

**CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
2032 E HICKORY HILL RD, ARGYLE, TX 76226
MONDAY, JANUARY 15, 2018**

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, January 15, 2018, 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

Staff in Attendance:

Lloyd Hanson, General Manager
Paul Hightower, Water Superintendent

Consultants in Attendance:

None

Others in Attendance

None

Board Members Not in Attendance

Garry Granger

2. Executive Session - Mr. McDonald announced that the Board would go into Executive Session at 7:01 p.m. and came out of Executive Session at 7:08 p.m.

3. Open Session – No one spoke.

Motion by Larry Kaufman and second by Michael Paulson to approve the items in the Consent Agenda – Agenda Items 4, 6, and 7. Motion approved unanimously.

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

5. See below

6. Discussion and Action on Renewal of the Franchise Agreements for Bartonville and Copper Canyon

7. Discussion and Action to Appoint Membership in the Texas Rural Water Association for 2018

8. See below

5. Discussion and Action To Approve the December 2017 Financial Reports

Mr. Hanson reviewed the December and 2017 financial reports and answered questions from the Board regarding revenues and expenses for the periods. Motion by Michael Paulson and second by Larry Kaufman to approve the Financial Reports. Motion approved unanimously.

8. Discussion and Action on Changes to the Restricted Cash Account

Mr. Hanson presented changes to the Restricted Cash Account for the year and recommended that additional funds be transferred from Operating Cash into Restricted Cash. Motion by Michael Paulson and second by Susan Crawford to transfer \$315,000 to the Restricted Cash Account for the year ended December 31, 2017. Motion approved unanimously.

9. Discussion and Action on Consulting Engineer's Report – No action taken.

10. All Matters Concerning the General Manager's Report

a) **Discussion and Action on the General Manager's Report** – 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, a major leak at Carruth Lane, and other operational issues. No action taken.

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** - No action taken.

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

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

Motion by Larry Kaufman and second by Susan Crawford to approve the election materials for the 2018 Annual Meeting. Motion approved unanimously.

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

16. Discussion and Action on All Matters Concerning Personnel

The Corporation's healthcare provider has indicated they will no longer reimburse funds greater than office visit costs for visits to Free Standing Emergency Room facilities due to excessive charges by these entities. Staff is recommending we amend our reimbursement policy to reflect this change. Motion by Susan Crawford and second by Larry Kaufman to amend the Corporation's reimbursement policy to reflect no reimbursement for costs incurred by employees using a Free Standing Emergency Room. Motion approved unanimously.

Staff made a recommendation that the Board consider adding another employee due to the growth in housing currently under development in our Territory. The Board and Staff discussed job qualifications, licensing, and other requirements for the position and directed Staff to ensure qualified candidates were added. Motion by Larry Kaufman and second by Susan Crawford to add one additional staff member in 2018. Motion approved unanimously.

17. Discussion and Action on Communications – Staff review changes put in place to advise Members and Town officials when a planned or unplanned water outage occurs. Staff was directed to provide additional detail and costs related to obtaining a electronic sign board to use during these outages to alert residents. No action taken.

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

The next meeting of the Board will be February 19, 2018. Items may include review of materials for the upcoming 2018 Annual Meeting, communication plans, financials, operations, construction, litigation, and other matters.

19. Adjournment

Motion to adjourn by Larry Kaufman, second by Susan Crawford, and approved unanimously. The meeting adjourned at 8:32 p.m.

TRANSCRIBED BY LLOYD HANSON

CERTIFIED BY ROBERT STEGMAIER, SECRETARY-TREASURER