

**BARTONVILLE WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
MONDAY, DECEMBER 15, 2008 AT 7:00 PM**

1. CALL TO ORDER

President Kaufman called the meeting of the Board of Directors of Bartonville Water Supply Corporation to order at 7:05 PM on Monday, December 15, 2008, at the Corporation office, 1911 East Jeter Road, Bartonville, Texas.

Directors in Attendance:

Larry Kaufman, President
Patrick McDonald, Vice-President
Gracie Egan, Secretary-Treasurer
Lloyd Hanson
David Moore
Michael Paulson
Bill Wilkinson

Staff in Attendance:

Jim Leggieri, General Manager
Connie Salsman, Controller
Dawn Hicks, Billing Administrator

Consultants in Attendance:

Virginia Moore, Attorney

Mr. Kaufman announced that the Board would go into Executive Session at 7:05 PM.

2. EXECUTIVE SESSION

- a. **All Matters Concerning the Chapel Springs Settlement, Pursuant to Government Code, Section 551.072 (STAFF)**
- b. **Discussion on Matters Concerning a Request by the Town of Flower Mound to use FM City Water in Soccer Park Complex and Animal Adoption Center within BWSC's CCN, Pursuant to Government Code, Section 551.072 (STAFF)**
- c. **Discussion on All Matters Concerning Possible Land Acquisition for Future Site of Elevated Tank, Pursuant to Government Code, Section 551.072 (KAUFMAN)**

The Board reconvened into regular session at 7:51 PM.

3. PUBLIC FORUM FOR THE NON AGENDA ITEMS

No one present.

4. APPROVE THE MINUTES OF THE NOVEMBER 17th, 2008 BOARD MEETING

Motion by Hanson and second by Paulson to approve the Minutes of the November 17th Board Meeting. Hanson stated an amendment to the Minutes was needed to show that the final motion on Item #10 reflect that this motion was approved unanimously, and Wilkinson stated that Item # 8 should be amended to correct the wording that states "east of side of 407" which is actually the "south side of 407 and east of 2499". Motion by Hanson and second by Wilkinson to approve the Minutes of the November 17th Board Meeting as amended. Motion approved unanimously.

5. APPROVE THE NOVEMBER 2008 DISBURSEMENTS AND FINANCIAL REPORTS

Motion by Hanson and second by Wilkinson to approve the November 2008 Disbursements and Financial Reports. Hanson stated there is data that is feeding incorrectly to the Cash Flow Statement and will require further review prior to approval. Motion by Hanson and second by Wilkinson to amend the motion to approve the Balance Sheet and Income Statement for November 2008 and exclude the Cash Flow Statement. Motion approved unanimously.

6. APPROVE THE CORRECTED OCTOBER 2008 DISBURSEMENTS AND FINANCIAL REPORTS

Motion by Paulson and seconded by Hanson to approve the October 2008 balance sheet and income statement of the Disbursements and Financial Reports and exclude the cash flow statement. Motion approved unanimously.

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7. CONSULTING ENGINEER'S REPORT

Leggieri reported for Maroney that he had met with the H2M and they have drilled to over 1400 feet and they expect to begin setting the casing between Christmas and New Year's Day at the latest.

8. GENERAL MANAGER'S REPORT TO INCLUDE POSSIBLE DISCUSSION OF THE FOLLOWING ITEMS:

a) Chapel Springs/Chinn Chapel Well Site Agreement

Leggieri reported that we have had no response from them. He recommended that BWSC take recourse with legal counsel to protect ourselves.

Kaufman announced that they would go into Executive Session at 8:04 PM.

All Matters Concerning the Chapel Springs Settlement, Pursuant to Government Code, Section 551.071

The Board reconvened into regular session at 8:16 PM.

b) Denton County/Hickory Hill Bridge Project/ 4" Main Drainage/ Contractor Reimbursement

Leggieri gave an update on the status of the payment from the contractor on the Hickory Hill project and advised he had filed a claim with the Texas Department of Insurance.

c) Stonewood Well #2 Progress Report

This information was discussed in the Consulting Engineer's Report.

d) Copper Canyon Road to Old Alton Bridge/ County Road Project/ Possible Water Main Relocation.

Leggieri advised there is nothing new to report.

e) FM 407/2499 to Briarhill Blvd. / Roadway Project and its impact on BWSC's Existing Water Main/Customers

No action taken.

f) Update of Fire Fill Policy

Leggieri said that he has explained it to Mac Hohenberger who seems to understand and agrees with the policy. Leggieri stated that he has explained to the fire departments involved how this policy can better protect the water supply company and the community in the event of lawsuits. Leggieri advised that he will continue to work with the local fire department and the towns to get this policy approved.

9. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING A REQUEST BY THE TOWN OF FLOWER MOUND TO USE FM CITY WATER IN SOCCER COMPLEX AND ANIMAL ADOPTION CENTER WITHIN BWSC'S CCN. (STAFF)

No action taken.

10. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING POSSIBLE LAND ACQUISITION FOR FUTURE SITE OF THE ELEVATED TANK. (KAUFMAN)

Leggieri advised the Board that while he was visiting with the Town of Bartonville regarding a future sites for the elevated tank, the staff for the Town asks if the Board would consider another offer regarding the undeveloped property located at the corporate office. Kaufman advised Leggieri that he could let the town know that the Board is willing to consider another offer if it were submitted. No action was taken.

11. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING THE TOWN OF COPPER CANYON'S FRANCHISE AGREEMENT. (STAFF)

Salsman reminded the Board that the Franchise Agreement with the Town of Copper Canyon expires annually on December 31st and historically it has not been changed. The Franchise Agreement is an Agenda item for the next Town Council Meeting. No action was taken.

12. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING APPROVAL OF THE 2008 AUDIT ENGAGEMENT LETTER WITH HANKINS, EASTUP, DEATON, TONN & SEAY. (STAFF)

Motion by Hanson and seconded by Paulson to approve the audit engagement letter with Hankins, Eastup, Deaton, Tonn & Seay. Discussion followed regarding the requirements of the Annual Audit according to the By-Law. Hicks looked it up and read the section to the Board to clarify that BWSC audits are required annually and must meet the FHA requirements but it does not state that it must be conducted by a CPA. Motion approved unanimously.

13. DISCUSSION AND ACTION ON THE PAYMENT OF THE TEXAS RURAL WATER ASSOCIATION DUES, BUILDING, DISASTER RELIEF, LEGAL, AND SCHOLARSHIP FUND CONTRIBUTIONS. (STAFF)

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Motion by Paulson and second by Moore to approve the payment of the Texas Rural Water Association Dues, Building, Disaster Relief, Legal, and Scholarship Fund contribution. It was asked if the amount had increased from last year and Salsman verified that it was the same as last year. Motion approved unanimously.

14. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING THE RENEWAL OF BWSC'S LINE-OF-CREDIT WITH NORTHSTAR BANK. (STAFF)

Kaufman announced that they would go into Executive Session at 8:30 PM, Pursuant to Government Code, Section 551.071

The Board reconvened into regular session at 8:59 PM.

Kaufman directed the staff to rewrite and to consult with the corporation's attorney regarding the Line of Credit with NorthStar Bank. It was established that Paulson, Egan, and Salsman would meet with a representatives of the bank to discuss and define our contracts with them. Hanson was listed as the possible alternate to attend the meeting if Paulson or Egan were unable to attend.

15. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING RED FLAG RULE. (STAFF)

Salsman advised that the Texas Rural Water Association already has a template in place for water supply corporations to use to insure the Red Flag Rule is followed. Salsman reminded the Board that BWSC requires proof of ownership to establish water service. It was clarified that the tariff does not give permission for credit cards to be taken over the telephone and this practice must stop immediately. Kaufman directed staff to create internal regulations in line with the Red Flag Rule and submit them to the Board with the reminder that if a change to policies are needed, the Board will have to review them and be sure they are in line with the current Tariff.

16. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING IMPLEMENTING A PROCESSING FEE FOR CREDIT CARD CUSTOMERS. (STAFF)

It was decided to delay a decision to implement a processing fee for the credit card customers until the Red Flag Rule has been reviewed and internal controls are in place. McDonald requested that when this issue is brought back to the Board that the costs versus customer convenience as a payment method is included in the information.

18. REVIEW FUTURE AGENDA ITEMS, ACTIVITIES, ANNOUNCEMENTS, AND SET THE DATE FOR THE JANUARY 2009 MEETING.

The next meeting was set for January 19, 2009. Future agenda items suggested included tariff document, credit card policies, land acquisition, Chapel Springs, line of credit at NorthStar Bank, with the Fire Fill policy to be on the general manager's report. Kaufman reminded everyone about the Holiday Celebration to be held at Andrew's Restaurant on December 17th, 2008.

Kaufman adjourned the public meeting at 9:25 PM.

Kaufman announced that they would go into Executive Session at 9:25 PM, Pursuant to Government Code, Section 551.074

The Board reconvened into regular session at 10:15 PM.

17. DISCUSSION AND ACTION ON ALL PERSONNEL MATTERS INCLUDING REVIEW/EVALUATION OF GENERAL MANAGER'S 2008 GOALS PERFORMANCE. (STAFF)

Kaufman advised Leggieri that the Board felt he has met his goals this past year. Kaufman asks that the staff continue to work on the Cost Per Well Report as this information would be necessary in deciding which well site is the least cost efficient.

18. ADJOURNMENT.

Motion by Hanson and second by Wilkinson to adjourn the meeting at 10:42 PM. Motion approved unanimously.

TRANSCRIBED BY BECKY RANKIN

CERTIFIED BY GRACIE EGAN, SECRETARY-TREASURER