

**Minutes of the Bartonville Water Supply Corporation
Annual Meeting of the Membership
Monday, April 18, 2005
Crossroads Bible Church
8101 Justin Road
Double Oak, TX 75077**

1. Call to Order

Vice President Greaves called the Annual Meeting of the membership of Bartonville Water Supply Corporation to order at 7:34 P.M. on Monday, April 18, 2005 at the Crossroads Bible Church, 8101 Justin Road, Double Oak, Texas.

2. Welcome and Introductions

Vice President Greaves welcomed the members and introduced the directors, consultants, and staff present.

Directors in Attendance

Tom Greaves, Vice-President
Larry Kaufman, Secretary/Treasurer
Bill Wilkinson
Lloyd Hanson
Scott Kilpatrick

Directors Absent

Michael Paulson, President

Consultants in Attendance

Jennifer Drury, CPA
Wayne Ginn, P.E., The Ginn Corporation
Dan Tonn, CPA, with Hankins, Eastup, Deaton, Tonn & Seay PC

Staff in Attendance

Jim Leggieri, General Manager
Dawn Hicks, Administrative Assistant
Rena Vincent, Utility Billing

Others in Attendance

John Cooper, Horticulturist

3. Credentials Committee Report

The Credentials Committee, read by Rena Vincent, reported a quorum was present as the required 10% or 192 members of the 1,918 eligible members were present or represented by proxy. There were 270 members represented by proxy and 16 members were present.

4. Approve Minutes of the April 19, 2004 Annual Meeting

The minutes of the April 19, 2004 Annual Meeting were read by Dawn Hicks. Motion by Kilpatrick and second by Wilkinson to approve the minutes. Motion approved unanimously.

5. Accept the 2004 Audit Report/ Hankins, Eastup, Deaton, Tonn & Seay P.C.

Dan Tonn, with Hankins, Eastup, Deaton, Tonn & Seay who performed the 2004 audit, reviewed the 2004 Financial Highlights. Mr. Tonn stated that the audit report was reviewed with the Board of Directors at their March 2005 regular meeting. Mr. Tonn stated that they did not encounter any difficulties during the audit. Mr. Tonn reviewed the financial highlights, which were handed out to the members. Mr. Tonn stated that Bartonville Water Supply Corporation continues to be in very good financial condition, highlighting the fact that the corporation has a very healthy cash balance. The cash balance did decrease by \$400,000 but this was planned and expected. Mr. Tonn stated that the liabilities were higher at the end of 2004 due primarily to the Hilltop Road water line extension and the Stargate project that were part of the Master plan. Mr. Tonn stated that the corporation continues to have a healthy cash balance. Mr. Tonn stated that the other significant assets were the receivables related to the Lantana CCN release, which is decreasing as Lantana continues to pay down, and revenues were down due to decreased water sales and new members. Mr. Tonn stated that expenditures held in line due to water sales, depreciation, and amortization. Motion by Kaufman and second by Hanson to accept the 2004 Audit Report. Motion approved unanimously.

6. Election of Two Directors.

Vice President Greaves announced due to his plans to relocate he would not be running for re-election and that along with his term, the term of Larry Kaufman had expired and he would entertain nominations for two directors. Kilpatrick nominated Larry Kaufman, Tracy Miller nominated James McKinney. Motion by Kaufman and second by Hanson that nominations for directors cease. Motion carried unanimously. James McKinney introduced himself to the Board and to the members present.

Motion by Wilkinson and second by Kilpatrick to elect Kaufman and McKinney by acclamation. Motion carried unanimously.

7. Presentation by John Cooper, Denton County Agricultural Extension Agent.

John Cooper introduced himself and gave an informative slide presentation on the proper care and feeding of the areas native post oak trees.

8. Drawings for Prizes

Vice President Greaves asked for a volunteer to draw the tickets and proxies for the water prizes; Jennifer Drury volunteered.

The proxies of the following members and their credits drawn were:

Ken Rogers	5,000 gallons
Kevin King	10,000 gallons
David Perry	15,000 gallons
Richard Hill	20,000 gallons

The tickets of the following members and their credits drawn were:

Mrs. Greaves	5,000 gallons
LeeAnn Jernigan	10,000 gallons
Larry Kaufman	15,000 gallons
Rita Lockie	20,000 gallons

9. Election Results

Motion by Wilkinson and second by Kilpatrick to elect Kaufman and McKinney by acclamation. Motion carried unanimously.

Gene Colley asked if BWCS would have water rationing this year and Greaves explained that water rationing is necessary. Mr. Colley asked why BWSC is selling water to the drilling companies when the customers are under water rationing. Kaufman explained the buying process and that the drilling companies pay the same rates as the customer from April thru October. Wilkinson expanded on this point by explaining that BWSC does not have storage capacity to store water from the winter months to the summer months.

Tracy Miller asked the following questions 1) will selling to the drilling companies in fact lower customer rates? 2) does BWSC have any plans to reduce the dependency on UTRWD ? 3) does BWSC have a position in the political dispute in regards to the Lake Ralph Reservoir?

Kaufman said he could answer Mr. Miller's last question first. Kaufman stated that BWSC does not expect to take a position in this matter. Kaufman answered Mr. Miller's second question by stating that the Board has work sessions planned to discuss and evaluate the future of drilling vs. buying water. To answer Mr. Miller's the first question Kaufman explained that rates couldn't be lowered due to a one-time water sale; to date the consumption amounts are not consistent enough to lower rates.

Mr. Walker stated that he is new to the area and would like to know what BWSC is doing to insure customer will have water in the future. Mr. Kaufman advised Mr. Walker that the Master Plan is available at the corporate office and anyone is welcome to stop by and pick up a copy.

Mr. Miller asked with the dependency on UTRWD would it not be in the best interest of BWSC to take a stand on the Lake Ralph Reservoir issue. Hanson expanded on the Stargate

project and explained that there are other wells that are currently being evaluated for the long-term effect.

10. Adjournment

Motion by Kilpatrick and second by Wilkinson that the meeting adjourn. Motion approved unanimously. The meeting adjourned at 9:05 p.m.

Recorded by Dawn Hicks, Administrative Assistant

Certified by Larry Kaufman, Secretary-Treasurer