

**CROSS TIMBERS WATER SUPPLY CORPORATION**  
**MINUTES of the BOARD OF DIRECTORS MEETING**  
**MONDAY, MAY 15, 2017**

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**1. Call to Order**

Mr. McDonald called the meeting of the Board of Directors of Cross Timbers Water Supply Corporation to order at 7:00 p.m. on Monday, May 15, 2017, at the Cross Timbers Water Supply Corporation offices, 2032 E Hickory Hill Rd, Argyle, TX 76226.

**Directors in Attendance:**

Patrick McDonald, President  
Robert Stegmaier, Secretary-Treasurer  
Michael Paulson  
David Cole  
Garry Granger

**Staff in Attendance:**

Lloyd Hanson, General Manager  
Paul Hightower, Water Superintendent

**Consultants in Attendance:**

None

**Others in Attendance**

None

**Board Members Not in Attendance**

Larry Kaufman, Vice President  
Susan Crawford

**2. Mr. McDonald announced that the Board would go into Executive Session at 7:01 p.m. The Board came out of Executive Session at 7:10 p.m.**

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

**4. Discussion and Action to Approve the Minutes of the March 13, 2017 and April 20, 2017 Board Minutes**

Motion by Robert Stegmaier and second by Michael Paulson to approve the minutes of the March 13, 2017 Board Meeting and the April 20, 2017 Board Meeting. Motion approved unanimously.

**5. Discussion and Action to Approve Financial Reports for March and April 2017**

Motion by Robert Stegmaier and second by Michael Paulson to approve the March and April 2017 Financial Statements. Motion approved unanimously.

**6. Discussion and Action to Update the NorthStar Bank Corporate Authorization Resolution**

NorthStar Bank has been acquired by Independent Bank and requires a new Corporation Authorization Resolution be approved by the Corporation. Motion by Robert Stegmaier and second by Garry Granger to approve and sign the new Corporation Authorization Resolution with Independent Bank. Motion approved unanimously.

**7. Discussion and Action on the Catastrophic Water Loss Policy**

Catastrophic water losses continue to be offered by the Corporation to Members for major water loss due to line breakage, damage from weather and other unforeseen actions. The policy has been in place for many years without any change in the calculation or the credits offered. After discussion, the Board determined that an adjustment in the policy needs to be put in

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place to change the rate charged for the excess water lost from the first tier of the Tariff to the second tier of the Tariff effective June 1, 2017. Motion by Michael Paulson and second by Robert Stegmaier to change the rate charged to the second tier of the Tariff. Motion approved unanimously.

**8. Discussion and Action on the Equity Buy-In Fee**

Annually, after completion of the audit, the Corporation examines the Equity Buy-In fee to determine if changes are necessary. After review of the audit, it was determined that no change was needed at this time. No action taken.

**9. Consulting Engineer's Report** - No report and no action taken. Mr. Maroney continues to work on filing final documents for the USDA Loan. Mr. Hanson reported that he has filed all relevant documents requested by the application.

**10. General Manager's Report**

**a) Discussion and Action on General Manager's Report**

The application and fees for the Marty B's Restaurant have been received and processed. Construction on the property is progressing. An upgrade to the inHance billing system was put in place and interface software for the new Neptune Reading Software for the Neptune meters has been installed. Staff have begun reviewing 300-400 meters that have been showing slowing meter reads over the past couple of years. One hundred fifty meters have been identified and are being checked by the field staff for replacement. More details will be available in May after we see the impact of changing out old meters.

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

Mr. Hightower provided an update on the operations for the month of February and the status of the water lines at Terracina Phase III and Hat Creek Estates. Final bacteriological testing passed on Hat Creek and the developer is in the process of putting in roads and finalizing the water line for our approval and acceptance. No major issues have occurred to our water lines due to the rebuilding of Chinn Chapel and Woodland Road. The new VFD panel has been installed in Stonewood and we are flushing the lines in anticipation of being online by the 19 of May. No action taken.

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

No action taken.

**12. Discussion and Action on All Matters Concerning Litigation**

The Second District Court of Appeals has received the case, heard oral arguments, and has the case under consideration. No action taken.

The condemnation proceedings continue with court-ordered notifications to all condemnees. No action taken.

**13. Discussion and Action on All Matters Concerning Real Estate**

No Action Taken.

**14. Discussion and Action on All Matters Concerning Personnel**

No action taken.

**15. Review Future Agenda Items, Activities and Announcements**

The next meeting of the Board is scheduled for June 12, 2017. Agenda items may include operations, financial updates, construction status, litigation, and other matters.

**16. Adjournment**

Motion to adjourn by Michael Paulson and second by David Cole and approved unanimously. The meeting adjourned at 7:52 p.m.

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TRANSCRIBED BY LLOYD HANSON

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CERTIFIED BY ROBERT STEGMAIER, SECRETARY-TREASURER