solid Waste Activities

Receive groundwater report: A copy of the letter submitted by the groundwater hydrologist was provided in the agenda packet. This testing is completed twice a year. The previous report contained no concerns. The Authority requested to reduce testing requirements to once per year as the cost is approximately \$7,500 per sample. Due to unfavorable results on one test last year, the request was denied. Next year, the Authority staff will resubmit the request to reduce testing requirements to once per year. Some settling at the landfill has occurred, but nothing that has required additional soil. Occasionally, the soil from the 60 acres owned adjacent to the landfill is used to offset the settling that occurs at the landfill.

IX. General Activities

*Receive monthly financial reports:

Consider and act upon a Resolution rescinding Resolution No. 963 regarding minimum insurance and bonding requirements: Last month, the Authority staff approached the Board to rescind Resolution No. 963. No action was requested last month. The staff is now

presenting a Resolution for action to rescind Resolution No. 963 and return to the original requirements.

Board Member Henderson motioned for the approval of a Resolution rescinding Resolution No. 963 regarding minimum insurance and bonding requirements. The motion was seconded by Board Member Grantham and passed unanimously.

Consider and act upon purchase of new accounting software: Last month, Financial Officer Atkins discussed changing the Authority's accounting software with the Board. Proposals were received from three companies. Financial Officer Atkins recommends purchasing QuickBooks based on a reference from President Skelton, as well as favorable research. The research showed that QuickBooks is able to handle all the Authority's projects, as well as Accounts Payable and Accounts Receivable. QuickBooks will provide the required components with no annual maintenance fees. The current company charges \$1,500 yearly to cover major problems and a smaller amount per incident for any other problems. There is an additional charge for tax tables and payroll maintenance. President Skelton stated QuickBooks has yearly updates and payroll maintenance, and the cost to upgrade to a new version is only \$1,200. Several local companies are available to assist with any problems.

Board Member Grantham motioned to approve purchasing QuickBooks Accounting Software. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon insurance proposals: Accounting Assistant Laurie Killian presented information to the Board on various health insurance companies. Proposals were received from four organizations. A proposal was requested from the Texas Water Conservation Association (TWCA) Risk Management Fund, the Authority's current provider. However, the proposal received from TWCA is incorrect. As such, the current provider's cost is not available. This proposal will be on next month's agenda, as the Authority is not required to provide a 30-day notice to TWCA to change companies. The other quotes are valid until August 1, 2008. TWCA's proposal has limited benefits, as there is only one lab in Sherman and none in Gainesville. Accounting Assistant Killian explained that many errors have occurred in TWCA's billing. President Skelton recommended waiting until next month before taking action.

This item was tabled for action until June.

IX. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:42 p.m.

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Recording Secretary

Secretary-Treasurer