

CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
MONDAY, OCTOBER 16, 2017

1. Call to Order

Mr. McDonald called the meeting of the Board of Directors of Cross Timbers Water Supply Corporation to order at 7:00 p.m. on Monday, October 16, 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
Susan Crawford
Garry Granger
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

Larry Kaufman, Vice President

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 7:22 p.m.

3. Public Forum for Non-Agenda Items - None

4. Discussion and Action to Approve the Minutes of the September 18, 2017 Board Minutes

Motion by Michael Paulson and second by Garry Granger to approve the minutes of the September 18, 2017 Board Meeting minutes. Motion approved with Robert Stegmaier abstaining.

5. Discussion and Action to Approve Financial Reports for September 2017

Motion by Susan Crawford and second by Michael Paulson to approve the August 2017 Financial Statements. Motion approved unanimously.

6. Discussion and Action on the 2018 Budget

Mr. Hanson presented initial information on the upcoming budget for 2018 and reviewed budget expense items for 2018. The Board asked for additional information and financial implications be prepared on various rate changes for the 2018 Budget. No action taken

7. Discussion and Action on Providing a Discount for ACH Payments

Mr. Hanson indicated a Member has requested that the Board consider offering a \$1.50 discount for ACH payments made to the corporation. Mr. Hanson reviewed the current cost of collecting ACH payments made through the Corporation's online processing. Mr. Hanson pointed out that all fees for ACH, credit card, and debit card payments must be absorbed by Water Supply Corporations in the state of Texas and cannot be an additional charge to the Member. After discussion by the Board,

CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
MONDAY, OCTOBER 16, 2017

motion by Michael Paulson and second by Garry Granger to continue the current process for ACH payments and not offer any additional discounts. Motion approved unanimously.

8. Discussion and Action on Consulting Engineer's Report

Mr. Maroney continues working on the updates to the Water Facilities Plan and expects to have a draft report for the Board to review prior to the end of the year. No action taken.

9. General Manager's Report

a) Discussion and Action on General Manager's Report

Mr. Hanson noted that water lost due to leaks and bad meters continues to decline as new meters are installed. No action taken.

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

Mr. Hightower provided an update on the operations for the month of September and the status of the water lines at Terracina Phase III, Chinn Chapel Road, and the road work being done in Canyon Oaks. Final documents and a maintenance bond have been received for Hat Creek Estates. The improvements at Copper Hill are nearing completion. Consolidated Tank has been given the contract for the repair of the 300,000 gallon tank at Copper Hill and repairs are slated to begin in October/November. 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

a) Discussion and Action on All Matters Concerning Cause No. 2012-30982-211

No updates were available and no action taken.

a) Discussion and Action on All Matters Concerning Cause CV-2017-00840 – Condemnation Action Against Saddlebrook Estates HOA, et.al.

The Special Commissioners Hearing is been scheduled for October 17, 2017. No action taken.

12. Discussion and Action to Accept the Water Lines at Terracina Phase III

The water lines are still being tested and sanitized. 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 November 13, 2017. David Cole announced that he is resigning from the Board due to a promotion which requires a relocation to Illinois. The Board expressed their appreciation for his time and service on the Board and wished him well on his promotion. Agenda items may include operations, financial updates, litigation, approval of the 2018 budget, capital plan, and rates, healthcare plan for 2018, Master Plan update, personnel update,

**CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
MONDAY, OCTOBER 16, 2017**

update on the answering service used by the Corporation, replacement of a Board Member, and other matters. The Board's Annual Gathering will be held on December 6, 2017.

16. Adjournment

Motion to adjourn by Michael Paulson and second by Susan Crawford and approved unanimously. The meeting adjourned at 8:30 p.m.

TRANSCRIBED BY LLOYD HANSON

CERTIFIED BY ROBERT STEGMAIER, SECRETARY-TREASURER