

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

MONDAY, JANUARY 18, 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, Debi Atkins, Alan Moore, Carolyn Bennett and Carmen Catterson

Visitors: Mike Wynne, Nall, Pelley & Wynne
Mark Gibson, City of Sherman
Tom Schalk, Schalk & Smith
Judy Smith, Schalk & Smith
Chuck Tracy, Alan Plummer & Associates

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 motioned 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 December 21, 2009 Meeting

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

V. Citizens to be Heard

General Manager Chapman introduced visitors Mark Gibson with Sherman, auditors with Schalk & Smith Tom Schalk & Judy Smith, Chuck Tracy with Alan Plummer & Associates

At this time, President Skelton moved out of agenda order to General Activities, Item IX-C

Receive Independent Audit for Fiscal Year Ending September 30, 2009

Tom Schalk with Schalk & Smith, the Authority's auditing firm explained the audit and gave the audit a clear recommendation, which is the highest honor. Page 5 illustrates the Authority's net asset schedule. Page 6 contains the net assets including revenue and expenditures and information on projects to be undertaken in 2010 and after. Page 12 includes changes to net assets and an income statement. The remainder of the audit breaks down individual projects. The Authority is in good shape fiscally and regarding internal control. The year's audit is more intensive since it is a Single Audit, which includes more information and detail. Vice President Johnson questioned if Mr. Schalk had any recommendations for changes the Authority should make to accounting or accountability procedures. Mr. Schalk explained the Authority is in good condition and that if anything occurs during the year, the staff contacts the auditors so that immediate changes can be made. This creates a more proactive approach to accounting, which keeps the Authority running smoothly. Chapman explained that Debi Atkins, the Authority's finance office frequently consults with auditors for advice in unclear situations. Copies of the audit will be submitted to the Texas Water Development Board (TWDB), Texas Commission on Environmental Quality (TCEQ), Department of Agriculture and the Depository. This will make sure that anyone wishing to review the audit can do so at any time. Mrs. Atkins will prepare the Comprehensive Annual Financial Report and submit it to the Governmental Finance Officer Association within the next month.

Secretary-Treasurer Rowland motioned to accept the independent audit for fiscal year ending September 30, 2009. The motion was seconded by Board Member Kuneman and passed unanimously.

President Skelton thanked the staff for good work and moved back to agenda order, beginning with Wastewater Activities, Item VI-A.

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 Melissa-Anna sewer project

The staff submitted the Wright Construction Co., Inc. contract for Phase II and Phase III of the Melissa-Anna sewer project for close out. However, in the close out documents provided by the engineer, the numbers are incorrect. The final pay estimate needs to be revised before the contract can be considered complete.

Vice President Johnson motioned to table this item until next month. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon Resolution accepting Phase II of the Melissa-Anna sewer project as complete.

Phase II is the upper section of this project. Four D Construction Co., Inc. was awarded this contract and failed to complete the work. The remainder of the project was assigned to Wright Construction Co., Inc. in a change order. Close out documents have been submitted. General Counsel Mike Wynne assisted the staff in negotiating and reaching a settlement with Travelers, Inc., Four D Construction Co.'s bonding company. Chapman would like to request the Board officially accept the work done on Phase II and approve closing this project. This action will be contingent upon the cities approval.

Board Member Yeatts motioned to execute a Resolution accepting Phase II of the Melissa-Anna sewer project as complete, contingent upon similar action being taken by the City Councils of Anna and Melissa. The motion was seconded by Board Member Kirley and passed unanimously.

Consider and act upon award of contract for the Relief Sewer C: King to Pacific project for the City of Sherman.

This contract is one of a continuing series of projects the Authority is constructing for the City of Sherman. Relief Sewer C replaces an old sewer line through the old part of town near the railroad tracks. Bids were received on January 6th. The low bid was submitted by Dickerson Construction Co., Inc. from Celina, TX. The bids have been tabulated and the engineer has submitted a recommendation for award of \$450,417.50. On the Sherman City Council's agenda for today, January 18th. The Authority has worked with Dickerson Construction Co., Inc. previously with no problems. The budget estimate was \$900,000. Before the contract can be awarded, a site certificate must be submitted to make sure the necessary property has been obtained. The necessary signed site certificates have been received.

Board Member Grantham motioned to award the contract for the Relief Sewer C: King to Pacific project for the City of Sherman to Dickerson Construction Co., Inc. in the amount of \$450,417.50, contingent upon similar action being taken by the City of Sherman. The motion was seconded by Vice President Johnson and passed unanimously.

VII. Water Activities

Consider and act upon award of contract for the Crawford Road 6-inch Pressure Reducing Station for the Argyle Water Supply Corporation .

This project is for the Argyle WSC in Denton County and consist of installing a pressure reducing station at Crawford Road. Biggs & Mathews, Inc., the consulting engineer, received bids on January 5th. Two bids were received. The engineer recommends awarding the contract to Prose Backhoe & Utilities, Inc. in the amount of \$26,450.00. Prose Backhoe & Utilities, Inc. has completed jobs for Authority before and did the work satisfactorily. Since the contract is less than \$50,000, the Authority can award the contract without advertising and without the same bonding as larger jobs require. The Authority will not pay the contractor until the work is complete and has been accepted.

Vice President Johnson motioned to award the contract for the Crawford Road 6-inch Pressure Reducing Station project for the Argyle Water Supply Corporation to Prose Backhoe & Utilities, LLC in the amount of \$26,450.00. The motion was seconded by Secretary-Treasurer Rowland and passed unanimously.

Consider and act upon Change Order No. 1 to the contract with Quality Excavation, Ltd. for the Sherman US 75 North waterline project

This waterline project for the City of Sherman includes waterlines being installed on either side of US Hwy 75 north to FM 691. Quality Excavation, Ltd. has completed the work satisfactorily. Change Order No. 1 reduces the contract by \$12,370 to adjust for final quantities used. Chris Schmitt with Teague Nall Perkins, the consulting engineer has submitted the required documentation.

Board Member Yeatts motioned to authorize Change Order No. 1 to the contract with Quality Excavation, Ltd for the Sherman US 75 North waterline project to reduce the contract in the amount of \$12,370.00, contingent upon similar action being taken by the City of Sherman. The motion was seconded by Board Member Sprowl and passed unanimously.

Consider and act upon a Resolution accepting the contract with Quality Excavation, Ltd. for the Sherman US 75 North waterline project as complete

This closes out the Sherman US 75 north waterline project constructed by Quality Excavation, Ltd. Teague Nall Perkins, the consulting engineer has submitted the necessary close out documents.

Board Member Sprowl motioned to execute a Resolution accepting the contract with Quality Excavation, Ltd. for the Sherman US 75 North waterline as complete, contingent upon similar action being taken by the City of Sherman. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon Reallocation Report and permanent financing for Lake Texoma water storage.

The report from the US Army Corps of Engineers (USACE) in the agenda packet was also included last month, but is the most recent update we have received. We are still waiting on Secretary of the Army and Congressman Hall to approve the Reallocation Report. Chapman and the North Texas Municipal Water District (NTWMD) have requested a meeting with Congressman Hall during the Texas Water Day to speed this process along. The Authority needs a contract from USACE for the 50,000 acre-feet of water storage, the amended permit, which was applied for in July and been declared administratively complete, and the funding from the TWDB. On Thursday, January 21st, the Authority will be granted a commitment from the TWDB for \$21.4 million. In February, the Board will be required to sign a master agreement with the TWDB verifying the Authority will take the \$21.4 million in funding within the next twelve (12) months. Texas Water Day will take place February 9-11. Vice President Johnson recommended that a Board member attend the meeting with Chapman.

Vice President Johnson motioned to authorize the General Manager to represent the Authority at Texas Water Day in Washington, D.C. and to participate with the NTMWD in a meeting with Congressman Hall to further pursue the water storage contract with the Corps of Engineers. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and act upon cost sharing with the North Texas Municipal Water District for an engineering study related to Zebra Mussels at the Lake Texoma Pump Station

Last month, Chapman provided a short discussion and a presentation about Zebra Mussels. In July 2009, Zebra Mussels were identified in Lake Texoma. The USACE requested the NTMWD to cease pumping to prevent contamination of Zebra Mussels in Lake Lavon. The NTMWD agreed to cease pumping until 2010. The USACE requested methodology for treating the Zebra Mussels be determined to prevent the spread of the invasive species to the Trinity River. The NTMWD has hired Alan Plummer & Associates to determine information of treating the Zebra Mussels. The Authority's 1984 agreement with the NTMWD states the Authority will participate 20% in projects associated with the Lake Texoma Pump Station. The Authority's share amounts to \$24,804.

Mr. Tracy with Alan Plummer & Associates explained that they will be evaluating the Zebra Mussel issues, which are composed of two problems. The first problem is what can be done to prevent damage to the pipeline and pump station. The second problem is what if Zebra Mussels take over Lake Texoma. This might include a very costly future to maintain the pipeline and pump station. Zebra Mussels are a cold water species, yet it continues to spawn and appear in warmer waters. Lake Texoma does not contain the amount of mussels found in the Great Lakes yet due to the temperature. The Zebra Mussel is moved in three ways, through pipelines as either larvae or mussels, by attaching to the hulls of boats and through the natural process of birds and other animals. The cost to create a barrier to prevent transmission of the mussels is very expensive and will not last long. The engineers are reviewing all possible methods to assess control of the mussels. These methods include barriers and chemical additions. No methods of eradication have been successful.

Board Member Yeatts motioned to authorize the execution of a cost sharing agreement with the NTMWD for an engineering study related to Zebra Mussels at the Lake Texoma Pump Station. The motion was seconded by Board Member Grantham and passed unanimously.

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

In December 2008, the TWDB reported they anticipated receiving stimulus funding. Five or six were rated in the top ten. However, the funding was never appropriated. In December 2009, the TWDB requested any projects be submitted with Letters of Intent. The staff will resubmit any projects submitted last year. The staff is resubmitting Gainesville's water treatment plant expansion. \$7,235,000. Federal funding in the amount of \$5,426,250 and \$1,808,750 (25%) in in-kind services and materials.

Secretary-Treasurer Rowland motioned to execute a Resolution requesting federal funding from the Texas Environmental Infrastructure Program (City of Gainesville). The motion was seconded by Board Member Kirley and passed unanimously.

Consider and act upon a Resolution requesting federal funding from the Texas Environmental Infrastructure Program (Northwest Grayson WCID #1)

The Northwest Grayson WCID #1 is a resubmission from last year. The total project cost is \$2,360,000 with \$1,770,000 in federal funding. This project includes a pump station, water supply well and transmission line.

Board Member Kirley motioned to execute a Resolution requesting federal funding from the Texas Environmental Infrastructure Program (Northwest Grayson WCID #1). The motion was seconded by Board Member Yeatts and passed unanimously.

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

The City of Denison requested the staff submit a Letter of Interest for their surface water treatment system expansion. The total project cost is \$3,470,000 with \$2,578,000 in federal funding.

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

Consider and act upon a Resolution requesting federal funding from the Texas Environmental Infrastructure Program (Collin-Grayson Municipal Alliance)

This project is for the Collin-Grayson Municipal Alliance East-West waterline. It was submitted last year and includes a total project cost of \$1,805,300 and \$1,325,300 in federal funding.

Board Member Yeatts motioned to execute a Resolution requesting federal funding from the Texas Environmental Infrastructure Program (Collin-Grayson Municipal Alliance). The motion was seconded by Board Member Kuneman and passed unanimously.

VIII. Solid Waste Activities

Receive report on Dripping Springs Landfill Permit Amendment

This is an update on the permit modification request submitted to the TCEQ for the Dripping Springs Landfill to reduce the frequency of groundwater testing. Notice was mailed and only one property owner opposed. The property owner is a customer of Starr WSC, and is upgrade from the landfill so any wells on their property would not be affected. Biggs & Mathews Environmental, the consulting engineer on the project, responded to the TCEQ. No response has been received from the TCEQ. The engineer does not think the TCEQ will change their decision to approve the permit modification based on this complaint.

IX. General Activities

*Receive Monthly Financial Reports

Receive Quarterly Investment Report

Consider and act upon election of Officers for 2010 calendar year.

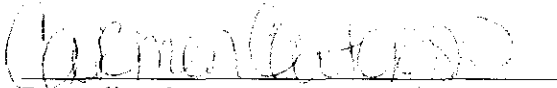
President Skelton appointed Board Members Kirley and Kuneman to a Nominating Committee for selection of officers. Board Member Kuneman recommends the Board reelect current officers.


Board Member Kuneman motioned to reappoint the existing slate of Officers for the 2010 calendar year. The motion was seconded by Board Member Kirley and passed unanimously. The Officers for the 2010 calendar year are: Donald Skelton, President; Bill Johnson, Vice President; George Rowland, Secretary-Treasurer; and Jerry Chapman, Assistant Secretary.

X. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:33 p.m.

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Recording Secretary


Secretary-Treasurer