

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

**MONDAY, SEPTEMBER 21, 2009**

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

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Members Present: Don Skelton, Bill Johnson, George Rowland, Everett Grantham, Duane Hayes, Paul Kirley, Mark Kuneman, David Sprowl, Clyde Yeatts

Members Absent: None

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

Visitors: Mike Wynne, Nall, Pelley & Wynne  
Mayor Darren Driskell, City of Anna  
Philip Sanders, City of Anna  
Rob Franke, BWR Corp.  
Bob Helmberger, BWR Corp.  
Kevin Farley, City of Pottsboro  
Mark Gibson, City of Sherman

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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. Board Member Grantham motioned to approve the consent agenda. The motion was seconded by Board Member Sprowl and passed unanimously.

III. \* Consider and act upon approval of Minutes of August 17, 2009 Meeting

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

V. Citizens to be Heard

General Manager Chapman introduced visitors to the meeting. Frequent visitors included Kevin Farley with the City of Pottsboro and Mark Gibson with the City of Sherman.

New visitors included Bob Helmberger and Rob Franke with BWR Corp. and Mayor Darren Driskell and Philip Sanders with the City of Anna. Mr. Franke is also the Mayor of Cedar Hill.

At this time, President Skelton moved out of agenda order to Wastewater Activities Item VI-F.

Consider and act upon Agreement related to Engineering Contract by and among the Greater Texoma Utility Authority, the City of Melissa, the City of Anna, and Bucher, Willis & Ratliff Corporation.

In 2006, the City of Melissa entered into engineering contract with BWR Corp. Later that year, Anna and Melissa entered into an Interlocal Agreement to share the Melissa-Anna sewer project. The contract with BWR Corp. was then assigned to the Authority. The construction for Phase II and III of the project was estimated to be \$7.3 million. After the engineering was complete, Bob Helmberger, the project engineer sent the project out for estimates. The estimates came back higher than anticipated. BWR undertook a "value engineering" program, which included re-engineering the entire project to reduce project costs.

The project was re-engineered to try to gain a more competitive price for the construction. The consulting engineer's cost was \$125,000. The cities met in an attempt to solve the issue. Both cities approved the agreement at their August 25, 2009 meetings. The cities have now agreed to pay \$93,750 to resolve the issue. When asked why Anna was not consulted Mr. Helmberger replied Phase II was reduced from \$4 million to \$2.3 million. He made a conscious decision to incur additional engineering costs to reduce the total cost of project. Under the fee structure for original contract, the fee was already built in to cover the costs. However, after contract was awarded at an even lower cost than was anticipated, Helmberger realized the fee that would be received from the construction contract would not cover the additional costs and requested the remaining funds be paid by the Cities of Anna and Melissa.

Board Member Sprowl motioned to approve the Agreement Related to Engineering Contract by and among the Greater Texoma Utility Authority, City of Melissa, City of Anna, and BWR Corp. The motion was seconded by Vice President Johnson and passed unanimously.

President Skelton continued out of agenda order with Wastewater Activities Item VI-G

Consider and act upon an amendment to the engineering services contract with BWR Corp. for the Melissa-Anna sewer project.

The construction contract for Phase II was awarded to Four D Construction. This company was well known to the Authority and installed a portion of the waterline for the Collin-Grayson Municipal Alliance project. However, during construction of Phase II of the Melissa-Anna sewer project, Four D Construction began to fall behind their six-month construction schedule, which was supposed to be completed by October 2008. In April 2009, Four D Construction declared bankruptcy and abandoned the project. At that time, Travelers, Inc. the bonding company was contacted. Travelers, Inc. began to pay the subcontractors and suppliers Four D Construction owed money as required by the Payment Bond. The engineering contract

did not specify how the consulting engineer was to be compensated if the construction contracts extended past the expected completion date. The project costs did not contain any provisions to cover additional engineering costs. A meeting was held on September 8<sup>th</sup> with the city managers for Anna and Melissa, Mr. Helmberger, Mr. Franke, Debi Atkins, the Authority's finance officer and Jerry Chapman, the Authority's General Manager. The participants developed a formal agreement utilizing the Authority's General Counsel Mike Wynne. Last week, Philip Sanders reported that the Anna City Council expressed concerns about the agreement. The City Councils for Anna and Melissa will meet tomorrow night and will hopefully reach an agreement. The General Manager requests a motion to execute an agreement acceptable to both Anna and Melissa.

Vice President Johnson motioned to approve an amendment to the engineering services contract with BWR Corp. for the Melissa-Anna sewer project once both cities are in agreement. The motion was seconded by Board Member Grantham and passed unanimously.

At this time, President Skelton moved back to agenda order, starting with item Wastewater Activities Item VI-A.

#### VI. Wastewater Activities

Consider all matters incident and related to declaring expectation to reimburse expenditures with proceeds of future debt in relation to a project for the benefit of the City of Melissa, including the adoption of a resolution relating thereto.

The Texas Department of Transportation (TxDOT) will be expanding Hwy 5 in Melissa. This expansion will require the City of Melissa to move a waterline and sewer line as quickly as possible. TxDOT would like the project to be underway by the end of 2009. The rights of way will need to be acquired prior to issuing bonds because the loan program does not allow for the purchase of real estate. The City has offered to pay for the right of way acquisition cost until they can be reimbursed by the Authority from the bonds sold to the Texas Water Development Board (TWDB). The attached resolution allows for the reimbursement of up to \$250,000 to the City of Melissa for engineering and right of way acquisition costs. The bond resolution will be on the October agenda.

Secretary-Treasurer Rowland motioned to execute a resolution authorizing the reimbursement of expenditures with proceeds of future debt for the City of Melissa. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon authorization for the General Manager to advertise for bids for wastewater projects associated with the 2009 \$2,705,000 Sherman bond issue.

This will authorize the Authority staff to advertise for bids associated with the Sherman 2009 \$2,705,000 bond series.

Vice President Johnson motioned to authorize the General Manager to advertise for bids for wastewater projects associated with the 2009 \$2,705,000 Sherman bond issue. The motion was seconded by Board Member Sprowl and passed unanimously.

Consider all matters incident and related to the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2009-A (City of Sherman Project)", including the adoption of a resolution authorizing the issuance of such bonds.

This bond series is part of a below market interest rate loan for Sherman. This bond series along with funds remaining from the \$2,705,000 issue will be used for two relief sewers and work at the wastewater treatment plant. The map contained in the agenda shows the sewer lines near the central part of Sherman near the railroad tracks (Relief Sewer C). The other sewer line is on the west side of Sherman between Taylor Street and Lamberth Road (Relief Sewer K). The resolution is very similar to previous resolution with the only difference being the date and interest rate. The rate is 3.69%. This resolution will be on the city council's agenda Monday September 21<sup>st</sup>.

Vice President Johnson motioned to execute a resolution authorizing the issuance and sale of "Greater Texoma Utility Authority Contract Revenue Bonds, series 2009-A (City of Sherman Project). The motion was seconded by Board Member Sprowl and passed unanimously.

Consider and act upon authorization for the General Manager to advertise for bids for wastewater project associated with the 2009-A \$3,975,000 bond issue.

This will authorize the staff to advertise for bids for the previously approved bond issue.

Board Member Yeatts motioned to authorize the General Manager to advertise for bids for wastewater project associated with the 2009-A \$3,975,000 bond issue. The motion was seconded by Secretary-Treasurer Rowland and passed unanimously.

Consider and act upon award of contract for the Wastewater Treatment Plant Digester Improvements project for the City of Sherman

The wastewater treatment plant digester improvements project is contained in Sherman's 2008 Capital Improvements Program. This will rehabilitate the digester complex of the wastewater treatment plant. David Gattis with Freeman-Millican is the engineer for the project. Associated Construction Partners, Ltd from Boerne, Texas submitted the lowest responsible bid. The staff is not familiar with this company, but they submitted the proper documentation and bid bond and have worked with the North Texas Municipal Water District (NTMWD). Mr. Gattis recommends we accept the bid in the amount of \$898,000. This item will be considered at Sherman's city council meeting September 21<sup>st</sup>.

Vice President Johnson motioned to award the Wastewater Treatment Plant Digester Improvements project for the City of Sherman to Associated Construction Partners, Ltd. in the amount of \$898,000, contingent upon similar action being taken by the Sherman City Council. The motion was seconded by Board Member Sprowl and passed unanimously.

Receive report on Upper East Fork Sewer Study.

All City Managers were busy this past month with budget activities. The meeting will be held in October. More information will be provided next month.

VII. Water Activities

Consider all matters incident and related to declaring expectation to reimburse expenditures with proceeds of future debt in relation to a project for the benefit of the City of Melissa, including the adoption of a resolution relating thereto.

This item was discussed and motion was made under Wastewater Activities, Item VI-A.

Receive update on the Texas Water Development Board Water Infrastructure Fund application for Lake Texoma Water Storage funding..

The TWDB staff submitted their recommendations for entities to receive funding under the Water Infrastructure Fund (WIF) to the awarding committee. The Authority's project was ranked number one. The Authority proposed a \$22 million bond to purchase 50,000 acre-feet of water storage in Lake Texoma that was guaranteed under the 1986 Water Resources Development Act. The WIF program provides funding 2% below the State of Texas' borrowing rate. Today, that rate would be approximately 2.5%. Once the TWDB issues a commitment, the Authority will have twelve (12) months to issue the bonds. Chapman requested the TWDB to move slowly with the Authority since we need to amend our permit and sign a contract with the Corps of Engineers before the bonds can be issued. The TWDB staff promised to delay our commitment until approximately January 2010. The Authority is still waiting on the Corps of Engineers to complete the Reallocation Report and submit a contract to the Authority. The Corps of Engineers reported they met with the Secretary of the Army and received fewer instructions than anticipated and that the revisions should only take a few weeks, not months. Deputy Director of Tulsa District John Roberts reported that they expect to have the recalculation completed by the end of October.

Consider and act upon methodology for allocating 50,000 acre-feet of water storage to member water providers.

The Board of Directors may need to determine which entities will receive the water storage. The Authority currently has a policy stating no one water provider can receive more than 20% of the water storage, or 10,000 acre-feet. The Authority will need to tell the TWDB by October which water providers will purchase water storage and how much they will purchase. Chapman proposes the staff write the remaining water providers and asking if they will participate. All the water providers participating will finance the storage with the Authority. If any water storage is remaining, Sherman and Denison would like to purchase the extra water storage. The Board tabled this item until next month.

Receive report on Groundwater Conservation District Activities.

The four nominees for Grayson County and three nominees for Fannin County will be blessed by the Fannin County Judge on September 29 at 10:00.

Receive report on Reallocation Study.

Mayor Magers of Sherman wrote a letter to Senator Kay Bailey Hutchison requesting the Reallocation Report be completed as quickly as possible. President Skelton requested an update on the use of water from Lake Texoma for Panda Energy, LLC. The agreement was approved by the Board in August, but the North Texas Municipal Water District wanted a liability clause included. The revised agreement will be presented to the Board at the October meeting.

#### VIII. Solid Waste Activities

##### Consider and act upon Request to Conduct Geophysical Operations by Sullivan Land Resources, Inc.

Inquiry received to conduct seismographic activities on the land adjacent to the landfill. It has been used as a borrow pit for the landfill. Wrote a letter that specified they could not drill or get off the landfill and stay out of the cemeteries.

Johnson motioned to approve a request to Conduct Geophysical Operations by Sullivan Land Resources, Inc. The motion was seconded by Yeatts and passed unanimously.

##### Receive report on Texas Risk Reduction Program Application to the Texas Commission on Environmental Quality

Currently required to test twice per year at a cost of \$15,000 per test. Received a letter from TCEQ offering to undertake the TRRP. Approached the cities. Both provided half the funding to undertake the study (\$35,000). Study determined there was no public health hazard and the wells are not connected with public water supply. Submitted and received a letter of deficiency. Met with TCEQ and the engineer for approximately 2 ½ hours and agreed to discuss the situation. TCEQ agreed to drop the heavy metal testing, only requiring to test wells with water, which dropped them from 12 to 7 wells and once every four years. This will reduce costs from \$60,000 every four years to \$2,500 every four years.

No motion was needed at this time.

#### IX. General Activities

##### \*Receive Monthly Financial Reports

##### Consider and act upon engagement letter for audit services.

The fee for the audit services is \$20,950, which is consistent with prior years. The Authority staff has been pleased with results from previous audits and has not had any problems with either the audits or Schalk & Smith's services.

Secretary-Treasurer Rowland motioned to engage Schalk & Smith for audit services. The motion was seconded by Vice President Johnson and passed unanimously.

##### Consider and act upon budget for fiscal year ending September 30, 2010.

The budget committee met in August. A summary of the budget is included in the agenda packet. Projects for the 2009-2010 fiscal year include Sherman waterlines, sewer lines and wastewater treatment plant rehabilitation. The pumps at Lake Texoma will be increased and the \$22 million water storage bond issue is included. Other projects include the Melissa sewer project, the Northwest Grayson WCID #1 \$10 million commitment, and the Howe pump station and waterline. The solid waste costs will be reduced due to an agreement with the TCEQ decreasing the amount of testing required. No major purchases for the Authority or improvements to the building are anticipated. The Authority staff does not ever include recommendations for salary increases, and would like to request the Board not increase salaries. Local cities and other water providers are reducing staff and experiencing budget cuts. It would not be responsible to increase the staff's salaries when the member cities are suffering financially.

X. Executive Session

Pursuant to Government Code Sections 551.074, the Board of Directors adjourned into closed Executive Session at 1:46 p.m. to discuss the following:

Personnel Matters:  
Consider and act upon evaluation and duties of the General Manager

XI. Regular Session

Consider and act upon items listed in Executive Session.

The Board reconvened into Regular session at 1:57 p.m. President Skelton stated no action was taken on items discussed during the Executive Session.


Secretary-Treasurer Rowland made a motion expressing the appreciation and gratitude to the President and staff of the Authority for the manner in which the business actions of the Authority are undertaken. The motion was seconded by Board Member Grantham and passed unanimously.

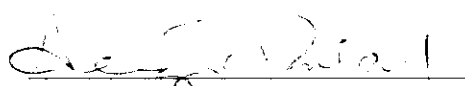
Vice President Johnson motioned to approve the budget for the fiscal year ending September 30, 2010. The motion was seconded by Board Member Hayes and passed unanimously.

XII. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:58 p.m.

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Recording Secretary

  
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Secretary-Treasurer