

CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
THURSDAY, APRIL 20, 2017

1. Call to Order

Mr. McDonald called the meeting of the Board of Directors of Cross Timbers Water Supply Corporation to order at 8:55 p.m. on Thursday, April 20, 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
Robert Stegmaier, Secretary-Treasurer
Susan Crawford
Michael Paulson
David Cole
Garry Granger

Staff in Attendance:

Lloyd Hanson, General Manager
Paul Hightower, Water Superintendent

Consultants in Attendance:

Kathy Haenszel, AIA Insurance

Others in Attendance

Paul Mignini – Selwyn School
Kathryn Barnett White – Selwyn School Foundation

2. Discussion and Action to Elect Officers

Motion by Susan Crawford and second by Garry Granger to elect Patrick McDonald, President; Larry Kaufman, Vice President; and Robert Stegmaier, Secretary-Treasurer for the next year. Motion approved unanimously.

3. Public Forum for Non-Agenda Items – No one spoke

4. Discussion and Action on the Renewal of the Corporate Insurance Policies

Mr. Hanson introduced Kathy Haenszel of AIA Insurance who provided information on the renewal of the Corporate Insurance policies. Ms. Haenszel identified the major differences in quotes and coverage from the two parties quoting renewal pricing, terms, and conditions for the Board and answered questions regarding deductibles, and risk exposures. Motion by Michael Paulson and second by Susan Crawford to approve the coverage and pricing from Glatfelter's quote for the insurance program for the period beginning May 7, 2017. Motion approved unanimously.

Mr. McDonald indicated the Board would address Agenda Item 9 next

9. Discussion and Action on Approval of a Contract to Extend a Water Line

Paul Mignini discussed the Selwyn School currently being operated from land purchased from Michael Scruggs and located within our CCN territory. Mr. Mignini asked the Board to consider a longer recovery period for the Pro Rata being charged to the school to bring the water line to service their property. He also asked that the Board consider a lesser Pro Rata charge given the school is a small enterprise and has recently relocated from a highly developed property and will need to expend funds for developing this location. The Board asked questions about what type of service was presently needed and noted that it is inconsistent with its policy to make major changes to the Pro Rata and recovery period. Mr. Hanson pointed out that the Board has occasionally made accommodations over its 50 plus history and that it would be within the Board's purview to decide on these issues. Motion by Michael Paulson and second by Larry Kaufman to extend the Pro Rata recovery period to fourteen (14) years. After discussion, motion approved unanimously. Motion by Susan Crawford and second by Michael

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Paulson to award a contract to Prose Backhoe and Utilities LLC for \$173,430.00 for the extension of a water line along Copper Canyon Road to the Selwyn School property. Motion approved unanimously. Mr. Hanson provided the Board with a recommended Pro Rata sharing of the cost of extending the water line between Cross Timbers WSC and the Selwyn School. After discussion, motion by Michael Paulson and second by Larry Kaufman to bill the Selwyn School and/or its foundation owner, Argyle Building LLC \$95,557.50 as its Pro Rata share in the extension of the water line. Motion approved unanimously.

Mr. McDonald announced that the Board would go into Executive Session at 9:40 p.m. The Board came out of Executive Session at 9:58 p.m.

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

No action taken.

6. Discussion and Action Concerning Litigation

Mr. McDonald noted that the appeal of Cause No. 2012-30982-211 would be heard by the Second Court of Appeals in Fort Worth on April 25, 2017. Mr. McDonald noted that the condemnation action against the Saddlebrook HOA and its members has been filed in the County Court at Law No. 2 and we are awaiting the appointment of Special Commissioners and a hearing date. No action taken.

7. Discussion and Action on All Matters Concerning Real Estate

No Action Taken.

8. Discussion and Action on All Matters Concerning Personnel

No action taken.

10. Review Future Agenda Items, Activities and Announcements

The next meeting of the Board is scheduled for May 15, 2017. Agenda items will include litigation, financials, the Equity Buy-In fee, a review of the catastrophic water loss policy, an update on the USDA Loan application, a request from Landmark Structures I, L.P. to close out the elevated water tank contract, operational reports and other matters.

11. Adjournment

Motion to adjourn by Larry Kaufman and second by Garry Granger and approved unanimously. The meeting adjourned at 10:04 p.m.

TRANSCRIBED BY LLOYD HANSON

CERTIFIED BY ROBERT STEGMAIER, SECRETARY-TREASURER