

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

MONDAY, MAY 17, 2010

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

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

Members Absent: Duane Hayes

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

Visitors: Burt Garcia, Nall, Pelley & Wynne
Mark Gibson, City of Sherman
Ron Sellman, City of Gainesville
Jonathan Cannon, Herald Democrat

I. Call to Order

President Skelton called the meeting to order at 12:32 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. Secretary-Treasurer Rowland motioned to approve the consent agenda. The motion was seconded by Board Member Kuneman and passed unanimously.

III. * Consider and act upon approval of Minutes of April 26, 2010 Meeting

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

V. Citizens to be Heard

Mr. Chapman introduced visitors Mark Gibson, Director of Utilities for the City of Sherman and Ron Sellman, Director of Utilities for the City of Gainesville. Mr. Sellman also serves on the Board for the North Texas Groundwater Conservation District (NTGCD).

VII. Water Activities

Consider and act upon a Resolution rescinding Resolution No. 1047 adopted on December 21, 2009; requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith (City of Gainesville)

Mr. Chapman explained that the Board previously authorized an application for funding to be submitted to the Texas Water Development Board (TWDB) State Participation Program (SPP) on behalf of the City of Gainesville. The SPP is designed to assist communities in constructing projects beyond their immediate means. The SPP has several requirements. One requirement is the project being beyond the entity's financial capability. The second requirement is that the project must expand the infrastructure to its maximum capacity. The TWDB staff contacted the Authority staff to recommend the Authority convert the application from the SPP to the Water Infrastructure Fund (WIF). The interest rate through the WIF program is very favorable at 2% below market cost. The Authority staff is requesting the Board consider adopting a resolution to convert the application from the SPP to the WIF. If the TWDB does not fund the project through the WIF, the Development Fund and conventional markets are still available options. This resolution will rescind Resolution No. 1047 and authorize the submission of a WIF application for the City of Gainesville.

Vice President Johnson motioned to adopt a Resolution rescinding Resolution No. 1047 adopted on December 21, 2009; requesting financial assistance from the Texas Water Development Board; and authorizing the filing of an application for assistance for the City of Gainesville. The motion was seconded by Board Member Yeatts and passed unanimously.

Consider and discuss Lake Texoma Raw Water Line Inspection

Last year, the Authority entered into an agreement with the North Texas Municipal Water District (NTMWD) for improvements to the Lake Texoma Raw Water Line. The line was taken out of service February 2009 and an inspection of Section 1 was conducted from the Pump Station to the Sherman Water Treatment Plant at FM 691. Freese & Nichols, Inc., the consulting engineer, has submitted an assessment of the line. Mr. Moore provided a brief summary of the report. Seven areas of the line were identified with broken wires that will need repair. Only one location needed immediate repair. Four areas will need to be repaired by 2014 and the last two will need to be repaired in the future. During the investigation, Freese & Nichols determined more geotechnical investigations are needed. The engineers want to study the soil geology to make sure the bends in the line are constructed properly to contain the additional pressure. The total increase in engineering will be approximately \$135,000. The Authority's portion of the cost will be \$29,000. The Authority's total expenditures is still under the \$2 million budget. Mr. Chapman reminded the Board that the 1985 agreement with the NTMWD provides for the Authority to participate at 20%. Last year, the Authority discussed with the City of Sherman participating in the investigation and increasing the pump capacity with a budget of up to \$2 million. The additional engineering will not exceed the authorized amount. The pumps are scheduled to be delivered in October 2010. The Finance Director for Sherman recommended the upgrades be financed through the WIF program.

The recommendation for the upgrades to the line does take into account the increased pumping capacity that will be available after the pumps are upgraded. The line has been in place for more than 20 years. The estimate before the pipeline inspection was for 4% of the line to need repairs. The line came in far below the national average. The line is in relatively good condition, but the

engineers feel the bends need to be further investigated. When the line was constructed, the pipe metal was made of a thinner metal than would be used today. The engineers are concerned the welded pipe may cause failure in the bend. This pipeline should not shift as long as the soil is packed correctly around the pipe.

President Skelton questioned the pipeline and the affect of zebra mussels. Mr. Chapman reported that pumping for local use has continued unabated, but the NTMWD has voluntarily ceased pumping out of the Red River Basin since July 2009. The NTMWD has the authorization to pump and the storage space. If another drought occurs, the NTMWD may not have a choice but to pump water from Lake Texoma. Alan Plummer & Associates, an engineering firm, was hired to investigate the zebra mussels and what can be done to control the species and prevent damage to the pump station and raw water line. No zebra mussels were found at the Sherman Water Treatment Plant in February. However, an investigation in May at the Sherman Water Treatment Plant and found several larvae.

Consider and act upon receipt of approved Water Right Permit No. 4301B.

Three items are required to acquire the water storage in Lake Texoma. One was the contract, which we have received. The second was the funding, which is underway and the third item is the Water Right Permit. The permit has been received. The Texas Commission on Environmental Quality (TCEQ) accepted all changes recommended by the authority staff, the engineer, and the legal counsel. On the last page of the permit amendment, the permit verifies that this is an amendment to the existing permit and adds an additional 56,500 acre-feet of storage and a yield of 50,400,000 gallons per day. Mr. Chapman wrote a thank you letter to the TCEQ staff that assisted in modifying the permit.

All entities participating in the Lake Texoma water storage will have adopted the Water Supply Contract by the June meeting with the exception of Red River Authority of Texas, which only meets quarterly. Their next meeting will be in July. The entities will own the yield they purchase and can sell the water to other water providers. The entities will be responsible for finding a method to take the water from the Lake. They may contract with a city that already has a water treatment plant or they can construct a water treatment facility.

Board Member Sprowl motioned to acknowledge receipt of the amended Water Right Permit No. 4301B. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon a request from the North Texas Groundwater Conservation District for assistance.

Recently, Mr. Chapman received a visit from two members of the NTGCD. This is one of the two new organizations in the area established to control groundwater. The NTGCD governs Cooke, Collin and Denton Counties. The president is Eddy Daniels. The other visitor was Philip Sanders of the City of Anna. They visited the office to request the Authority assist the NTGCD with technical and administrative duties and in coordinating with the Red River GCD for geotechnical investigations and other matters. Mr. Chapman agreed to approach the Authority Board of Directors. The NTGCD is a fee-based district that has received a line of credit from each of the three counties for up to \$100,000 each in the form of a loan. The NTGCD felt that renting an office and hiring staff would be moving too quickly and would cost more than they could justify at the moment. Mr. Sellman is attending the meeting to request assistance. Mr. Sellman commented that the NTGCD is starting operations, but is still in its infancy stage. At the current time, the NTGCD would not be able to afford a General Manager and all

the staff to run the operations. Mr. Chapman and the Authority have a wealth of information for the area to help start the NTGCD. Mr. Chapman did not provide a scope of services in the agenda because he wanted permission from the Board before pursuing discussions.

Vice President Johnson questioned how much assistance the NTGCD was seeking. Mr. Chapman reported that he does not have that information at this time and is only seeking permission to pursue discussions with the NTGCD. He is not asking the Board to approve a contract at this time. The NTGCD is slightly ahead of the Red River GCD. President Skelton recommend to the Board the staff continue developing an outline to discuss contract obligations.

President Skelton motioned for the General Manager to enter into discussions with the North Texas GCD to contract for assistance for administrative and technical duties. The motion was seconded by Vice President Johnson and passed unanimously.

Consider and act upon a Resolution of Appreciation for Colonel Anthony Funkhouser.

The Authority has worked with the Corps of Engineers for the past ten years to finalize the Reallocation Study. Colonel Funkhouser arrived at the Tulsa District of the Corps of Engineers in June 2007 and has been extremely helpful. He has been consistent and put forth an effort to make sure the Tulsa District completed their duties as quickly as possible. He will be leaving the Tulsa District in June to become the District Commander in Afghanistan. Mr. Chapman would like permission to order a plaque of appreciation.

Board Member Grantham motioned to adopt a Resolution of Appreciation for Colonel Anthony Funkhouser. The motion was seconded by Board Member Kirley and passed unanimously.

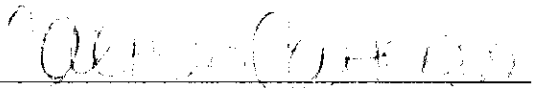
VIII. General Activities

*Receive Monthly Financial Reports

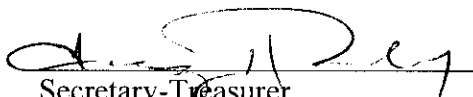
X. Adjourn

Upon motion by President Skelton, seconded by Vice President Johnson and passed unanimously, the Board adjourned at 1:20 p.m.

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Recording Secretary



Secretary-Treasurer