

**CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
MONDAY, FEBRUARY 13, 2017**

1. Call to Order

Mr. McDonald called the meeting of the Board of Directors of Cross Timbers Water Supply Corporation to order at 7:01 p.m. on Monday, February 13, 2017, at the Cross Timbers Water Supply Corporation offices, 2032 E Hickory Hill Rd, Argyle, TX 76226.

Directors in Attendance:

Patrick McDonald, President
Larry Kaufman, Vice President
Susan Crawford, Acting Secretary-Treasurer
Michael Paulson
David Cole

Staff in Attendance:

Lloyd Hanson, General Manager
Paul Hightower, Water Superintendent

Consultants in Attendance:

None

Others in Attendance

None

Board Members Not in Attendance

Robert Stegmaier, Secretary-Treasurer
Garry Granger

Mr. McDonald appointed Susan Crawford as Acting Secretary-Treasurer in the absence of Mr. Stegmaier.

- 2. Mr. McDonald announced that the Board would go into Executive Session at 7:02 p.m. The Board came out of Executive Session at 7:19p.m.**
- 3. Public Meeting on the Corporation's Submission of an Application for Construction Assistance to the United States Department of Agriculture, Rural Development**

In accordance with the USDA application requirements, we are required to publish a legal notice in a local newspaper noting our intent to apply for construction assistance with the US Department of Agriculture, Rural Development. Staff published that in the Denton County Record-Chronicle on January 26, 27, and 28, 2017. In addition, we are required to hold a public meeting for anyone to inquire about the loan, the environmental and economic impact, and other items the public may wish to discuss. Notice of this public meeting was published on February 3, 2017 on the Denton County, TX County Clerk Public Notices Web Site and on the Corporation's web site – www.crosstimberswater.com. Notice was also posted at the offices of the Corporation. President McDonald opened the public meeting for comment at 7:20 p.m. There was no one in attendance and no comments had been received by the Staff. Mr. Hanson provided the Board background information on the need for a public meeting. President McDonald closed the public meeting at 7:23 p.m.

- 4. Public Forum for Non-Agenda Items – No one spoke**
- 5. Discussion and Action on USDA Loan – No action**
- 6. Discussion and Action to Approve the Minutes of the January 16, 2017 Board Minutes**

Motion by Michael Paulson and second by Larry Kaufman to approve the minutes of the January 16, 2017 Board Meeting. Motion approved unanimously.

- 7. Approve Financial Reports**

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a) Approve the January 2017 Financial Reports

Mr. Hanson provided commentary and answered questions on the January 2017 Financial Statements. Equity Buy-In funds have been received for the Hat Creek Estates water line installation and the Terracina Phase III water line installation. Motion by Susan Crawford and second by Michael Paulson to approve the January 2017 Financial Statements. Motion approved unanimously.

b) Discussion and Action on the 2016 Financial Audit

Mr. Hanson noted that the financial audit will be conducted on February 21 and 22, 2017. No action taken.

8. Consulting Engineer's Report - No report and no action taken

9. General Manager's Report

a) Discussion and Action on General Manager's Report

New development discussions continue throughout the CCN territory. A new school is planned for a portion of the Scruggs property on Copper Canyon Road that will necessitate an extension of our existing eight inch water line to a new location. No action taken on the above items.

b) Discussion and Action on Water Superintendent's Operational Report

Mr. Hightower provided an update on the operations for the month of January and the status of the water lines at Terracina Phase III and Hat Creek Estates. No action taken.

10. Discussion and Action on all Matters Concerning Construction of an Elevated Water Tank at the Stargate Site

No action taken.

11. Discussion and Action on All Matters Concerning Litigation

An initial condemnation offer sent to the Saddlebrook Estates HOA and a second letter have produced no further action. The next steps will be to request a Court to set a hearing date on the condemnation. No action taken.

12. Discussion and Action on All Matters Concerning Real Estate

No Action Taken.

13. Discussion and Action on All Matters Concerning Personnel

Motion by Susan Crawford and second by Larry Kaufman to issue a check to Jim Leggieri to pay him the balance of a service recognition award granted to Mr. Leggieri in December 2013 as he has been unable to use the award due to health issues. Motion approved unanimously.

14. Discussion and Action on Replacement of Water Meter Bodies

Mr. Hanson and Mr. Hightower presented information regarding software upgrades to our meter reading program. Existing meter reading software provided by Badger is no longer supported and the Corporation retains some risk should that software fail. Staff have reviewed both Badger and Neptune meter reading software and provided cost proposals. The Board registered concern that existing meter registers be able to be read by the new software as the Corporation is not intending, at this time, to replace all the registers in the system (approximately 2300). The Board requested that Staff have further demonstrations from the vendors and clarify that new software will be capable of reading existing meter registers. The Board noted that the Corporation should begin transitioning new projects to newer technology – ultrasonic meter bodies that contain no moving parts – as new projects come on line. Staff will obtain further information and report at the next Board meeting. No action taken.

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15. Discussion and Action on an Application for Water Service for Copper Creek Estates

Copper Creek Estates has not applied for water service at this time. No action taken.

16. Discussion and Action to Approve the Materials for the Annual Meeting Election of Board Members

Mr. Hanson provided the Board with preliminary materials for the April 2017 Annual Meeting. Final approval of materials will be required at the March meeting. No action taken.

17. Discussion and Action to Appoint an Election Auditor for the Annual Meeting

Motion by Michael Paulson and second by Susan Crawford to appoint Kevin Mercer as the Election Auditor for the 2017 Annual Meeting. Motion approved unanimously.

18. Review Future Agenda Items, Activities and Announcements

The next regularly scheduled Board Meeting will be on March 13, 2017. Agenda items may include updates on capital improvements, operational reports, construction, litigation, meter reading software, financials, Annual Audit, insurance, approval of Annual Meeting Materials, and other items.

19. Adjournment

Motion to adjourn by Susan Crawford and second by Michael Paulson and approved unanimously. The meeting adjourned at 8:18 p.m.

TRANSCRIBED BY LLOYD HANSON

CERTIFIED BY SUSAN CRAWFORD, ACTING SECRETARY-TREASURER