

**WHITE WATER SPRINGS
WATER SUPPLY CORPORATION**

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

July 30, 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 July 30, 2013 at 3:00 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 Hiers, Reedy, 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, Tim Young and Patrick King with PGMS, and members Dean and Marjorie Dearmont, J.W. and Priscilla Thorp, Allan Palmer, and Terri Locke. President Hiers called the meeting to order at 3:00 p.m.

Regular Agenda

Item No. 1

Item No. 1 was to call roll of members and the regular meeting to order. Directors Bill Hiers, 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 review and approve minutes from the April 11, 2013 Directors' meeting. Director Sherman made a motion to approve the minutes as presented. Director Reedy seconded the motion, and it **PASSED** unanimously.

Member Communication

Item No. 3

Item No. 3 was to receive member communication not on the Agenda. No members made an presentation to the Board. The Board took **NO ACTION** on this item.

Old Business

Item No. 4

Item No. 4 was to discuss, consider, and take action as necessary regarding operational issues of the system, including operations report from PGMS, the Corporation's website, 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 81 active connections. The significant events for this quarter were 1) well work that Apex Well Service performed, including pulling replacing the pump and motor at Well No. 1; 2) development of the State-required Consumer Confidence Report; 3) responding to reports of lower pressure due to booster pump issues; 4) pulling the failed booster pump for repair; and 5) meeting between President Hiers, Director Reedy, and PGMS staff to discuss operational and customer service issues.

The Board then discussed revisions to the time between billing and due date, and proposed amending the tariff to address this and other issues. Another issue is a need for a revision to the Drought Contingency Plan to ensure the plan addressed well and service outages. Director Reedy made a motion to amend the tariff as proposed, Director Sherman seconded the motion, and it **PASSED** unanimously.

The Board then discussed the addition of a toll-free emergency number to the Corporation's homepage.

Item No. 5

Item No. 5 was to discuss, consider, and take action as necessary regarding the Corporation's Agreement with Montvale Properties. Counsel Wilburn reported that he had made inquiry to the Montvale attorney regarding continuation of 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.

Item No. 6

Item No. 6 was to discuss, consider, and take action as necessary regarding obtaining additional utility information from LCRA. Counsel Wilburn informed the Board that he had filed an Open Records Request with LCRA, and he was waiting on a response from LCRA on when the Corporation representatives could look through the files. President Hiers volunteered to join Counsel Wilburn at the LCRA offices for that review. The Board took **NO ACTION** on this item.

New Business

Item No. 7

Item No. 7 was to discuss, consider, and take action as necessary regarding a contract to clean and repair Corporation facilities, including the Pressure Tank and Ground Storage Tank. Tim Young of PGMS informed the Board that he would obtain bids on coating the Pressure Tank and make repairs to the Ground Storage Tank. The Board took **NO ACTION** on this item.

Item No. 8

Item No. 8 was to discuss, consider, and take action as necessary regarding subcommittee reports from 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. President Hiers noted that Director Merkel was reviewing the TCEQ criteria on facility sizing, including the 85% rule, and construction of a new water well. Director Reedy informed the board that H&R Services was mowing the Corporation's facilities for a charge of \$100 per month. Director Sherman gave an update on the Corporation's finances and rates, and he recommended that the Corporation's rates stay unchanged at this time. Director Reedy and Caramanica would be working on issues for the Election and Director Credentials Committee. The Board took **NO ACTION** on this item.

Item No. 9

Item No. 9 was to discuss, consider, and take action as necessary regarding possible amendments to the Tariff, including possible rate increase. Counsel Wilburn gave a brief update on his completed rate model for the Corporation. The Board had discussed these issues under Item No. 4. The Board took **NO ACTION** on this item.

Item No. 10

Item No. 10 was to discuss, consider, and take action as necessary a Reservoir Monitoring System. President Hiers presented proposal for \$2819 to install a Reservoir Monitoring System from PGMS, plus a possible 2-hours of PGMS time for installation. Director Sherman made a motion to approve the proposal as presented, Director Reedy seconded the motion, and it **PASSED** unanimously.

Item No. 11

Item No. 11 was to discuss, consider, and take action as necessary regarding the payment of bills. There were no new bills to consider. Director Reedy made a motion to approve the bills as paid through July 26, 2013. Director Sherman seconded the motion, and it **PASSED** unanimously.

Counsel Wilburn then asked if the Board would approve an increase in the monthly payment for legal services to \$750 per month, due to an outstanding fee of around \$9,000. Director Sherman made a motion to authorize PGMS to make monthly payments to Counsel Wilburn of \$750 per month. Director Reedy seconded the motion, and it **PASSED** unanimously.

Item No. 12

Item No. 12 was to discuss, consider, and take action as necessary regarding Corporation Financial Reports, including update on ACH payments. Director Reedy noted that the Corporation's Bylaws require the Corporation to prepare an annual audit and tax return. Director Reedy had contacted Keith Neffendorf, a CPA in Fredericksburg familiar in preparing audits for water supply corporations, regarding the preparation of the audit, and Mr. Neffendorf noted that the first year audit would be more expensive than subsequent years due to the initial establishment of the necessary background information for the Corporation and that the first year would cost the Corporation somewhere around \$5,000. Director Hiers made a motion to engage Mr. Neffendorf in the preparation of the Corporation's audit. Director Sherman seconded the motion, and it **PASSED** unanimously.

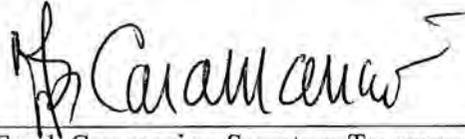
Director Reedy noted that he had been in contact with Jennifer Franklin and Daniel Goforth with Chasse to discuss the ACH payment issue. Ms. Franklin stated it would cost \$25/month and \$0.25 per account about 25 connections. Patrick King with PGMS noted that the manual upload would not result in any additional charges from PGMS. Patrick King committed to looking into the ACH issue on behalf of the Corporation. Director Reedy stated that he would travel to PGMS to work with Louise to review the process.

The next item was to discuss, consider, and take action as necessary regarding items discussed in Executive Session. The Board did not meet in Executive Session.

Item No. 13

Item No. 13 was adjournment. Director Sherman made a motion for the Board to adjourn its meeting. Director Reedy seconded the motion, and it **PASSED** unanimously.

PASSED, APPROVED, AND ADOPTED this 18 day of December 2013.

A handwritten signature in black ink, appearing to read "Frank Caramanica", written over a horizontal line.

Frank Caramanica, Secretary-Treasurer

(CORPORATION SEAL)