

**WHITE WATER SPRINGS
WATER SUPPLY CORPORATION**

**MINUTES OF A MEETING OF
THE BOARD OF DIRECTORS**

April 11, 2013

The Board of Directors of the Whitewater Springs Water Supply Corporation (the "Corporation" or "WSWSC") met in a regular session, open to the public, outside the service area of the Corporation, at the Joanne Cole Mitte Memorial Library, Bertram, Texas 78605-0243 on April 11, 2013 at 2:30 p.m. A copy of the meeting along with associated certificates of posting is attached as "Exhibit A."

The Corporation's Legal Counsel called roll of the members of the Board of Directors:

Director Frank Caramanica
Director Bill Hiers
Director Jack Merkel
Director Jim Reedy
Director Richard Sherman

Directors Caramanica, Hiers, Reedy, Merkel, and Sherman were present, thus constituting a quorum of the Board of Directors. All directors present voted on all matters that came before the Board. Also in attendance at the meeting were Randy Wilburn, Tabitha Bingham, Tim Young with PGMS, Whitewater Springs POA President LaDale Young. President Hiers called the meeting to order at 7:00 p.m.

Regular Agenda

Item No. 1

Item No. 1 was to call roll of members and the regular meeting to order. Directors Frank Caramanica, Bill Hiers, Jack Merkel, Jim Reedy, and Richard Sherman were present, thus constituting a quorum of the Board of Directors. President Hiers then led the group in the Pledge of Allegiance.

Item No. 2

Item No. 2 was to discuss, consider, and take action as necessary regarding the election of officers. Counsel Wilburn explained that after every addition of a new Director or after each Director's election, the Board was required to appoint new Officers. Director Merkel made a motion to re-elect the current officers of Bill Hiers as President, Richard Sherman as Vice-President, Frank Caramanica as Secretary-Treasurer, and Jim Reedy and Jack Merkel as Assistant Secretary/Treasurers. Director Reedy seconded the motion, and it **PASSED** unanimously.

Item No. 3

Item No. 3 was to review and approve minutes from the January 14, 2013 Directors' meeting. Director Reedy made a motion to approve the minutes as presented. Director Caramanica seconded the motion, and it **PASSED** 4-0-1, with Director Merkel abstaining due to his absence from that meeting.

Item No. 4

Item No. 4 was to review and approve minutes from the February 14, 2013 Annual meeting. Director Reedy made a motion to approve the minutes as presented. Director Caramanica seconded the motion, and it **PASSED 4-0-1**, with Director Merkel abstaining due to his absence from that meeting.

Citizens Communication

Item No. 5

Item No.5 was to receive citizen communication not on the Agenda. No citizens made an presentation to the Board. The Board had a general discussion regarding the adjacent 60-acre site and issues related to the possible sale of that tract. The Board took **NO ACTION** on this item.

Old Business

Item No. 6

Item No. 6 was to discuss, consider, and take action as necessary regarding operational issues of the system, including operations report from PGMS, the Corporation's website, approval of a new Corporation logo, and any PGMS billing issues and Membership issues. Tim Young from PGMS gave a quarterly report regarding operations of the water system (leaks, well depths, payments, etc.). Mr. Young reported no major issues exist with the water system. Mr. Young reported that WSWSC has 77 active connections. The significant events for this quarter was the TCEQ inspection of the water system by TCEQ field investigator Claudia Chaffin. During Ms. Chaffin's inspection, two violations were noted: the water system did not provide an interior tank inspection form completed within the last five (5) years, and well no. 3 was not properly screened. Mr. Young noted that the screen was installed immediately, and PGMS performed an interior tank inspection on March 19, 2013. Finally, a response letter was sent to TCEQ on April 8, 2013. Also during the quarter, PGMS repaired a leaking service tap near the intersection of Whitewater Drive and Ashe Juniper Way.

Director Reedy informed the Board that the Corporation's new website is up, and a program named Feedburner will send an email to members when new information is available on the website.

The Board then discussed and expressed to Director Reedy their approval of the new logo. Director Reedy asked that Counsel Wilburn forward to him copies of the Corporation's letterhead used previously.

Regarding billing and membership issues, the Board discussed the sale of the Stuart home, the Martinez family moving in to the home at 1312 Whitewater, and the receipt of an application from Michael Blackmon for the "Whitfield" house. The Board took **NO ACTION** on this item.

Item No. 7

Item No. 7 was to discuss, consider, and take action as necessary regarding the Corporation's groundwater permits. President Hiers informed the Board that he had discussions with Charles Shell, the General Manager of the Central Texas Groundwater Conservation District, regarding the status of the Corporation's pumping reports. The Board took **NO ACTION** on this item.

Item No. 8

Item No. 8 was to discuss, consider, and take action as necessary regarding the installation of AMR meters. Director Sherman that the Corporation's 24 AMR seem to be working well. The Board

discussed coming up with a schedule to replace the old meters. Director Sherman would like to defer the decision to replace the other meters until a later time. The Board took **NO ACTION** on this item.

Item No. 9

Item No. 9 was to discuss, consider, and take action as necessary regarding the long-term Corporation financing, including the ongoing effort to refinance the Corporation's loan through USDA and exploration of grant funds from the Texas Water Development Board. Director Caramanica noted that he had re-contacted Rick Florence with USDA about refinancing the Extraco loan. Mr. Florence referred Director Caramanica to Connie Petru in the USDA Temple office, who stated that refinancing was not possible through USDA at this time. The Board took **NO ACTION** on this item.

Item No. 10

Item No. 10 was to discuss, consider, and take action as necessary regarding the Corporation's Agreement with Montvale Properties. President Hiers asked Counsel Wilburn to begin discussions with Montvale Properties regarding the LCRA agreement with Montvale Properties, and to focus on ensuring that Montvale will drill another well within the Corporation's boundaries, which would be transferred to the Corporation upon completion. The Board took **NO ACTION** on this item.

Note that the Notice of Director Meeting did not include an Item No. 11.

New Business

Item No. 12

Item No. 12 was to discuss, consider, and take action as necessary regarding subcommittee assignments for the members of the Board, including subcommittees for the following subjects: Future water wells including installation and funding; Landscape Maintenance of WSWSC facilities; Corporate Finances and Rate Review; and Election and Director Credentials Committee. After a brief discussion, Director Merkel recommended that the Board name Director Merkel to the Future Water Well Subcommittee, Director Reedy to the Landscape Maintenance Subcommittee, Director Sherman to the Corporate Finance and Rate Revenue Committee, and Director Reedy to the Election and Director Credentials Committee. Director Caramanica seconded the motion, and it **PASSED** unanimously. Counsel Wilburn will also try to attend.

Item No. 13

Item No. 13 was to discuss, consider, and take action as necessary regarding possible amendments to the Tariff. President Hiers and the Board discussed issues with billing and complaints from members that the bills were arriving at or near the due date, with little time to make payment. Director Sherman made a motion to have PGMS adjust the payment due date shown on the bills to 20 days after instead of the current 10 day grace period. Director Caramanica seconded the motion, and it **PASSED** unanimously.

Item No. 14

Item No. 14 was to discuss, consider and take action as necessary regarding obtaining additional utility information from LCRA. President Hiers had a legal question on this item, and asked that the Board meet in Executive Session to obtain advice from legal counsel. The Board took **NO ACTION** at this time.

Item No. 15

Item No. 15 was to discuss, consider, and take action as necessary regarding the payment of bills. Director Caramanica presented the bills for payment, and he made a motion for the Board to approve payment of all bills as presented. Director Hiers seconded the motion, and it **PASSED** unanimously.

Item No. 16

Item No. 16 was to discuss, consider, and take action as necessary regarding Corporation Financial Reports, including the Corporation tax exempt status, the Corporation bank accounts, Corporation credit accounts, including a corporate credit card, and Corporation Federal tax returns.

Director Caramanica noted that Mr. Tabitha Bingham was not able to attend the afternoon Board meetings due to a conflict with her job. He recommended that Counsel Wilburn send her a letter terminating her services. Counsel Wilburn suggested that the Board find a volunteer to take minutes at future meetings.

Regarding the federal tax exempt status, Director Caramanica noted that the Corporation had obtained its 501(c) 12 status.

Director Caramanica let the Board know that he closed the bank account at Farmer's State Bank on April 5, 2013, transferring all funds to the Chase account.

Finally, Director Caramanica informed the Board that the Corporation has filed its 2011 Federal tax return. The Board took **NO ACTION** on this item.

At 3:52 p.m. President Hiers recessed regular session to convene the Board in Executive Session.

At 4:12 p.m., President Hiers reconvened the Board reconvened, announcing that the Board made no decisions during the Executive Session.

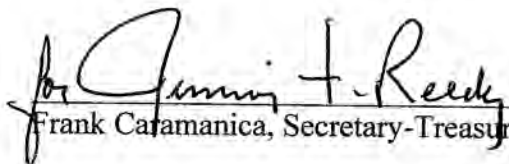
Item No. 14, con't.

President Hiers made a motion authorizing Counsel Wilburn to send an open records request to LCRA to inquire about communications between LCRA and Montvale properties. Director Sherman seconded the motion, and it **PASSED** unanimously.

Item No. 17

Item No. 17 was adjournment. Director Hiers made a motion for the Board to adjourn its meeting. Director Reedy seconded the motion and it **PASSED** unanimously.

PASSED, APPROVED, AND ADOPTED this 30th day of July 2013.


Frank Caramanica, Secretary-Treasurer

(CORPORATION SEAL)