

**BARTONVILLE WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
MONDAY, NOVEMBER 17, 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 7:07 PM on Monday, November 17, 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
Kerry Maroney, PE

Mr. Kaufman announced that the Board would go into Executive Session at 7:08 PM.

2. EXECUTIVE SESSION

- a. **All Matters Concerning the Chapel Springs Settlement, Pursuant to Government Code, Section 551.072**
- b. **All Matters Concerning Personnel, Pursuant to Government Code 551.074**

The Board reconvened into regular session at 8:02 PM.

3. PUBLIC FORUM FOR THE NON AGENDA ITEMS

No one present

4. APPROVE THE MINUTES OF THE OCTOBER 13th, 2008 BOARD MEETING

Motion by Hanson and second by Paulson to approve the Minutes of the October 13th, 2008 Board Meeting. Motion approved unanimously.

5. APPROVE THE OCTOBER 2008 DISBURSEMENTS AND FINANCIAL REPORTS

Motion by Paulson and second by Wilkinson to approve the October 2008 Disbursements and Financial Reports. The Board discussed issues concerning Long Term Debt and Current Period numbers. Kaufman called for vote on motion. With 6 Nays the motion failed and the Disbursements and Financial Reports will be resubmitted at the next Board Meeting.

6. RECALL THE MINUTES OF THE AUGUST 18, 2008 MINUTES TO CLARIFY

Egan explained to the Board her request for recalling the Minutes to clarify wording. Motion by Egan and second by Hanson to recall the August 18, 2008 Minutes to clarify. Egan went over the grammatical changes and other clarifications that were made. Motion approved unanimously.

Motion by Wilkinson and second by Paulson to approve the recalled copy of the August 18, 2008 Minutes. Motion approved unanimously.

7. CONSULTING ENGINEER'S REPORT

Maroney gave an update on the progress of the Stonewood Well.

9. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING THE STONEWOOD WELL

Maroney advised that H2M understands they are currently operating under liquidated damages and a letter to this effect has been sent with no response. No action taken.

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8. GENERAL MANAGER'S REPORT

Leggieri advised the Board of the next step with Chapel Springs. Leggieri gave an update on the status of the payment from the contractor on the Hickory Hill project and advised he would file a claim with the Texas Department of Insurance if necessary. Leggieri stated the Copper Canyon Road to Old Alton Bridge project has been put on hold due to ROW issues. Leggieri expanded on the position of Bartonville Water Supply Corporation with the Town of Flower Mound regarding the taps on the south side of 407 east of 2499. Leggieri reviewed the 2009 proposed Capital Projects. After discussion it was determined that the painting of the elevated storage tank should be scheduled for the fall/winter of 2009/2010 due to lower water demands. Maroney advised the bids for painting the elevated storage tank should be sent out late summer and work scheduled to begin October of 2009.

10. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING PRELIMINARY BUDGET ITEMS TO INCLUDE CAPITAL PROJECTS

The Board reviewed upcoming Capital Projects and the preliminary budget. Salsman answered questions from the Board and reviewed line items. The Board discussed the income statement and budget projections for 2009.

Motion by Hanson and second by Paulson to approve the 2009 Budget as submitted with a net income from Operations being -\$69,864. Hanson withdrew motion and Paulson withdrew his second.

Motion by Hanson and second by Wilkinson to approve the expense structure as presented on the Income Statement for 2009. Motion approved unanimously.

Mr. Kaufman announced the Board would take a five minute break at 9:45 PM and reconvened at 9:53 PM.

Motion by Paulson and second by Hanson to maintain the current base rate of \$32.73 but raise the water rates ranging from \$2.69 for 0-20,000 gallons through \$107.57 for consumption over 300,001. Motion approved unanimously.

13. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING RENEWAL OF BWSC'S LINE-OF-CREDIT WITH NORTHSTAR BANK

Motion by Wilkinson and second by Egan to approve the renewal of BWSC's line-of-credit with NorthStar bank contingent on documents being reviewed by legal counsel. Wilkinson shared his concerns that every contract submitted for approval should be reviewed by BWSC's legal counsel. Paulson suggested the interest rate may be negotiable. Mr. Moore stated the attorney fees should be negotiated as well. Wilkinson withdrew his motion and Egan withdrew her second.

Motion by Wilkinson to renew line-of-credit with a modification that the attorney fees be waived and if the fees are not waived BWSC does not renew this line-of-credit. Motion died due to lack of a second.

Motion by McDonald that the line-of-credit documents are reviewed by BWSC's legal counsel to insure it is in the best interest of BWSC and it's members and direct the staff to negotiate the attorney fees that being anything less than BWSC paying 100% of said fees. McDonald withdrew his motion.

Motion by Paulson and second by McDonald that the line-of-credit documents be reviewed by legal counsel and direct staff to contact NorthStar bank and negotiate the interest rate. Paulson amended his motion to direct staff to negotiate with NorthStar bank on the interest rate and the attorney fees.

5 – Ayes Paulson, McDonald, Egan, Moore, Wilkinson
1 – Nay Hanson

Mr. Kaufman announced the Board would revisit agenda item # 10 to discuss the Capital Projects

11. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING PRELIMINARY BUDGET ITEMS TO INCLUDE CAPITAL PROJECTS

The Board reviewed the list of Capital Projects and Kaufman requested the land for the future site of the elevated storage tank be included on the agenda for the next Board Meeting. Kaufman reminded the Board that Capital Projects are approved by the Board on an individual basis.

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11. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING PERSONNEL

Motion by Wilkinson and second by Moore to increase the salary for Dawn Hicks in the amount of \$85 per month with review of a health care opt out policy in one year.

5 – Ayes Paulson, McDonald, Egan, Moore, Wilkinson
1 – Nay Hanson

Motion by Egan and second by Paulson to approve a Tariff education /review with staff and add a summary of the Tariff to the employee handbook. Egan amended motion that legal fees are not exceed \$2000.

5 – Ayes Paulson, McDonald, Egan, Moore, Wilkinson
1 – Nay Hanson

12. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING PAYROLL SOFTWARE

Salsman gave an overview of the payroll software and stated that the cost to the corporation is less than \$30 per month. Motion by Hanson and second by Paulson to approve the use of PayCyle software to process payroll.

5 – Ayes Paulson, McDonald, Hanson, Moore, Wilkinson
1 – Nay Egan

14. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING CHAPEL SPRINGS SETTLEMENT

The Board directed staff to send a letter to facilitate settlement.

15. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING UPDATING BWSC'S TARIFF IN REGARD TO BULK WATER CUSTOMER COLLECTIONS

After discussion the Board decided to table this item.

16. DISCUSSION AND ACTION ON ALL MATTERS CONCERNING A PRELIMINARY AUDIT PROPOSAL BY HANKINS, EASTUP, DEATON, TONN & SEAY TO BE CONDUCTED BY YEAR ENDING 2008

Salsman explained the need for a preliminary audit was due to software conversion and advised that the cost would be included in the annual audit fees.

17. DISCUSSION AND ACTION ON ALL MATTERS REGARDING THE TOWN OF BARTONVILLE'S REQUEST FOR AN EASEMENT

Leggieri advised the Board of the Town of Bartonville's request for an easement to expand their parking area. Motion by Paulson and second by Mr. Moore to grant the Town of Bartonville's request for an easement on the east side of BWSC's property. Motion approved unanimously.

18. REVIEW FUTURE AGENDA ITEMS, ACTIVITIES, ANNOUNCEMENTS, AND SET THE DATE FOR THE DECEMBER 2008 MEETING AND THE DATE AND TIME FOR THE BWSC'S HOLIDAY CELEBRATION.

Future agenda items should include land acquisition, credit card processing fee, comprehensive Tariff review, Red Flag Rule, corrected financials, and NorthStar Bank line-of-credit. The December Board meeting was scheduled for December 15th and the Holiday Celebration will be held at Andrew's Restaurant on December 17th, 2008.

19. ADJOURNMENT.

Motion by Hanson and second by McDonald to adjourn the meeting at 11:03 PM. Motion approved unanimously.

TRANSCRIBED BY DAWN HICKS

CERTIFIED BY GRACIE EGAN, SECRETARY-TREASURER