

BARTONVILLE WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
MONDAY, MAY 9, 2011 AT 7:00 P.M.

1. Call to Order

Mr. Kaufman called the meeting of the Board of Directors of Bartonville Water Supply Corporation to order at 7:00 P.M. on Monday, May 9, 2011, at the Bartonville Water Supply Corporation offices, 1911 E. Jeter Rd, Bartonville, TX 76226.

Directors in Attendance:

Larry Kaufman, President
Michael Paulson, Vice President
Patrick McDonald, Secretary-Treasurer
Gracie Egan
David Moore
Dean White

Staff in Attendance:

Jim Leggieri, General Manager
Lloyd Hanson, Controller

Consultants in Attendance:

Sam Burke

Others in Attendance:

Kathy Haenszel, AIA Insurance
Mike Donnelly, Bill Wilkinson - Town of Double Oak
Jim Carter, Half Associates, Inc.

Mr. Kaufman announced that we would discuss and take action on item **5. c) Discussion and Action on All Matters Concerning Fraud Coverage and Dental Insurance** on our agenda. Ms. Kathy Haenszel of AIA Insurance presented the details and costs of a policy of insurance covering Cyber Security Liability and Fraud as relates to network security, employee privacy liability, web site security liability, online payment of bills, and customer personal information liability. Included is payment for restoration of BWSC systems after a breach is discovered and public relations exposure. Motion by Michael Paulson and second by Gracie Egan to purchase a Cyber Security Liability insurance policy for one year. Motion approved unanimously.

Ms. Haenszel reviewed the existing and proposed changes to BWSC Dental Insurance coverage. Motion by Patrick McDonald and seconded by David Moore to approve the change in the Dental Insurance policy to United Health Care. Motion approved unanimously.

Mr. Kaufman also asked that item **7. e) Discussion and Action on an Insurance Policy Covering Third Party Pollution of Wells** be discussed at this time since Ms. Haenszel was in attendance. Ms. Haenszel discussed the pros and cons of this type of coverage and presented to the Board various options available to the Corporation. Discussion on the merits of the policy, the terms and conditions of the coverage offered, the value of the coverage to BWSC, and the risks BWSC is exposed to was held between the Board, Ms. Haenszel, and the Staff. No action taken, but see item 7.e) below for a request from the Board to the Staff.

2. Mr. Kaufman announced that the Board would go into Executive Session at 7:37 p.m.

The Board covered items a. All Matters Concerning TXDOT/Simmons Rd./407 Elevated Tank Property Offer; b. All Matters Concerning the Replacement of the Simmons Road 6" Water Line; d. All matters Concerning Legislative Updates and By-Law Updates; and e. All Matters Concerning the BWSC Tariff - Catastrophic Water Loss with all Board members present. Gracie Egan recused herself from the Executive Session for discussion on item c. All Matters Concerning the Conditional Use Permit for an Elevated Water Tank, and left the Board Room. **The Board came out of Executive Session at 9:03 p.m.** The Board took a five minute break and then convened into regular session at 9:09 p.m.

3. Public Forum for Non-Agenda Items

No one made any presentations.

4. Approve the Minutes of the March 21 and April 19, 2011 Board Minutes

BARTONVILLE WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
MONDAY, MAY 9, 2011 AT 7:00 P.M.

Motion by Michael Paulson and seconded by Pat McDonald to approve the minutes of the March 21, 2011 meeting and the minutes of the April 19, 2011 meeting. Motion approved unanimously for the March 21, 2011 meeting minutes; Motion approved for the April 19, 2011 meeting with Gracie Egan abstaining from voting on the April 19, 2011 meeting minutes.

5. Approve the March 2011 and April 2011 Disbursement and Financial Reports

- a. Motion by Michael Paulson and seconded by David Moore to approve the March 2011 Financial Reports. Mr. Hanson presented an analysis of the financial statements, investments, operating expenses and cash flow capital expenditures for the month. A new feature called iCall was implemented that enables the Corporation to call customers automatically related to late payments, water outages, or other matters concerning our members. Motion approved unanimously.
- b. Motion by Michael Paulson and seconded by David Moore to approve the April 2011 Financial Reports. Mr. Hanson covered changes in revenues, updates on expenses, and capital expenditures. Motion approved unanimously.
- c. Covered above.
- d. Discussion was held on the legal costs expended on the TXDOT/Simmons Rd/407 property offer. No Action taken on legal costs.

6. Consulting Engineer's Report

Mr. Leggieri covered the updates on engineering activity in his report as Mr. Maroney was not available for the meeting.

7. Discussion and Action on All Matters Regarding the General Manager's Report to Include Possible Discussion and Action on the Following Items:

a) Copper Canyon Rd./Road Project/Widening

The County is still working on a final easement needed for beginning work on the update to the road. No action taken.

b) Hickory Hill Water Line Right of Way

Mr. Leggieri has obtained agreement on all the easements needed for constructing the Hickory Hill water line with most of them at no cost to BWSC. Biggs & Matthews are working on the bidding documents. Construction is expected to be sometime this summer. No action taken.

c) Elevated Tank Site #2 / Star Gate Well – In Progress

The well is complete and cased and pipe installed. The initial indications are that the well will be equal to or exceed the capacity of the Stonewood well. There is discussion on using a generator to test the well as we are still awaiting power from CoServ to begin well flushing and testing of the pumping equipment. Staff was directed to get CoServ power to the site as quickly as possible and develop the well to its maximum capacity. The Board does not see using a generator approach to develop this well. No action taken.

d) Orchid Hill Lane / Chinn Chapel Rd. / Infrastructure Modifications

No action taken.

e) Insurance Policy Covering Third Party Pollution of Wells

Staff was directed to obtain details on what water is available from UTRWD and at what cost should we desire to purchase more capacity from UTRWD. No action taken.

f) Discussion and Action on Hawk Road Water Line

This water line is complete and in service. Landscaping is complete. No action taken.

Mr. Leggieri also answered questions on other areas where water lines could be looped similar to this project.

8. Discussion and Action on All Matters Concerning the Conditional Use Permit for an Elevated Water Tank.

No Action Taken.

9. Discussion and Action on TXDOT/Simmons Rd./407 Elevated Tank Site Property Offer.

No action taken.

10. Discussion and Action on all Matters Concerning the Simmons Road 6" Water Line.

Motion by Michael Paulson and second by David Moore to replace the Simmons Road 6" water line with an 8" water line with the provision that the Town of Double Oak give BWSC a commitment that they will pay for the movement of the water line should the

BARTONVILLE WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
MONDAY, MAY 9, 2011 AT 7:00 P.M.

water line need to be moved again in the future. Staff and the Board discussed the activities surrounding our water line on Simmons Road. Representatives from the Town of Double Oak were queried about the location of the water line in the right of way, timeframes, costs, coordination, and a commitment to pay for the movement of the water line again. The Town of Double Oak, Mayor Donnelly, and others present, did not think they could commit future Town of Double Oak officials to this type of agreement. Discussion about obtaining private easements was held with no consensus reached that BWSC would be able to obtain them due to the time needed for that activity and because some of the property contains septic fields. The total cost of the water line would be in excess of \$221,000 with the Town of Double Oak providing approximately \$30,000 toward that cost. The Town of Double Oak is aware of BWSC's capital plans and appreciates that BWSC is considering this project at this time to provide benefit for both parties. The Town will undertake every effort to move this water line to the farthest point away from the road, within the right of way, and closest to the private properties along the way. Motion and second withdrawn.

The Board took a five minute break at this point, 9:57 p.m. and resumed regular session at 10:02 p.m.

Motion by Patrick McDonald and second by Michael Paulson to replace the 6" water line on Simmons Road with an 8" water line and locate it as close to the private property on the west side of Simmons Road as possible to preclude any future cost to BWSC. Motion approved with David Moore voting no.

11. Discussion and Action on All Matters Concerning the Annual Meeting of Members

Motion by David Moore and second by Dean White to hold the postponed Annual Meeting on May 24, 2011. Motion approved unanimously.

12. Discussion and Action on All Matters Concerning Legislative Updates & BWSC By-Laws

New laws have been passed related to Chapter 67 of the Water Code that may require BWSC to change or update its By-Laws. No action taken.

13. Discussion and Action on All Matters Concerning the BWSC Tariff – Catastrophic Water Loss

Discussion and action was tabled until the June Board Meeting.

14. Discussion and Action on All Matters Concerning Appointment of an Attorney

Staff recommended that we continue to review and examine Attorneys in the area for consideration as our Counsel. No action taken.

15. Review Future Agenda Items, Activities and Announcements.

The Board will next meet on June 13, 2011. Agenda items may include Updates to the Tariff; a review of the Catastrophic Water Loss Policy; system requirements and capacity plans, equipment needs, storage and pump stations; Stargate well and power requirements; UTRWD costs and availability of additional water capacity; changes to By-Laws; and capital items.

16. Adjournment

Motion by David Moore and second by Patrick McDonald to adjourn at 10:32 p.m. Motion approved unanimously.

TRANSCRIBED BY LLOYD HANSON, CONTROLLER

CERTIFIED BY PATRICK MCDONALD, SECRETARY-TREASURER