

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

MONDAY, JANUARY 19, 2009

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

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

Members Absent: Everett Grantham, Duane Hayes, Mark Kuneman

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

Visitors: Mike Wynne, Nall, Pelley & Wynne
Kristen Savant, Fulbright & Jaworski
Scott Cole, Freese & Nichols
Mark Gibson, City of Sherman
Tom Gooch, Freese & Nichols
Glen Middleton, Carollo Engineers
Tom Schalk, Schalk & Smith
Judy Smith, Schalk & Smith

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 Board Member Henderson and passed unanimously.

III. * Consider and act upon approval of Minutes of December 15, 2008 Meeting

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

V. Citizens to be Heard

General Manager Chapman introduced some of the guests present, including Kristen Savant with Fulbright & Jaworski, the Authority's bond counsel to discuss Wastewater Activities item VI-B. Chapman also introduced Tom Schalk and Judy Smith with Schalk & Smith, the Authority's

auditors and Scott Cole and Tom Gooch with Freese and Nichols. Glen Middleton with Carollo Engineers and Mark Gibson with the City of Sherman were also present.

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

Consider all matters incident and related to approving and authorizing the defeasance of certain outstanding bonds of the Authority (on behalf of the City of Anna) and approving and authorizing the execution of a Special Escrow Agreement relating thereto, including the adoption of a resolution pertaining thereto.

General Manager Chapman explained the City of Anna is trying to reduce the amount of debt due from revenues on the water and sewer system by defeasing certain bond series. Due to rapid growth in previous years, the City accumulated a substantial amount of debt for water and sewer projects. Kristen Savant, the Authority's bond counsel with Fulbright & Jaworski briefly explained the mechanics of the defeasance. The City of Anna approved the bond defeasance last week. As the Authority is the issuer of five series of outstanding bonds included in the defeasance, the Authority must approve the issue. The money will be transferred into escrow funds and will defease the bonds, essentially paying for them. The City will then be able to pay the remaining debt from the tax revenues, rather than the water and sewer revenues. The defeasance will take place on February 13, 2009. Chapman reminded the Board that the City of Van Alstyne undertook a similar move last year.

Secretary/Treasurer Rowland motioned to approve and authorize the defeasance of certain outstanding bonds of the Authority (on behalf of the City of Anna) and approving and authorizing the execution of a Special Escrow Agreement relating thereto, including the adoption of a resolution pertaining thereto. The motion was seconded by Vice President Johnson and passed unanimously.

At this time, President Skelton continued out of agenda order by proceeding to Water Activities, Item VII-A

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

Last year, the City of Princeton requested the Authority's assistance in financing a water project. The Authority staff contacted the North Texas Municipal Water District (NTMWD) and verified that they had no qualms with the Authority assisting one of their member cities. The NTMWD welcomed the Authority helping the City of Princeton. General manager Chapman will attend the Princeton City Council meeting to answer any questions about the ordinance being provided to the Board of Directors. Ms. Savant explained the Resolution being provided. As this is an initial Resolution, the bond counsel updated the format and added a table of contents. Otherwise, the overall Resolution is similar to the ones approved for other member cities. Vice President Johnson questioned whether assisting Princeton violated any laws or jurisdiction guidelines and Chapman explained that the Authority was created by the Texas Legislature and can operate anywhere in the State of Texas. Chapman also reminded the Board that the City of Princeton is a participant in the Upper East Fork/Trinity River Basin Sewer Study.

Vice President Johnson motioned to adopt a resolution authorizing the issuance of "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2009 (City of Princeton Project). The motion was seconded by ? and was passed unanimously.

President Skelton continued out of agenda order and moved to General Activities, Item VIII-A.

Receive independent Audit for Fiscal Year Ending September 30, 2008

Mr. Tom Schalk with Schalk & Smith, the Authority's auditor, reviewed the specifics in the audit and explained the mechanics. The first pages summarize the financial statements that are contained in the back of the audit. This audit, as with previous audits, was good and clean with no exceptions and no problems with internal control. General Manager Chapman explained that one problem for both the auditors and the Authority is the time constraint. The audit must be submitted to the Texas Commission on Environmental Quality (TCEQ) and the Texas Water Development Board (TWDB) in February. This does not provide the Board of Directors and Authority staff much time to review the audit. Efforts will be undertaken this year by water agencies to have the legislature move back the due dates to provide more time to review. Chapman was not sure if this would be successful, but wanted the Board to be aware of the effort.

Board Member Henderson motioned to accept the independent audit for fiscal year ending September 30, 2008. The motion was seconded by Vice President Johnson and passed unanimously.

At this time, President Skelton moved back to the regular agenda order, beginning with Wastewater Activities, Item VI-A.

VI. Wastewater Activities

Consider and act upon a Resolution accepting the contract with Crescent Constructors, Inc. for construction of the wastewater treatment plant digester gas improvements project for the City of Sherman as complete.

Glen Middleton with Carollo Engineers was responsible for the engineering and oversight for the Sherman wastewater treatment plant digester gas improvements project. Work has been completed. Mark Gibson with the City of Sherman, and Mr. Middleton participated in final walkthrough of the project and have recommended this be closed out as complete. All necessary documentation has been submitted. Mr. Gibson provided letter advising the City of Sherman is satisfied with the work. If the Board accepts the project as complete, the documentation will be submitted to the TWDB.

Board Member Henderson motioned to approve the Resolution accepting the contract with Crescent Constructors, Inc. for construction of the wastewater treatment plant digester gas improvements project for the City of Sherman as complete, contingent upon TWDB approval. The motion was seconded by Vice President Johnson and passed unanimously.

VII. Water Activities

Consider all matters incident and related to approving and authorizing the defeasance of certain outstanding bonds of the Authority (on behalf of the City of Anna) and approving and authorizing the execution of a Special Escrow Agreement relating thereto, including the adoption of a resolution pertaining thereto

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

Receive report on Groundwater Conservation District activities.

As directed by the Board, the Authority staff is providing support to the area groundwater providers in their effort to formulate a Groundwater Conservation District (GCD) in the most desirable format. Representative Larry Phillips held a meeting with the groundwater providers in October and formed a seven-member steering committee. The steering committee decided to pursue legal counsel and have hired Mr. Brian Sledge with the Lloyd Gosselink firm to assist in guiding the bill through legislature. Notices must be posted 30-days before introducing bill to legislature. After posting the notices, it will then be necessary to garner support in legislature and in the Natural Resources Committee in both House and Senate. Some time has been lost since the effort began in the summer of 2008.

No action was requested at this time.

Receive information on the award of contract for Lake Texoma pump station upgrade project to Archer Western Co.

Chapman reminded the Board that last year the North Texas Municipal Water District (NTMWD) wrote the Authority under the terms of the original pump station agreement created in 1985. The agreement specifies that either party can modify the facilities to meet future needs. The only requirement is the other side must be notified for participation. NTMWD hired Freese & Nichols to complete a study to discuss the feasibility of increasing the pump station pumping capacity. The original pumping capacity was 90 mgd. Bids were taken on this project in November. Three bids were received. Archer Western was awarded the contract in the amount of \$6,479,702.00 and a preconstruction meeting was held last week. The original project was split 80% to NTMWD And 20% to GTUA on behalf of the City of Sherman. The City of Sherman has agreed they still want the Authority to retain 20% capacity in pump station and raw water line. The delivery of the pumps and its motor will take approximately 80-90 weeks. The waterline needs to be inspected to determine its condition. The line has been in use 20 years with no inspections. A company that specializes in waterline inspections, Pressure Pipe Inspection Co., Ltd. (PPIC) has been hired to perform the inspection. Chapman presented a brief slide show from the PPIC that demonstrates the equipment that will be used to inspect the pipelines, as well as possible deterioration in the lines.

The City of Sherman is concerned because surface water makes up half of Sherman's water supply. Stiff penalties against PPIC will be charged for exceeding the nine day time limit. If the company find problems in the line, they will need to be repaired. Only one leak has occurred in the 20 years of service. It occurred in the pump station yard and the line was only taken out of service for 36 hours. Plans have been made to adjust the water treatment plant methods. The water consumption during February is the lowest during the year, historically.

No action was requested at this time.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority approving the City of Anna Water Storage Project, requesting federal funding from the Texas Environmental Infrastructure Program, and committing to a non-federal cost share

The next seven postings are all similar. Following the TWDB's guidance on what funding they are likely to receive from the Texas Environmental Infrastructure Program. The TWDB expects to receive some federal funding for water system improvements. The program will include 75% grant funds with 25% local match funding. As Congress has not acted yet, the entire program is still speculation. Projects will need to meet four criteria. They will need to expand water supply, include minimal environmental concerns, be in the state and regional plan and must be able to be implemented within 120 days. All projects in the Region C plan were examined. Administrative Assistant Carolyn Bennett put together seven applications. The deadline for submission was January 14th. The documents were prepared and signed by the President and Vice President so they could be submitted in time.

Two of the projects are part of the Collin-Grayson Municipal Alliance project. The City of Anna is the same project submitted for the Water Infrastructure Fund (WIF) and was declined. Melissa's ground storage tank was also submitted to the WIF and was not funded. The City of Gainesville's surface water supply system expansion was not submitted for WIF. This project would enable the City to provide surface water from Moss Lake. The TWDB instructed the staff to submit all possible projects. We hope to know more by February, after Congress acts.

Board Member Henderson motioned to approve a Resolution approving the City of Anna Water Storage Project, requesting federal funding from the Texas Environmental Infrastructure Program, and committing to a non-federal cost share. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority approving the City of Melissa Ground Storage Tank Project, requesting federal funding from the Texas Environmental Infrastructure Program, and committing to a non-federal cost share.

This item was discussed under Water Activities, Item VII-E.

Board Member Henderson motioned to approve a Resolution approving the City of Melissa Ground Storage Tank Project, requesting federal funding from the Texas Environmental Infrastructure Program, and committing to a non-federal cost share. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority approving the Gainesville Surface Water Supply System Expansion Project, requesting federal funding from the Texas Environmental Infrastructure Program, and committing to a non-federal cost share.

This item was discussed under Water Activities, Item VII-E.

Board Member Henderson motioned to approve a Resolution approving the Gainesville Surface Water Supply System Expansion Project, requesting federal funding from the Texas Environmental Infrastructure Program, and committing to a non-federal cost share. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority approving the City of Sherman Water Treatment Plant Expansion Project, requesting federal funding from the Texas Environmental Infrastructure Program, and committing to a non-federal cost share.

This item was discussed under Water Activities, Item VII-E.

Board Member Henderson motioned to approve a Resolution approving the City of Sherman Water Treatment Plant Expansion Project, requesting federal funding from the Texas Environmental Infrastructure Program, and committing to a non-federal cost share. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority approving the Collin/Grayson Municipal Alliance East-West Water Line Project, requesting federal funding from the Texas Environmental Infrastructure Program, and committing to a non-federal cost share.

This item was discussed under Water Activities, Item VII-E.

Board Member Henderson motioned to approve a Resolution approving the Collin/Grayson Municipal Alliance East-West Water Line Project, requesting federal funding from the Texas Environmental Infrastructure Program, and committing to a non-federal cost share. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority approving the Collin/Grayson Municipal Alliance City of Howe Pump Station Project, requesting federal funding from the Texas Environmental Infrastructure Program, and committing to a non-federal cost share.

This item was discussed under Water Activities, Item VII-E.

Board Member Henderson motioned to approve a Resolution approving the Collin/Grayson Municipal Alliance City of Howe Pump Station Project, requesting federal funding from the Texas Environmental Infrastructure Program, and committing to a non-federal cost share. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider and act upon a Resolution by the Board of Directors of the Greater Texoma Utility Authority approving the Northwest Grayson WCID #1 Water Supply Expansion Project, requesting federal funding from the Texas Environmental Infrastructure Program, and committing to a non-federal cost share.

This item was discussed under Water Activities, Item VII-E.

Board Member Henderson motioned to approve a Resolution approving the Northwest Grayson WCID #1 Water Supply Expansion Project, requesting federal funding from the Texas Environmental Infrastructure Program, and committing to a non-federal cost share. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Consider and act upon Change Order No. 2 to the contract with WR Hodgson Co., L.P. for the West Crossing Blvd Waterline Extension Project to Rosamond Pkwy (City of Anna).

Change Order No. 2 was submitted by Tim Morris, the consulting engineer on the project for the West Crossing Blvd waterline project in Anna. This change order adds more connections in the area. Total cost is \$6,163.25 Funds are available on the bond issue.

Vice President Johnson motioned to approve Change Order No. 2 to the contract with WR Hodgson Co., L.P. for the West Crossing Blvd Waterline Extension Project to Rosamond Pkwy for the City of Anna, contingent upon similar action by the City of Anna. The motion was seconded by Board Member Kirley and passed unanimously.

Consider and act upon contract for engineering services with Freese and Nichols, Inc. for assistance in securing new water permit.

The Authority staff has been attempting for years to secure additional water storage in Lake Texoma for the reallocation study. Before new contracts can be signed with the Corps of Engineers, the Authority will need to update the water permit. Chapman was hesitant to update the permit until closer to receiving water storage. The process of amending a permit is extremely difficult and time consuming. Freese and Nichols assisted in the previous Interbasin Transfer Permit the Authority obtained to sell water to the NTMWD. The Interbasin Transfer Permit should be more complicated than this process should become. Tom Gooch with Freese and Nichols has suggested a figure not to exceed \$35,000. The cost will depend on the amount of opposition and the challenges the TCEQ may pose.

Vice President Johnson motioned to approve a contract for engineering services with Freese and Nichols, Inc. for assistance in securing a new water permit. The motion was seconded by Secretary/Treasurer Rowland and passed unanimously.

Receive report on Reallocation Study.

Cynthia Kitchens, the project manager with the Corps of Engineers provides a report every week on the status of the Reallocation study. The study is down to two basic issues. The Power Users are meeting this week and the stake holder's meeting was held on January 21st. Documents are supposed to be sent to Washington DC on January 28 and contracts will be available to sin by April.

No action was requested.

Consider and act upon participation in the Texas Water Day.

Texas Water Day will be held on February 3 and 4 in Washington, DC. Chapman recommends he and possibly a Board member attend to push the Reallocation Study issue. Last year, President Skelton attended the meeting with Chapman and met with Senators Hutchison and Cornyn and Representative Hall. President Skelton remarked that he cannot attend this year, but recommends other members of the Board attend.

Vice President Johnson motioned for the General Manager and possibly a member of the Board to participate in the Texas Water Day. The motion was seconded by Board Member Henderson and passed unanimously.

VIII. General Activities

*Receive Monthly Financial Reports

*Receive quarterly investment reports

General Manager Chapman reviewed the investment report with the Board. President Skelton questioned how the current status of the investments will affect the long-term financing on projects. Chapman reported that the TWDB rates have not changed much. He does expect to see lower rates since the federal rates have been decreased. No difficulty in receiving financing has been experienced to date.

Consider and act upon election of Officers for 2009 calendar year.


At the previous Board meeting, President Skelton established a nominating committee of Board Members Grantham, Kuneman and Johnson. Vice President Johnson is the only committee member present and has been authorized to speak for committee. He submitted a recommendation that the existing Officers be reappointed and serve for another year.

Vice President Johnson motioned to reappoint the existing slate of Officers for the 2009 calendar year. The motion was seconded by Board Member Henderson and passed unanimously. The Officers for the 2009 calendar year are: Donald Skelton, President; Bill Johnson, Vice President; George Rowland, Secretary-Treasurer; and Jerry Chapman, Assistant Secretary.

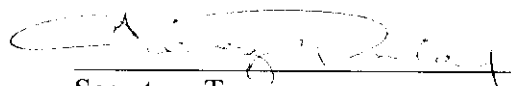
IX. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:52 p.m.

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Recording Secretary



Secretary-Treasurer