

**Minutes of the Bartonville Water Supply Corporation
Board of Directors Meeting
Tuesday, August 17, 2004
Bartonville Water Supply Corporation Office
1911 East Jeter Road
Bartonville, Texas 76226**

1. Call to Order.

President Paulson called the meeting of the Board of Directors of Bartonville Water Supply Corporation to order at 7:03 p.m. on Tuesday, August 17, 2004 at the corporation office, 1911 East Jeter Road, Bartonville, Texas.

Directors in Attendance

Michael Paulson, President
Larry Kaufman, Secretary-Treasurer
Thomas Greaves, Vice-President
Scott Kilpatrick
Bill Wilkinson
Dale Mutschler

Directors Absent

Lloyd Hanson

Consultants in Attendance

Jennifer Drury, CPA
Wayne Ginn, PE

Staff in Attendance

Jim Leggieri, General Manager
Rena Vincent, Utility Billing

2. Executive Session Concerning:

Paulson announced at 7:03 p.m. that the Board would convene in Executive Session concerning:

- a) All Matters Concerning the Town of Flower Mound v. Upper Trinity Regional Water District. Pursuant to Government Code, Section 551.071.

The Board took no action and reconvened in Open Session at 7:28 p.m.

3. Public Forum

No one was present.

4. Approve the Minutes of the July 13, 2004 Board Meetings.

Motion by Kaufman and second by Kilpatrick to accept the minutes of the July 13, 2004, Board meeting. Motion carried unanimously.

5. Approve the July 2004 Disbursements and Financial Reports.

Drury stated that BWSC is behind budget on revenue by \$100,000 but that expenses were under budget by \$85,000. Drury explained that this was due to legal fees, salary and depreciation since our new waterlines have not been put into service.

Drury stated that there were 6 new members and most paid full equity buy in fees.

Paulson questioned why legal fees were so low. Drury explained that Phillips has not invoiced BWSC and the reason could be that services up to this point would fall under the retainer fee.

Motion by Kaufman and second by Mutschler to approve the July 2004 disbursements and financial reports. Motion carried unanimously.

6. Discussion and Action on all Matters Concerning BWSC's Personnel Policy/Revisions.

Leggieri stated that Phillips was unable to attend but that he was still reviewing information and would try to have updated information by the next Board Meeting.

No Action.

7. Discussion and Action on All Matters Concerning the Town of Flower Mound v. Upper Trinity Regional Water District.

Kilpatrick recommended Leggieri ask Phillips if the board needed to be more actively involved.

No Action.

8. Discussion and Action on All Matters Concerning BWSC's Chinn Chapel Road Water Main / Town of Copper Canyon Road Project.

Leggieri passed out a bid from Metro-Plex Underground L.P. that was requested by the Town of Copper Canyon. Ginn explained that Copper Canyon is in the process of improving Chinn Chapel Road and came across a BWSC waterline that needs to be relocated. The Board previously approved \$120,000 to relocate this waterline. The contractor for Copper Canyon received a bid to relocate the waterline from his sub-contractor for the road and the bid came in 50% higher. The Town of Copper Canyon has asked that BWSC directly award the contract to Metro-Plex Underground, low bidder, without following BWSC's normal bidding procedures not to exceed a limit of \$120,000 as previously approved by the BWSC board. Ginn has asked Jeff Crannel, the Engineer for

The Town of Copper Canyon, to indemnify and hold BWSC harmless from any claims that might come from this job in case the main contractor or road contractor were to come back asking for more money. Crannell said this would not be a problem. Ginn also stated that he told Crannell that he nor his firm wanted to get involved since they did not handle the design or surveying and would he sub-contract to BWSC to administer the project on behalf of BWSC as he is the engineer for The Town of Copper Canyon and Crannell agreed. Ginn stated that it would work just like normal projects. BWSC would contract with Metro-Plex Underground and they would install the water line, Crannell the engineer for the Town of Copper Canyon would over-see the project, do the inspection, and coordinate with Leggieri when they were ready for pressure testing, water sampling, etc. Ginn stated his involvement would be submitting payment requests but he would not be out on the job site. Kaufman asked whom BWSC was going to pay to over-see the job. Ginn stated that Crannell would be over-seeing the project. Crannell will be responsible for the inspection and will make sure that the waterline doesn't interfere with the road project and he will submit a monthly payment request to Ginn. Crannell stated that his bill would probably be under \$5,000. Kaufman asked since the Metro-Plex Underground L.P. bid was \$114,000 and Crannell is under \$5,000 then the project should be completed for less than \$120,000? Ginn stated this is why he is recommending that if the Board awards the contract then it should state not to exceed \$120,000 just in case a contractor cuts a gas line or runs into something that they were unaware. Ginn ask that Leggieri be authorized to sign the contract so that another Board meeting wouldn't need to be called and Ginn would be able to go ahead and have the contractor working on bonds and other paperwork since the job is currently shut down until the waterline can be relocated.

Paulson stated he was pleased with Crannell being involved on site but is concerned if the waterline will be up to BWSC standards. Ginn stated that he and Leggieri have met with the contractor and the product in their bid does meet BWSC standards. Leggieri stated that he gave the engineer specifications of exactly what BWSC wanted for the quality of the valves and fire hydrants.

Leggieri explained that the only planned service outage would be when they tied into the main and expected about 4 to 5 hours. Kaufman asked how many feet of waterline would have to be relocated? Leggieri stated that it would be 2,000 feet instead of 3,000 feet. Kaufman stated that he thought the \$120,000 was for 3,000 feet. Ginn explained that this is correct but that there would road boring needed that was not included in the original design and that would explain why the cost would not change.

Kaufman stated that he wanted to make sure minutes documented the reason behind awarding this bid without following normal BWSC procedures. Leggieri stated that he spoke with Phillips about this and said that if the Town of Copper Canyon had sent a letter of demand stating that the waterline had to be relocated within 30 days then BWSC would have had to handle it the same way.

Motion by Kaufman and second by Wilkinson to award the contract to Metro-Plex Underground L.P. to relocate the Chinn Chapel Road waterline at the request of the Town of Copper Canyon. Motion carried unanimously.

9. Discussion and Action on All Matters Concerning Budget Revisions Incorporating UTRWD Rate Change.

Drury stated that BWSC was currently in good shape on the base rate since the Board elected not to change the base rate previously. Drury stated that at budget time, BWSC would need to seriously consider changing the base rate and per thousand rates. Kaufman asked if this is just an initial first look until budget considerations in October? Drury agreed. Drury stated that she and Kaufman would sit down and discuss formulas from 2002-2003 calculations. Kaufman stated that rates would definitely need to be changed and Drury stated that UTRWD increased the demand fee rates. Wilkinson questioned if the demand fee was a 30% increase but not the per gallon fee and Drury stated yes but explained that the per gallon was at a 15% decrease for a total increase of 15%. Paulson asked if the 2005 outlook would change and Drury stated yes. Kaufman asked about the dollar amount of the demand fee increase and Drury stated that it went from \$190,000 to \$247,000 and that the increase takes effect October 1st. Kaufman stated that he would like to redo the land use estimates. Kilpatrick stated that he sees this as a Master Plan topic of consideration. Kaufman stated he didn't think so, but that the original estimate of homes was 4,000 but that now there are changes of a Pet Center, Soccer Fields, etc. Drury also added that Denton ISD would be building a school in the BWSC service area and Leggieri stated that would take up approximately 25 to 35 acres. Kilpatrick stated that he still considered this a Master Plan topic. Kaufman stated that before too long BWSC would need to consider a way to come up with more water that would be more economical than purchasing from UTRWD with their rates going up. Kaufman stated that BWSC may want to consider drilling a well before installing a new tank. Paulson agreed with Kaufman. Leggieri stated that BWSC might want to consider negotiating with Flower Mound for water that Flower Mound is contractually committed to buying from UTRWD depending on if the courts determine that the Town of Flower Mound will have to abide by the original contract.

Paulson stated that he thinks the Board members may want to start speaking with their neighbors in the community about the rate increase. Drury stated that the September Newsletter would be used to explain the UTRWD rate increase.

No Action.

10. Staff Reports.

Leggieri stated that on the Lantana waterline controversy, the waterline is about 1 foot outside of the easement. Lantana has agreed to leave the line there but they would like BWSC to sign an indemnification that they are allowing BWSC to leave the waterline. BWSC will assume responsibility and will share the easement with CoServ. Leggieri stated that he had sent this to Phillips and he said it was standard and to go ahead and sign.

Paulson asked about the third easement regarding Broome Road. Leggieri stated that he had recruited the Mayor and that he had sent a letter to Mr. Hawkins as well. As of today there has not been a response from Mr. Hawkins. Leggieri stated he would call Mr. Hawkins and ask him about his concerns. Leggieri stated that it may go into condemnation

or that maybe the project could be done with only the other two easements. Having just the two easements would only take out one fire hydrant.

11. Engineers Report.

Ginn presented a handout with updated allocation and payment status information on capital projects. The handout explains the money allocated by the board and payments made by BWSC. Ginn stated that he could update this report for the monthly board meetings so they have an idea of where all projects stand.

12. Review Future Agenda Items, Activities, Announcements, and set the date for the September Meeting.

The next regular Board meeting is scheduled for Tuesday, September 14, 2004 at 7:00 p.m. at the corporation office.

13. Adjournment.

Motion by Kilpatrick and second by Greaves to adjourn the meeting. Motion approved unanimously. The meeting adjourned at 8:25 p.m.

Recorded by Rena Vincent, Utility Billing

Certified by Larry Kaufman, Secretary-Treasurer