

**Minutes of the Bartonville Water Supply Corporation
Board of Directors Meeting
Thursday, May 11, 2006
Bartonville Water Supply Corporation Office
1911 East Jeter Road
Bartonville, Texas 76226**

1. Call to Order

President Kaufman called the meeting of the Board of Directors of Bartonville Water Supply Corporation to order at 7:06 P.M. on Thursday, May 11, 2006 at the Corporation office, 1911 East Jeter Road, Bartonville, Texas.

Directors in Attendance

Larry Kaufman, President
Lloyd Hanson, Vice President
Scott Kilpatrick, Secretary-Treasurer
Michael Paulson
Bill Wilkinson
James McKinney
Gracie Egan

Consultants in Attendance

Paul Lipscomb, P.E.

Staff in Attendance

Jim Leggieri, General Manager
Jennifer Drury, Controller

Others in Attendance

Dick Cook, Mayor of Double Oak
Patrick McDonald, Member
Tansy Paulson, Member
Bill Martindale, Argali
John Baen, Argali
Wayne Harper, Argali
Tom Taylor, UTRWD
Randy Stalnaker, UTRWD
David Smith, Prime Controls

2. Discussion with Mr. Tom Taylor, Executive Director for Upper Trinity Regional Water District, regarding BWSC establishing a second receiving point for surface water at the proposed Stargate Pump Station.

Tom Taylor answered questions and gave the Board an overview and update on the future projects of UTRWD.

3. Public Forum for Non-Agenda Items.

Wayne Harper from Argali spoke to the Board in regard Argali's request to lease the 4+acre tract adjacent to Mr. Army's land.

4. Executive Session

President Kaufman announced at 8:25 pm that the Board would convene in Executive Session concerning:

a.) All Matters Concerning Proposed Non-drill Site Oil and Gas Lease of 4+ Acres Tract, Pursuant to Government Code, Section 551.072.

b.) All Matters Concerning Upgrades to Existing Pump Stations, Including Additional Property Acquisitions, Pursuant to Government Code, Section 551.072.

The Board took no action and reconvened in open session at 9:08 pm.

5. Presentation by Prime Controls Regarding SCADA System Status as well as Pertinent Discussion and Action.

David Smith advised the Board that it appears that the problem at the 407 site is the meter and he will work out the details with Jim to replace the meter and Prime Controls will split the cost of the meter and Prime Controls will provide the labor at no cost. Smith advised the Board that he would continue to work to correct issues and keep the Board updated.

6. Approve the Minutes of the March 27 and April 24, 2006 Board Meeting.

Motion by Kilpatrick and second by Paulson to approve the Minutes of the March 27 and April 24, 2006 Board Meetings. Motion approved unanimously.

7. Approve the March 2006 and April 2006 Disbursements and Financial Reports.

Motion by Paulson and second by Kilpatrick to approve the March 2006 and April 2006 Disbursement and Financial Reports. Motion approved unanimously.

8. Discussion and Action on All Matters Concerning Approval of the Town of Double Oak's Franchise Agreement.

Drury gave the Board an overview of the franchise agreement. Motion by Kilpatrick and second by Wilkinson to approve the Town of Double Oak's Franchise Agreement with the amendment to the language that for the nine months January 1, 2006 through September 30, 2006 the sum equal to 2% will be paid on December 31, 2006. Motion and amendment approved unanimously.

9. Discussion and Action on All Matters Concerning Approval of the Town of Double Oak's Service Disconnection Agreement.

After discussion by the Board motion by Wilkinson and second by Kilpatrick to approve the Town of Double Oak's Service Disconnection Agreement.

5 Ayes – Kilpatrick, Paulson, Wilkinson, McKinney, Egan

1 Nay – Hanson

Motion approved.

10. Approve Corporate Authorization Resolution with NorthStar Bank of Texas for check signers.

Motion by Egan and second by McKinney to approve the Corporate Authorization Resolution with NorthStar Bank of Texas for check signers. Motion approved unanimously.

11. Discussion and Action on All Matters Concerning Recognition of Jim Leggieri's Twentieth Anniversary with the Corporation.

Motion by Kilpatrick and second by Wilkinson to authorize the plaque and a bonus in the amount of \$1,000.00 to Jim Leggieri for his outstanding service for his 20 years with Bartonville Water Supply Corporation. Egan requested that the motion be amended and the plaque include "General Manager" under the name and the bonus amount be increased to \$2,000.00. Kilpatrick agreed to amend motion and second by Wilkinson. Motion and amendment approved unanimously.

12. Discussion and Action on All Matters Regarding Proposed Non-drill Site Oil and Gas Lease of 4+ Acres Tract.

Kaufman advised the Board that the oil and gas lease is currently under review with BWSC's attorney. Staff was encouraged to seek advice from an oil & gas attorney. No action taken.

14. Discussion and Action on All Matters Regarding the Stargate Project.

Motion by Wilkinson and second by Paulson that the Board adopts the strategy of financial plan B. Kilpatrick expressed concerns regarding Stonewood as opposed to Stargate where long range plans are concerned. Paul Lipscomb, PE advised that the short term and long range goals would be met by going forward with Stonewood.

5 Ayes – Hanson, Paulson, Wilkinson, McKinney, Egan
1 Nay – Kilpatrick
Motion approved.

13. Discussion and Action on all Matters Concerning Authorization to Initiate the Drilling of a Well at the Stonewood Pump Station, Including Additional Property Acquisitions.

After discussion by the Board motion by Hanson and second by McKinney to conclude all action necessary to secure the property and the sanitary easement within the next ninety days. Motion approved unanimously.

15. Discussion and Action on All Matters Concerning Preliminary Strategic Long Range Planning.

Paulson requested this item be postponed, the Board was in agreement and item was postponed.

16. General Managers Report.

Leggieri updated the Board on the subdivisions in the service area. Leggieri advised the Board that the biggest challenge at the present time is the fiber optic lines that Verizon is installing throughout the service area and this has created several service outages and need for repairs. Leggieri advised the Board that there has been no response from the Town of Flower Mound in regard to the letter that was sent. Egan ask Leggieri for an update on how the search for an engineer is going? She also asked for an update on the Denton ISD / Lantana school sight and if they have talked about drilling a well for irrigation? Drury advised Egan that the staff has

contacted Denton ISD and requested a meeting with the engineer and Denton ISD to discuss rates. Leggieri advised the Board that the staff has sent out request to five engineers requesting a statement of qualifications.

17. Controller's Report.

Drury advised the Board that the insurance is up for renewal and Kathy Haenzel will be at the next meeting to answer any questions. Drury updated the Board in regard to the recent news report on one of the members and advised she has a video if anyone would like to review it.

18. Review of Future Agenda Items, Activities, Announcements, and set the date for the June 2006 Meeting.

The meeting for June is set for June 8, 2006. Egan requested the postponed item Strategic Planning go on the agenda for June, Kaufman requested that the sewer billing fee be reviewed, and Hanson asked that staff review the need for legal counsel for special purposes and place it on the agenda for June if needed.

6. Adjournment.

Motion by McKinney and second by Paulson to adjourn. Motion approved unanimously. The meeting was adjourned at 10:37 pm.

Recorded by Jennifer L. Drury

Certified by Scott Kilpatrick, Secretary-Treasurer