

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

MONDAY, February 15, 2010

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

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

Members Absent: Duane Hayes

Staff: Jerry Chapman, Laurie Killian, Alan Moore, Carolyn Bennett and Carmen Catterson

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

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 Sprowl 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 January 18, 2010 Meeting

IV. * Consider and act upon approval of accrued liabilities for January 2010

V. Citizens to be Heard

General Manager Chapman explained the news article presented to the Board on cyber theft. The article was printed in the US Today newspaper several weeks prior. Chapman and Finance Officer Debi Atkins discussed the situation with the Authority's auditors and computer technicians and developed a simple solution. A large amount of money is transferred

into and out of the Authority's accounts on a daily basis. The solution developed was for a single computer to be designated for all financial transfers. Only Atkins can access the computer remotely. A progress chart was also passed out showing the current status of the Gainesville Pecan Creek Right of Way project. Administrative Assistant Carolyn Bennett has been working on this project for the past few years with the City. The City of Gainesville and Corps of Engineers have been very complimentary on her progress. The projected completion date is approximately six-months. However, the properties owned by Home Depot and the Railroad still remain, so the process could be delayed further.

VI. Wastewater Activities

Consider and act upon a Resolution accepting the contract with Wright Construction Co., Inc. for the unfinished portion of Phase II and Phase III of the Throckmorton Creek/Trinity River Sewer Interceptor project

Phase II and Phase III of the Throckmorton Creek/Trinity River Sewer Interceptor project for the Cities of Anna and Melissa are now ready to be closed out. Phase III was assigned to Wright Construction Co., Inc., who was also assigned the unfinished work on Phase II. Four D Construction was unable to complete the work on Phase II due to financial problems. General Counsel Mike Wynne assisted the Authority in reaching a settlement with Travelers, Inc., Four D Construction's bonding company.

Melissa has already accepted Phase III as complete, but has not accepted the unfinished work on Phase II, which is on their February 23, 2010 agenda. Anna called the Authority last week with concerns about the metering device. The metering device is calibrated to a specific range. However, the device is reading a higher amount of flow than the City is discharging. The Authority contacted BWR Corp, the consulting engineer and will contact the contractor to have the supplier recalibrate the metering device.

Operations Supervisor Alan Moore will be working on this project this week. The staff anticipates having the manufacture's representative recalibrate the metering device within the next week. Anna has agreed to accept the project as complete once the device is recalibrated. Once the contractors, engineer and administrative costs are paid, the Authority will distribute the remaining funds from the settlement to Anna and Melissa once all parties are satisfied. The City of Anna will receive \$41,653.01 and the City of Melissa will receive \$41,883.99.

Vice President Johnson motioned to execute a Resolution accepting the contract with Wright Construction Co., Inc. for the unfinished portion of Phase II and Phase III of the Throckmorton Creek/Trinity River Sewer Interceptor project as complete, contingent upon similar action being taken by the Cities of Anna and Melissa. The motion was seconded by Board Member Kirley and passed unanimously.

Consider and act upon award of contract for Hwy 75 North Sewer Contract "A" for the City of Sherman

This project includes multiple phases to install sewer lines along Hwy 75 north from Loy Lake Road to FM 691. David Gattis, the consulting engineer, provided the bid tabulation and a recommendation for award. The first three bids were close and competitive. The

low bidder's qualifications statements provide he has considerable road work experience, but little sewer work experience. This does not qualify or support competency for this type of sewer project. The second low bidder has more than 20 years of experience installing large and difficult sewer projects. Gattis recommends rejecting the low bid and awarding the contract to the second low bidder. Chapman reminded the Board that in January, the Board awarded the contract for Relief Sewer K-II on west side of Sherman that was awarded to Vessels Construction, the low bidder on this project. However, Relief Sewer K-II was designed by a different engineer. After that bid opening, Mark Gibson and consulting engineer and Chapman reviewed the situation and decided that because the job was smaller and not as critical, Vessels Construction could be awarded the project. If Vessels Construction completes the smaller job successfully, Chapman and the City would have confidence in their work for future jobs. The Hwy 75 Sewer "C" project is much larger and much more complex than the Relief Sewer K-II project. It also includes ravine crossings with more than 38' depth. This time when Chapman, Gattis and Mark Gibson reviewed the situation, they decided the company was not capable of completing the job successfully.

Mr. Bill Vessels of Vessels Construction was advised that he did not have the experience necessary to complete the job. Chapman met with him on February 5th. Mr. Wynne suggested we write Mr. Vessels and confirm the conversation and invite him to appeal the decision at the meeting, which was done. Wynne explained that the law allows the Authority to accept the lowest responsible bidder, which is not necessarily the low bidder. The Authority must identify what factors are used to reject the bid and must notify the bidder of the rejection and give an opportunity to appear before the Board to appeal. The original proposal asked for experience in sewer construction work. Vessels Construction has ample experience in 'excavation, paving and utilities,' but no sewer. The City of Sherman will consider recommending awarding the contract to the second low bidder at their next Council meeting.

Board Member Kirley motioned to reject the low bid and award the contract for the Hwy 75 North Sewer Contract "A" project for the City of Sherman to Lynn Vessels Construction, Inc. in the amount of \$814,437.03, contingent upon similar action being taken by the City of Sherman. The motion was seconded by Vice President Johnson and passed unanimously.

Receive information on GTUA/City of Gainesville 2010 Contract Revenue Refunding Bond Series to refund the GTUA/City of Gainesville 1995, 1997, 2002 Contract Revenue Bond Series.

This is an update to keep the Board apprised of the authorization provided last month to proceed with the Gainesville refunding. The market moved into a favorable range and the Specialized Public Finance, Inc. was able to refund the existing bond series. The final refunding will save the City of Gainesville 3.133% or \$108,137.

No action was needed at this time.

VII. Water Activities

Consider and act upon a Commitment Letter to receive \$21,230,000 in financial assistance from the Texas Water Development Board Water Infrastructure Fund for the Lake Texoma Water Storage project

The Authority has been working for a long time to receive the additional 50,000 acre-feet of water storage from Lake Texoma from the Corps of Engineers. The Authority needs a permit, the water storage contract and the financing to purchase the storage. Attached to the agenda is a commitment letter from the Texas Water Development Board (TWDB) for \$21.3 million to finance the water storage project. The Authority has until January 2011 to exercise the commitment. The Authority applied for a permit amendment last July with the Texas Commission on Environmental Quality (TCEQ). The permit was declared administratively complete last fall. Notice was published and the 30-day comment period expired on February 10 with no protests. The TCEQ staff will forward the recommendation to the Commissioners to approve the permit and will have it finalized within the next 60-days. The only remaining component is the contract with the Corps of Engineers. The Authority has been attempting to achieve this goal since 2000. Chapman called Colonel Funkhouser with the Tulsa District and Southwest Division. Colonel Funkhouser called back with John Roberts, Deputy for Tulsa District at 4:00 Friday, February 12th. The contracts have been approved, but the Authority has not seen them because Washington, DC was closed last week due to the snow. As today is President's Day, Washington, DC is closed. Colonel Funkhouser promised to confirm that the contracts had been sent to the Authority this week. If the contracts are complete and have been submitted to the Authority, this would complete all necessary components to purchase the water storage.

The TWDB has requested the Authority enter into a financing agreement for the \$21.3 million bond issue. This agreement specifies that if the TWDB sells the bonds, the Authority has to take the money or would be penalized. This is an excellent financing source with the interest rate being 50% of the State's cost. If the state sells in the 4-4.125% range, the Authority's rate would be between 2-2.06%. However, the financing agreement comes with risks. If we do not receive the contract from the Corps of Engineers, the Authority would be required to pay a penalty. Chapman recommends the Board authorize him to execute the agreement contingent upon receipt of the water storage contract. If the contracts are not received prior to March 31, 2010, the Authority would decline the money and apply for financing out of the next Water Infrastructure Fund cycle. This would enable the staff to act quickly if the contracts are received.

Board Member Grantham motioned to authorize the General Manager to execute the Commitment Letter, contingent upon receipt of a water storage contract for the 50,000 acre-feet of water storage from the US Corps of Engineers. This motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon a Resolution requesting federal funding from the Texas Environmental Infrastructure Program (City of Sherman)

The Texas Environmental Infrastructure Program projects were on the agenda last month for the Board's approval, but Sherman's project was not complete in time to be submitted to the Board. This project would provide improvements for Sherman's system. The staff submitted the project to the TWDB with a letter from President Skelton, which is attached for the

Board's review. Once the Board approves the Resolution, the staff will resubmit the Statement of Interest along with the Resolution.

Vice President Johnson motioned to execute a Resolution requesting federal funding from the Texas Environmental Infrastructure Program (City of Sherman). The motion was seconded by Board Member Grantham and passed unanimously.

Receive information on GTUA/City of Gainesville 2010 Contract Revenue Refunding Bond Series to refund the GTUA/City of Gainesville 1995, 1997, 2002 Contract Revenue Bond Series.

This item was discussed previously under Wastewater Activities, Item VI-C.

Consider and act upon authorization for engineering of the Collin-Grayson Municipal Alliance waterline modification and authorize advertising of bids.

Collin County plans to begin construction of an Outer Loop project. This project will need to cross the Collin-Grayson Municipal Alliance (CGMA) waterline constructed by the Authority. Moore and Gattis have worked closely with Collin County in developing an encroachment agreement. This project will extend from Hwy 75 to FM 121 across the CMGA waterline near Hwy 5 between Melissa and Anna. Collin County is prepared to pay all costs of encasing the waterline. Mr. Gattis has provided an estimate of \$150,000. The encroachment agreement will protect the Authority's easement for future waterlines. Collin County has been very accommodating. Collin County Commissioner's Court approved and submitted a purchase order to the Authority for \$150,000. The Board is being asked to approve the engineering agreement for the additional work necessary to encase the line. Attached to the agenda is a one page addendum to the existing agreement with Freeman-Millican, Inc. to address the engineering modifications. The staff will also need authorization to advertise for bids when the additional engineering work is complete. This project needs to be underway and complete before summer when the water demand will be higher and the line will be difficult to remove from service.

Board Member Yeatts motioned to authorize the engineering of the CGMA waterline modification and authorize advertising of bids. The motion was seconded by Vice President Johnson and passed unanimously.

VIII. Solid Waste Activities

Receive report on Dripping Springs Landfill Permit Amendment

Last year, the Authority requested Denison and Sherman to fund engineering work for the Dripping Springs landfill. Biggs and Mathews, Inc. performed the Texas Risk Reduction Program and determined no public harm would occur if groundwater testing frequency was reduced. After a long process with the TCEQ, one comment was received from a neighboring landowner. The landowner did not want the groundwater testing reduced. The TCEQ has accepted the response from Biggs and Mathews, Inc. and approved the testing reduction. Testing will now be required once every four years. No testing will be required until 2013. Hopefully, the landfill will stop producing methane gas and can stop testing completely.

No action was needed at this time.

IX. General Activities

*Receive Monthly Financial Reports

Consider and act upon dates for March and April Board of Directors meetings.

The Board normally meets on the third Monday, except for exceptional reasons. The Region C Water Planning Group is having their meeting on March 15, 2010, which is the third Monday. Chapman serves as one of the 21 members on the group and was the only member to contest the meeting date. On March 15, the Region C Water Planning Group will adopt the 2011 Water Plan for the next five years. This Water Plan will be submitted to the State to be included in the State Water Plan. It is very important that all projects for member cities be included in the plan. Chapman would like to attend the meeting if possible. He recommends moving the date one week forward to March 22, 2010.

The regular April Board meeting will fall during Chapman’s scheduled vacation. Chapman recommends the Board extend the Board meeting date by one week until April 26, 2010.

Vice President Johnson motioned to move the March meeting date to March 22, 2010 and the April meeting date to April 26, 2010. The motion was seconded by Board Member Kuneman and passed unanimously.

Consider and act upon acquisition of a copy machine for the Authority office.

The Authority’s current copy machine has been experiencing more frequent repair calls and problems. Accounting Assistant Laurie Killian researched copiers and companies and found we could purchase a better copier for less money. The Authority will save \$6,767 over a 60-month period by purchasing the Panasonic DP-8060. This would be the best machine for the Authority’s needs and is being purchased at the State price.

Secretary-Treasurer Rowland motioned to purchase the Panasonic DP-8060 copier through the General Mutual Benefit account. The motion was seconded by Vice President Johnson and passed unanimously.

X. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:27 p.m.

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Recording Secretary

Secretary-Treasurer