

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

MONDAY, JUNE 15, 2009

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

Members Present: Don Skelton, Bill Johnson, George Rowland, Everett Grantham, Duane Hayes, Joe Henderson, Paul Kirley, Clyde Yeatts

Members Absent: Mark Kuneman

Staff: Jerry Chapman, Carolyn Bennett and Carmen Catterson

Visitors: Mike Wynne, Nall, Pelley & Wynne
David Gattis, Freeman-Millican
Mark Gibson, City of Sherman

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. General Manager Chapman explained the item on the Liabilities Resolution for Lloyd Gosselink is to pay for their efforts in overseeing the relocating of the Authority's governing legislation. There were no items requested by the Board of Directors to be removed from the consent agenda for discussion. Board Member Henderson motioned 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 May 18, 2009 Meeting

IV. * Consider and act upon approval of accrued liabilities for May 2009

V. Citizens to be Heard

No citizen comments were heard.

VI. Wastewater Activities

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).

The City of Melissa requested the Authority finance and construct a new sewer line. They have several projects in their Capital Improvement Program (CIP), including the Fitzhugh Interceptor Sewer project. This project was scheduled to be constructed next year. However, TxDOT is working on Hwy 75 on the south side of McKinney to Melissa. The TxDOT approached the City and informed them the sewer line and lift station on Hwy 5 need to be moved before the end of the year. BWR Corp., the consulting engineer, is preparing the designs for the project. The Authority staff is requesting permission to submit application to the Texas Water Development Board (TWDB) not to exceed \$2,500,000. The funding will come from two different sources. \$2.25 million will be from the below market fund. The second series for \$250,000 will have to come from another TWDB source because it will be used to acquire right of way and the below market fund does not pay for property acquisition.

Vice President Johnson motioned to approve a Resolution 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). The motion was seconded by Board Member Grantham 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 Sherman).

The City of Sherman undertakes a CIP each year. Certain projects are requested to be undertaken by the Authority from the CIP list. The staff is proposing to approach the TWDB for a 3.5% interest rate to undertake construction on a series of sewer projects. The collection line is of some urgency. This collection line is the Relief Sewer K along Lamberth Rd south. A portion of that project is already under construction. Additional funding will improve the wastewater treatment plant. These projects are currently in the design stage. The application will be for an amount not to exceed \$3,970,000.

Board Member Henderson motioned to approve a Resolution 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 Sherman). The motion was seconded by Vice President Johnson and passed unanimously.

Receive progress report on Phase II of the Melissa-Anna sewer project and consider authorizing change order to the Wright Contract for unfinished work items on Phase II.

Chapman provided an update on Phase II of the Melissa-Anna sewer project. Four D Construction began work on the \$2.3 million project last year and were supposed to be

finished in October 2008. Problems with the contract culminated in April 2009 when Four D Construction wrote a letter withdrawing from the project. Three major work items remain to be completed on the project totaling approximately \$196,000. A claim has been filed with the bonding company, Travelers, Inc. We have been negotiating with Travelers, Inc. for the past several weeks regarding the terms of the performance bond. The construction account has approximately \$165,000 to complete the project. Chapman and Wynne recommended to the bonding company to hire Wright Construction to complete the project.

Last week, Travelers, Inc. mailed a proposal for settlement. They offered to pay the difference between the amount of money remaining and the amount of money needed to complete the project. However, the Authority incurred engineering costs since Four D ran over on the time limit. The liquidated damages also include Chapman and Wynne's time. Wynne estimates the cost to be approximately \$500 per day. This totals approximately \$91,000 plus \$20,000 to finish the job. Wynne requested a response because time is of the essence. The City of Anna is discharging more wastewater than their wastewater permit allows. Wynne received a response this morning from Travelers, Inc. Wynne explained that there are three issues involving the claim with Travelers, Inc.. First is the bonding company's responsibility to complete the project. Travelers, Inc. responded that they will pay the additional funds required to complete the construction of the project. Second are the liquidated damages, and third are the actual expenses. If Four D defaults, the Authority is to receive the greater of actual expenses or \$500 per day. Travelers, Inc. responded with a revised proposal that says the Authority would receive \$30,500 towards construction plus \$10,000 for liquidated damages and warranty for Four D. The account executive with Travelers, Inc. is very inexperienced.

The staff requests permission to execute a change order and put the unfinished work into Wright Construction's contract. The Wright contract is large enough we can transfer the job without having to take bids. The contractor has agreed to the price and this will not jeopardize further action with the bonding company.

Board Member Grantham motioned to authorize Change Order No. 5 to the contract with Wright Construction Co. for unfinished work items on Phase II of the Melissa-Anna sewer project. The motion was seconded by Vice President Johnson and passed unanimously.

Receive report on Upper East Fork Sewer Study.

The engineering work is currently underway. All preliminary data has been collected and the engineers are in the process of preparing a recommendation. The recommendation will be available before December 2009. Their draft recommendation will provide possible outcomes, including locations to build trunk line sewers, lift stations, package plants, regional plants, etc. The objective is to provide a broad look at where improvements should be made.

VII. Water Activities

Receive report on Groundwater Conservation District Activities.

The Groundwater Conservation Districts (GCD) are a reality. Both passed legislature. The Fannin/Grayson Red River GCD is SB 2589. It will have a seven member board. Three members will be from Fannin County and four from Grayson County. Sherman will appoint two members, other groundwater using cities will appoint one member, and rural water suppliers will appoint one member. The GCD will be supported by fees charged to groundwater producers per 1,000 gallons used. The Cooke/Collin/Denton North Texas GCD will maintain a nine member board. Three members will be elected by each county. A confirmation election is required. Both GCDs will become effective after September 2009. It may take up to two years before the GCDs can be operational. Rules for wells will have to be established and will have to register and log every well. A threshold will have to be determined. In the past, the normal threshold is 25,000 gallons per day. The maximum fee will be \$0.30 per 1,000 gallons. The GCDs will also need to determine the desired future condition of the aquifer.

Receive report on Reallocation Study.

July 2 is still the estimated completion date. The report has been forwarded from the Corps of Engineers to the Assistant Secretary of Army for signature. When the report is signed, the contract for the 50,000 acre-feet should be available. Letters were sent to local water providers seeking interest in water storage. Sherman will purchase any water not claimed by other water providers.

Chapman spoke with Cynthia Kitchens with the Corps of Engineers at a workshop on water contracting during the first of June. The Corps of Engineers are planning to work on the Cumberland levies, which are on the Oklahoma side of the Denison dam. If an entity owns water storage at the time of repairs, that entity will be responsible for a portion of the repair cost. The Authority might consider delaying signing the contracts until after the repairs are completed.

Consider and act upon matters relating to the cost for additional engineering for the Howe Pump Station project.

The Collin-Grayson Municipal Alliance (CGMA) project was designed to provide water to Howe, Van Alstyne, Melissa and Anna. When the project was first started, Howe moved their point of water delivery by 6,600 feet south. The other cities agreed to provide Howe a pump station and a larger ground storage tank in exchange for the reduced line length. Originally, the City wanted the water delivered to the west side of Hwy 75. The City has since changed its mind and now wants to receive water to south side of Hwy 75. David Gattis, the consulting engineer, explained that two years ago Howe put a halt on designs. Now, substantial changes have been made to the plans and specifications. The preliminary engineering study was done at the cost of \$6,160. The engineer is requesting that only 25% of the previous payments be credited as part of their engineering fee. Chapman supports the request for the additional fees.

Board Member Henderson motioned to approve additional engineering costs for the Howe Pump Station project. The motion was seconded by Board Member Grantham and passed unanimously.

VIII. General Activities

*Receive Monthly Financial Reports

Consider and act upon appointment of administrator for GTUA Retirement Plan and other matters associated with Retirement Plan.

Bank of Texas requested several changes to the retirement plan. Most recent was appointing a plan administrator and a three-party agreement between Bank of Texas, the Authority and Wells Fargo Investment. On Friday afternoon, Chapman and Bank of Texas reached an agreement that if the Authority appoints a plan administrator, the requirements will be satisfied.

Board Member Grantham motioned to appoint the General Manager as administrator for the GTUA Retirement Plan. 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 1:28 p.m.

#####

Recording Secretary

Secretary-Treasurer