

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, November 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
Robert Stegmaier, Secretary-Treasurer
Susan Crawford
Michael Paulson
Garry Granger

Staff in Attendance:

Lloyd Hanson, General Manager
Paul Hightower, Water Superintendent

Consultants in Attendance:

Kerry Maroney, Engineer

Others in Attendance

Michael Boswell

Board Members Not in Attendance

None

2. Mr. McDonald announced that Agenda Item 2 – Discussion Related to a Catastrophic Water Loss – would be tabled until the December Meeting as the party making the request was not available or present to present his case.

4. Open Session – None.

5. Discussion and Action to Approve the Minutes of the October 16, 2017 and October 23, 2017 Board Meetings

Motion by Michael Paulson and second by Susan Crawford to approve the October 16, 2017 Board Minutes. Motion approved with Larry Kaufman abstaining. Motion by Garry Granger and second by Susan Crawford to approve the October 23, 2017 Board Minutes. Motion approved with Larry Kaufman abstaining.

6. Discussion and Action to Approve the October Financial Reports

Motion by Susan Crawford and second by Michael Paulson to approve the October Financial Reports. Motion approved unanimously.

7. Discussion and Action on the 2018 Budget and Water Rates

Mr. Hanson went over the 2018 Budget, proposed water rates, and answered questions from the Board. The Board spent considerable time examining the impacts various rates would have on the budget and on achieving a break-even analysis. Motion by Michael Paulson and second by Susan Crawford to change the Base Rate to \$38.60 and increase the tiers by approximately 3.1%. Motion withdrawn. Motion by Larry Kaufman and second by Susan Crawford to increase the base rate to \$38.60 and increase all rates by an amount necessary to achieve a break-even in revenue. Motion withdrawn after discussion. After further discussion, motion by Larry Kaufman to increase the Base Rate to \$38.60 and increase tiers 1-5 to \$3.35, \$5.86, \$15.10, \$33.50, and \$50.25 per thousand gallons and eliminate pricing for all tiers above the 5th tier. Mr. Kaufman confirmed that all water sold above 100,001 gallons would be charged at the fifth tier rate of \$50.25/1,000 gallons. Second by Susan Crawford. Upon conclusion of further discussions, motion approved unanimously. These rates will be effective January 1, 2018. Motion by Larry Kaufman and second by Garry Granger to approve the 2018 Budget and Capital Plan as submitted with the rate changes approved above. Motion approved unanimously.

8. Discussion and Action on Renewal of the Healthcare, Dental and Life Insurance Benefits for 2018

President McDonald tabled this item until the December 2018 meeting pending receipt of addition quotes from other insurance carriers.

9. Discussion and Action on Consulting Engineer's Report

Kerry Maroney, Engineer, presented a preliminary Water Facilities Plan for consideration by the Board. Mr. Maroney went through the Land Use Plans from Bartonville, Copper Canyon, Flower Mound, and Argyle identifying where changes had occurred to these plans since

**CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
2032 E HICKORY HILL RD, ARGYLE, TX 76226
MONDAY, NOVEMBER 13, 2017**

2012. Double Oak has virtually completed all its land use plans and no changes or expansion within the Town is expected or contemplated in the Corporation's future needs. Based on the latest adopted Region C Water Plan (2016), available groundwater supplies are expected to remain constant through the year 2017. Mr. Maroney concentrated on the changes going on in Copper Canyon and the changes in the unincorporated portions of the Corporation's CCN assigned territory and the potential impact this is having on our infrastructure and future system build-out. After extensive discussion regarding density changes to some of the undeveloped land area, Mr. Maroney was directed to make several changes to the projected system growth and water demands that will be placed on the system. Mr. Maroney and the Staff were directed to maintain detailed records, examine the growth rate on an annual basis, and update this study no later than five years from now. Mr. Maroney will make the changes and prepare a final report for the December 2017 meeting for approval and acceptance by the Board. No action taken to approve the report at this meeting.

10. All Matters Concerning the General Manager's Report

- a) **Discussion and Action on the General Manager's Report** – Mr. Hanson provided an update on the open Board position and the off-hours phone answering service. No action taken.
- b) **Discussion and Action on the Water Superintendent's Report** – Mr. Hightower provided updates on the repair of the 300,000-gallon water tank at Copper Hill, the installation of the new MCC at Copper Hill, and other operational issues. No action taken.

3. Executive Session - Mr. McDonald announced that the Board would go into Executive Session at 9:25 p.m. and came out of Executive Session at 9:51 p.m.

11. Discussion and Action on all Matters Concerning the Construction of an Elevated Water Tank at the Stargate Site – No action taken.

12. Discussion and Action on All Matters Concerning Litigation

- a) **Discussion and Action on All Matters Concerning Cause No. 2012-30982-211** – No action taken
- b) **Discussion and Action on All Matters Concerning Cause CV-2017-00840, Condemnation Action Against Saddlebrook Estates HOA, et al**

Mr. McDonald noted that some of the Condemnees in the above action have filed an appeal of the Special Commissioners Award and litigation is now expected to continue into late 2018. No action taken.

13. Discussion and Action to Accept the Water Lines at Terracina Phase III – No action taken.

14. Discussion and Action on All Matters Concerning Real Property – No action taken.

15. Discussion and Action on All Matters Concerning Personnel – No action taken.

16. Discussion and Action on Future Agenda Items, Meeting Date, Activities, and Announcements

Items to include on the December Agenda include approval of the Water Facilities Plan 2018-2045, approval of the healthcare, dental, and life insurance plans for 2018, an update on the Identity Theft Program for 2018, financials, operations, construction, appointment of an auditor, and other matters.

17. Adjournment

Motion to adjourn by Larry Kaufman, second by Michael Paulson, and approved unanimously. The meeting adjourned at 10:00 p.m.

TRANSCRIBED BY LLOYD HANSON

CERTIFIED BY ROBERT STEGMAIER, SECRETARY-TREASURER