

TALTY WATER SUPPLY CORPORATION
12475 WINDY LANE
FORNEY TX 75126
972.552.4422

2014 ANNUAL MEMBERSHIP MEETING

MINUTES OF APRIL 27, 2015

1. The meeting was called to order at 7:00 pm by the Board President, John Mastervich. Other Board members present were Scot Boisvert, Bill Hart, and Dan Turner. General Manager, Corey Trail; Field Supervisor, Shane Carney; Office Manager, Lisa Morris along with David Flanigan, Aaron Meister, Chance Lee, Madonna Poppa, Karla Bowsher and Marlene Arnold were also present. Gary Murrey and Kyle Caperton of Murrey, Paschall & Caperton and Tyler Hendrickson, Engineer from Velvin & Weeks were present.
2. There were 22 Members present.
3. Tim Stewart made a motion for the Membership to approve the minutes of the 2013 Annual Membership Meeting as presented. Second: Roy Fletcher. Motion Carried
4. John Mastervich introduced the Board members and professional staff. Corey Trail introduced the field personnel and office staff. Mr. Mastervich then presented the Membership with the 2014 Director's Report.
 - Presentation of Historical Usage 2010-2014. Peak usage August 2011
 - 295,307,000 gallons used in 2014
 - 4% decrease from 2013
 - Average yearly household usage of 111,774 gallons or 9,314 gallons per month
 - Capital Improvement Projects for 2014:
 1. Talty WSC will begin constructing a new 1 million gallon elevated water tower on CR212 in 2015.
 - Review of Construction Projects 2014:
 1. Talty WSC installed 1000 ft of 8" water line and 8 new meters on the new street Amelia Way.
 - Review of Line Improvements
 1. Talty WSC will be constructing an 18" water line from Pump Station #1 going down FM1641 to the new elevated tower.

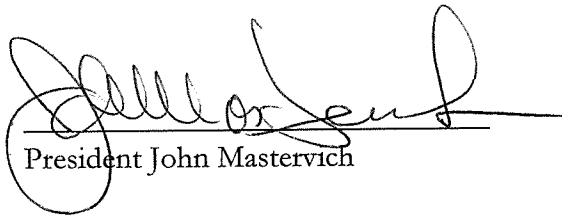
- Review of progress on converting to a SUD
 - Review of Talty/Markout Operations & Maintenance Agreement
 - Review of Future Developments – Lewis Circle (600 lots); Gateway (3000 lots), Vintage Meadows (400 lots) and Las Lomas (1900 lots).
 - Review of the different water laws concerning serving new developments coming into our area.
 - Discussion of North Texas Municipal Water District’s plans for meeting the water needs of a growing region.
 - Water restrictions will be released on May 1, 2015 to allow twice per week watering between the hours of 10:00 a.m. and 6:00 p.m.
5. Gary Murrey of Murrey, Paschall & Caperton, P.C. introduced himself and presented the Membership with the 2014 Audit report.
- Statement of Financial Position is solid
 - Total Assets: \$10,342,458.00
 - Statement of Financial Activity shows a net loss of (\$442,935.00)
 - Statement of Cash Flow shows a decrease in Membership Equity of \$302,781.00 to \$9,952,328.00.
6. John Mastervich showed a slide of the City of Forney Water Contract. Talty WSC was under contract to purchase 382,066,922 gallons of water but only sold 295,307,000; therefore, having 86,759,922 gallons of unused water and paying \$264,617 for unused water costs.
7. Engineer, Tyler Hendrickson, presented various graphs showing peak daily usage, monthly usage, annual usage and historical growth.
8. The floor was opened for Membership questions and discussion.
- One member asked about the cons of becoming a SUD. John Mastervich and Tyler Hendrickson explained that one con is that if a person owns land but no meter and is a registered voter within our CCN, they will be able to vote. Another con is that the election will now be held with the county elections.
 - Another member asked about why we must provide water to new developments and why we can’t charge them what we want to in order to discourage them from coming in. John Mastervich explained that we must provide water if developers request it. The developers may opt out but it would be taking away our revenue.
 - Another member asked about the “Take or Pay” and if we are asked to cut down water usage, do we get a discount. John explained that the City of Plano went to the Supreme Court regarding the same thing and the ruling

was they must still pay the "Take or Pay" amount regardless if restrictions are in place or not.

9. John Mastervich read the Resolution declaring unopposed candidate of TWSC elected.

10. Thirteen (13) door prizes were awarded.

11. John Mastervich adjourned the meeting at 8:52 p.m.



President John Mastervich

Approved as 4/26/16
4/25/16