

**BARTONVILLE WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
MONDAY, JANUARY 19, 2009 AT 7:00 PM**

1. Call to Order

Mr. McDonald called the meeting of the Board of Directors of Bartonville Water Supply Corporation to order at 7:01 PM on Monday, January 19, 2009, at the Corporation office, 1911 East Jeter Road, Bartonville, Texas.

Directors in Attendance:

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

Directors Absent:

Larry Kaufman, President

Staff in Attendance:

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

Consultants in Attendance:

Virginia Moore, Attorney
Kerry Maroney, P.E.

Mr. McDonald announced that the Board would go into Executive Session at 7:02 PM.

2. Executive Session Concerning:

- a. **All Matters Concerning the Chapel Springs Settlement, Pursuant to Government Code, Section 551.071 & 551.072**
- b. **Discussion on Matters Concerning a Personnel, Pursuant to Government Code, Section 551.074**
- c. **Discussion on All Matters Concerning Town of Bartonville's Offer to Purchase a Portion of BWSC's Undeveloped Office Site Property, Pursuant to Government Code, Section 551.072**
- d. **All Matters Concerning Property Acquisition for the Future Site of BWSC's Elevated Tank, Pursuant to Government Code, Section 551.072**
- e. **All Matters Concerning Tariff, Including Plan to Review and Update BWSC Tariff, Pursuant to Government Code, Section 551.071 (2)**

The Board reconvened into regular session at 7:56 PM.

3. Public Forum

No one present.

4. Approve the Minutes of the December 15TH, 2008 Board Meeting

Motion by Paulson and second by Hanson to approve the Minutes of the December 15th Board Meeting. Motion approved unanimously.

5. Approve the December 2008 Disbursements and Financial Reports

Motion by Hanson and second by Paulson to approve the December 2008 Disbursements and Financial Reports. Salsman advised the Board that she included Monthly Cash Flow statements. McDonald requested an explanation for the increase in accounts payable. Salsman advised that this was due to an invoice for the Stonewood Well that was billed December 31st, 2008 but the check was issued in January. Salsman clarified that the balance sheet reflects December 2007 to December 2008. Motion approved unanimously.

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6. Consulting Engineer's Report

Maroney presented an update on the Stonewood well, saying that he had met with H2M representatives and has approved screen and sand sizes and these packets arrived last week. H2M is currently washing up and down the hole and should be setting the screens and gravel packing in the next week or so then they will start doing some test pumping and developing the well. Maroney stated that H2M has drilled to about 1600 feet and then came back to about 1585 feet. Maroney said that he expects to be able to predict the production ability of the well after a couple of weeks of pumping and the first draw down test. Maroney stated that it would be very optimistic to have the results of the testing by the next meeting but he would expect pumping to be underway.

7. General Manager's Report

a) Chapel Springs/Chinn Chapel Well Site Agreement

Leggieri reported that this was covered in Executive Session.

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

Leggieri said that the payment for damages on the Hickory Hill project has been received.

c) Stonewood Well #2 Progress Report

This was covered in the Consulting Engineer's report.

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

Leggieri reported that there is nothing happening there right now that involves BWSC. It is a dually-served area and BWSC continues to provide service to those 17 or fewer customers. Hanson requested that the staff update the Board on a monthly or semi-monthly basis as needed.

e) Update of Fire Fill Policy

Leggieri stated that he has contacted Russell Mabra, Fire Chief for the Town of Double Oak and offered to attend council meetings if needed to answer any questions and Chief Mabra stated that he would let him know if this was necessary. Leggieri informed the Board that he had sent an e-mail to Mac Hohenberger to let him know he would be available to answer any questions regarding the Fire Fill Policy.

f) 2009 Proposed Capital Projects

Leggieri reported that he has bids on recoating the storage tanks. He proposed changing the color from utility white to possibly a forest green.

Leggieri reminded the Board that there is going to be conference in February that he and Robert Sillaway will attend at the Buffalo Ranch near Denton that is relative to BWSC since it is primarily about ground water and related topics.

Egan asks for an update on the request sent to the Mr. McMillan & to Mr. Lavender regarding the run off from the well. Leggieri advised the Board that Mr. McMillan is okay with this project but Mr. Lavender is concerned since his home is up for sale. Leggieri added that XTO will coordinate with us to fill their pond, stressing that he is actively working on taking care of the run off issue.

8. Discussion and Action on all Matters Concerning the Stonewood Well

No action taken.

9. Discussion and Action on all Matters Concerning Chapel Springs Settlement

No action was taken.

10. Discussion and Action on all Matters Concerning Personnel

No action was taken.

11. Discussion and Action on All Matters Concerning Town of Bartonville's Offer to Purchase a Portion of BWSC's Undeveloped Office Site Property

Motion by Paulson and seconded by Egan to accept an offer to purchase a portion of BWSC's undeveloped office site property with the understanding that a formal contract would be negotiated clarifying the restrictions and reservation of mineral rights. Motion approved unanimously.

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12. Discussion and Action on All Matters Concerning Acquisition for the Future Site of BWSC's Elevated Tank

Motion by Paulson and second by Moore to approve making an offer to the Dreiske's for two acres at fair market value. Paulson amended his motion and Moore his second to approve making an offer to the Dreiske's family on two acres together with an acceptable ingress/egress access easement and title to the water line that has been built on the property, terms and conditions to be subject to an acceptable contract that has been prepared and presented to the Board for their approval that would contain contingencies to an acceptable SUP and permit process to allow construction to an elevated tank within two years. Leggieri clarified that an offer cannot be made until this contract has been approved by the Board, but a Letter of Intent could be sent before the next meeting the Board agreed. Motion approved unanimously.

13. Discussion and Action on All Matters Concerning Renewal of BWSC's Line-of-Credit with NorthStar Bank

Salsman reported that the bank's president verbally agreed on the points outlined. He said that he would have the documents reworked and that they would have to be submitted to his lawyer after which he would have them delivered to BWSC. Salsman will insure that they have included all outlined points. She said that they were relatively unmovable on the rate but he did agree to an extension on the term so that it would line up better with our costs. No action taken.

14. Discussion and Action on All Matters Concerning Adding a Separate Payroll Account at NorthStar Bank

Motion by Egan and seconded by Wilkinson to approve adding a separate payroll account at NorthStar Bank for payroll processed through PayCycle. Salsman reported that she initiated the paperwork and has brought the documents tonight for signatures. Motion approved unanimously.

15. Discussion and Action on All Matters Concerning Tariff, Including Plan to Review and Updated BWSC Tariff

Motion by Egan and seconded by Wilkinson to adopt the plan that was presented regarding reviewing the Tariff, dated January 19, 2008 with an amendment to the document date of January 19, 2009. Motion approved unanimously.

16. Discussion and Action on All Matters Concerning Red Flag Rule

Motion by Hanson and seconded by Paulson that BWSC approve the submitted identity theft prevention program for the corporation with the amendment to remove the line "add or remove as applicable" outlined on page 2 of the document. Salsman advised the Board that BWSC already has in place many steps to protect the Corporation such as the requirement that new members show proof of ownership to establish new service and the personal information supplied is kept confidential. Motion approved unanimously.

17. Review Future Agenda Items, Activities, Announcements, and set the Date for the February 2009 Meeting

The next meeting was set for February 23, 2009. Future agenda items suggested include line of credit with NorthStar Bank, elevated tank, annual meeting, Town of Bartonville land purchase offer, Tariff documents, update on the Chapel Springs settlement, Stonewood Well, verification by the staff that Lantana is in compliance with their CCN.

18. Adjournment

Motion by Paulson and seconded by Egan to adjourn. Motion approved unanimously.
Adjourned at 8:56 PM.

TRANSCRIBED BY BECKY RANKIN

CERTIFIED BY GRACIE EGAN, SECRETARY-TREASURER