

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

MONDAY, FEBRUARY 16, 2009

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

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

Members Absent: Everett Grantham

Staff: Jerry Chapman, Carolyn Bennett and Carmen Catterson

Visitors: Mike Wynne, Nall, Pelley & Wynne
Mark Gibson, City of Sherman
Don Paschal, Paschal Consultants

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 Henderson made a motion 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 January 19, 2009 Meeting

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

V. Citizens to be Heard

General Manager Chapman introduced two guests, Mark Gibson with the City of Sherman and Don Paschal. Mr. Paschal has worked with the Authority in the past on various projects including the Collin-Grayson Municipal Alliance (CGMA) waterline project.

VI. Wastewater Activities

Consider and act upon Change Order No. 6 to the contract with Four D Construction for Phase II of the Melissa-Anna sewer project.

General Manager Chapman explained this change order is an item from last month for the Anna metering station as part of the Anna-Melissa Phase II sewer project. The owner of the property expressed an exception to overhead utilities. The City approved underground utilities. 100% to the City of Anna. \$9,620 to install underground utilities.

Board Member Henderson motioned to approve Change Order No. 6 to the contract with Four D Construction for Phase II of the Melissa-Anna sewer project. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon award of contract for engineering services for the Upper Trinity East Fork Basin Sewer Study.

Chapman reminded the Board that last year several cities in North Texas requested the Authority to assist in a regional sewer study. The cities want to examine the upper portion of the Trinity River Basin to determine where sewer lines and plants would be most beneficial. The North Texas Municipal Water District (NTMWD) is also involved and has agreed to provide a significant portion of the non-state funds. The Texas Water Development Board (TWDB) has provided a \$125,000 grant to be matched with \$125,000 in cash or in-kind services. The NTMWD will provide \$64,000 in services. The Cities will provide cash and services to pay the remaining portion. Don Paschal, a consultant the Authority has worked with in the past will attribute his time to the cost. The Authority will be handling the administrative portion of the project. Four engineering proposals were received. A screening committee composed of two NTMWD staff members, Mr. Paschal and General Manager Chapman reviewed the proposals and recommend the contract be awarded to Freese & Nichols. The Cities agree that Freese & Nichols would be an excellent firm to conduct the study. A proposed agreement is attached. The work program contained in the contract is acceptable; however, the cost needs to be reduced from \$145,000 to \$135,000 and the County needs to be changed from Tarrant to Grayson.

Board Member Henderson motioned to award the contract for engineering services for the Upper Trinity East Fork Basin sewer study to Freese & Nichols, Inc provided the cost can be reduced to a maximum of \$135,000. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon Change Order No. 2 to the contract with Wright Construction Co., Inc. for construction of Phase III of the Anna-Melissa Throckmorton Creek/Trinity River Sewer Interceptor project.

This change order concerns Phase III of the Throckmorton Creek/Trinity River sewer project for Anna and Melissa. The original plans included a creek crossing the contractor would need to bore. However, the remaining depth beneath the line was not sufficient to support a bore. Bob Helmberger, the consulting engineer requested a quote to open-cut the channel. The difference in cost is a deduction of \$71,000. The TWDB has granted authorization to open-cut the channel, instead of boring.

Secretary-Treasurer Rowland motioned to approve Change Order No. 2 to the contract with Wright Construction Co., Inc for construction of Phase III of the Anna-Melissa Throckmorton Creek/Trinity River Sewer Interceptor project. The motion was seconded by Vice President Johnson and passed unanimously.

VII. Water Activities

Consider and act upon Change Order No. 1 to the contract with H2M Utility Construction Co. for the construction of the Bells ground storage tank project.

This change order modifies the Bells ground storage tank project. Atmos energy has a gas line through the original location. Atmos Energy does possess an easement for the line. The line is very old and the City was not aware the line was at that location. The change order adds \$3,600 to the contract to move the tank to a new location. The City of Bells has approved the change order and funds are available to pay the additional cost. Budget has funds.

Board Member Henderson motioned to approve Change Order No. 1 to the contract with H2M Utility Construction Co. for the construction of the Bells ground storage tank project The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon Change Order No. 2 to the contract with W.R. Hodgson Co., L.P. for the construction of the CR 369/371 waterline project for the City of Anna.

This change order is for the CR 369/371 waterline on the north side of Anna and increases the contract amount by \$2,440 to reconcile for final quantities. This project should be ready to close out soon, but the contractor has claimed an additional \$15,000, but has yet to convince the inspector or engineer. Once the disagreement is settled, the Authority will request close out documents from the contractor and present it to the Board for close out.

Vice President Johnson motioned to approve Change Order No. 2 to the contract with W.R. Hodgson Co., L.P. for the construction of the CR 369/371 waterline project for the City of Anna. The motion was seconded by Board Member Kuneman and passed unanimously.

Receive report on Groundwater Conservation District Activities.

General Manager Chapman spent two hours this morning on a conference call with the steering committee established by Representative Phillips in October. The conference call consisted of Ken Swirczynski with Woodbine, Barry Sullivan with Gainesville, George Olson with Sherman, Mayor Parker with Van Alstyne, Mayor Welch with Whitesboro, Harold Latham with Fannin County and Fannin County Judge Eileen Cox. Brian Sledge with the Lloyd Gosselink firm also participated. Notice was posted several weeks ago for introduction of the bill establishing a Groundwater Conservation District (GCD). Mr. Sledge has drafted the legislation, which has been provided. The conference call discussed the draft bill, which includes representation by water providers. The bill provides for a nine member board of directors with three from Cooke County, five from Grayson County, and one from Fannin County. The water providers are in agreement, but Cooke County still desires a single county GCD. This will be a futile effort as Senator Averett will not allow any more single county GCDs. The Texas Commission on Environmental Quality (TCEQ) will begin taking steps to impose a GCD after June 11, 2009. Within two years of June 11th, a GCD must be formed according to Chapter 36 of the Texas Water Code.

No action was needed at this time.

Receive report on Reallocation Study.

Vice President Johnson & General Manager Chapman met with Steve Stockton, the chief civilian with the Corps of Engineers and asked them if they had received the Reallocation Report from the Tulsa District. Mr. Stockton responded that the Washington DC office received the report and were resolved to accomplish the mission and complete the final report. The report seems to be moving along as Chapman was invited to meet with electric cooperatives in Rockwall. The meeting consisted of several rural electric providers, the Authority and the NTMWD. The electric providers requested the Authority and NTMWD to attempt to increase their compensation from the Corps of Engineers. Chapman and the NTMWD representatives agreed to take the request under advisement, but will not act upon it. They do not want to delay the process any longer. This study is precedent setting, so will take longer. This case will apply to all lakes with hydropower storage. Corps needs to assure that everything is double checked for future similar situations. Two issues remaining. Amount of compensation and length of compensation. Coops want to be reimbursed at market value for the rest of time. Corps will compensate at federal statute rate to the end of the contract period.

No action was needed at this time.

Receive report on Lake Texoma waterline project.

Mark Gibson with the City of Sherman and Alan Moore, the Authority's Operations Supervisor have been working on the inspection of the Lake Texoma waterline. The pipeline will be taken out of service on February 19th. The contractor wants to begin inspecting the line at all points by draining the entire line and the pump station at one time. If the contractor can do proceed using that method, the line can be drained in 12 hours, versus 29 hours for draining independent parts. The engineers are concerned about ensuring enough air is in the line to prevent a collapse. As soon as the line is empty, the contractor will investigate the line for debris and build up, and then investigate for defects and damages. The company, Pressure Pipe Inspection Company, is very experienced. They anticipate approximately 4% of the pre-stressed wires will be in need of repair. That number is the national average. If enough of those wires are concentrated and need repair, repairs will need to be done quickly. No repairs to the wires will be done during the inspection. The west side of Sherman began receiving well water today. So far no complaints have been received. The pipe is a confined space and Mr. Moore has coordinated with the Sherman fire chief for confined space rescue. Sherman has the only confined space rescue team in the area. Property owners were also notified of the inspection and the water that will be evacuating the lines.

No action was needed at this time.

VIII. General Activities

*Receive Monthly Financial Reports

*Consider and act upon request by staff to develop additional escrow agreements with financial institutions.

For some time, the Authority has used Bank of America as escrow agent. When the Authority finances a project, particularly a TWDB project, if plans and specifications are not complete, they require the money be put into an escrow account until the plans and specifications are complete. Bank of America's response has been less than ideal. The staff is requesting permission to explore other

escrow agent agreements with Chase and Bank of Texas. Both banks have local presence and experience. Bank of Texas has been wonderful to work with in the past. Bank of America wanted \$5,000 for escrow services, while Chase wants \$2,500 and Bank of Texas only wants \$750. Bank of Texas is the best option fee-wise.

Board Member Henderson motioned to approve developing additional escrow agreements with financial institutions. The motion was seconded by Board Member Kirley and passed unanimously.

Consider and act upon an agreement between Wachovia Securities and the Greater Texoma Utility Authority for investment management services.

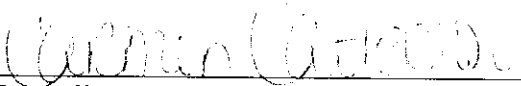
Bank of Texas, the Authority's trustee for retirement funds, brought this matter to the staff's attention. The Bank of Texas compliance department requested a copy of the agreement with Wachovia for investment advice. When researching, the staff realized an agreement had never been formally drafted. As such, David Stone with Wachovia Securities has provided an agreement.

Secretary-Treasurer Rowland motioned to approve an agreement between Wachovia Securities and the Greater Texoma Utility Authority for investment management services. The motion was seconded by Vice President Johnson and passed unanimously.

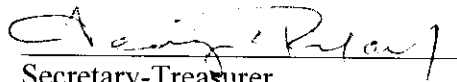
IX. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:26 p.m.

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Recording Secretary



Secretary-Treasurer