

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, March 19, 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
Garry Granger

Staff in Attendance:

Lloyd Hanson, General Manager
Paul Hightower, Water Superintendent

Consultants in Attendance:

None

Others in Attendance

Bill Scherer
Sue Tejml
Andre Nicholas
Andrew Wills
Sherry Price
Mike Donnelly
Karla Hohenberger
Michael Cannaday

Board Members Not in Attendance

None

- 2. Open Session** – Mr. Nicholas inquired about the applications and election procedures. Mr. Hanson indicated that this would be covered in Agenda item 11. No one else spoke.

Consent Agenda

- 3. Discussion and Action to Approve the Minutes of the February 19, 2018 Board Meeting**
4. Discussion and Action to Approve the February 2018 Financial Reports

Motion by Michael Paulson and second by Susan Crawford to approve the Consent Agenda. Motion approved unanimously.

- 5. Discussion and Action to Accept the Annual Audit for 2017.**

Mr. Dan Tonn of the audit firm of Hankins, Eastup, Deaton, Tonn & Seay provided results of the 2017 Audit to the Board and that the Financial Statements presented fairly, in all material respects, the financial position of Cross Timbers Water Supply Corporation as of December 31, 2017. Mr. Tonn indicated that he will be available at the Annual Meeting to report on and answer questions related to the 2017 Audit. Motion by Michael Paulson and second by Larry Kaufman to accept the 2017 Audit on behalf of the Corporation.

- 6. Discussion and Action on Consulting Engineer's Report** – No report and no action taken.

7. Discussion and Action on Communications – After a brief discussion, this item was tabled to be discussed in conjunction with the Water Superintendent’s report

8. All Matters Concerning the General Manager’s Report

- a) **Discussion and Action on the General Manager’s Report** – Mr. Hanson had nothing new to report. No action taken.
- b) **Discussion and Action on the Water Superintendent’s Report** – Mr. Hightower provided updates on the repair of the Cla-Valves on the high service motors at Copper Hill, the installation of variable frequency drives at the Jernigan Station and the completion of repairs at the Orchid Hill station (which is now ready for use). Mr. Hightower also discussed with the Board the comparison of use and value of a traffic sign (part of the Communications item) and the need for a valve exerciser. The Board asked Mr. Hightower to provide additional information about outsourcing for this equipment use, estimated financial impact, and if this could be coordinated with other water suppliers in the area for the May Board meeting. No action taken.

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

Mr. Hanson indicated that the Corporation had received renewal quotes for all of the insurance policies for the period beginning May 7, 2018 – 2019. Coverage will remain the same as last year and the same carriers are quoting and providing coverage for this upcoming period. Total cost is similar to the current program of insurance with a slight reduction in the workers’ compensation cost. Overall, the total cost will be \$78,958.00, a reduction of \$449.00 from last year. Motion by Michael Paulson and second by Larry Kaufman. Motion approved unanimously.

10. Discussion and Action on the Rural Development Application

Mr. Hanson provided an update on the status of the US Department of Agriculture (USDA) Rural Development application for funds for capital improvements needed in the system. The Rural Development staff have approved the preliminary submission documents and sent a commitment letter outlining rate, terms and conditions. The Corporation President and Secretary have signed Intent to Meet Conditions and a Request for Obligation of Funds and returned them to the Area Director for further processing. Once approval is received at the USDA, other required documentation will be provided for our review. No action taken.

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

The Board reviewed the Annual Meeting materials, ballot and instructions, and preliminary information from the five candidates filed for the three Board positions up for election. The candidates were all in attendance and met with Mr. Hanson to complete their candidate profiles for inclusion with the Annual Meeting materials being send out. President McDonald had the Board and Staff give background on themselves. Each Candidate provided information to the Board and audience on their application for Board member. Motion by Susan Crawford and second by Larry Kaufman to approve the Annual Meeting notice, agenda and ballot. Motion approved unanimously.

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

Staff has received the Maintenance Bond and other materials related to the water lines for Terracina Phase III. The one year maintenance bond will become effective with the acceptance by the Board of the water lines for this development phase. Staff has observed all the construction, received confirmation of passed bacteriological testing for our files, and recommends acceptance of the project. Motion by Michael Paulson and second by Susan Crawford to accept the water lines at Terracina Phase III. Motion approved unanimously.

13. Executive Session: Mr. McDonald announced that the Board would go into Executive Session at 8:01 p.m. and came out of Executive Session at 8:21 p.m.

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

15. 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; awaiting a decision by the court on a hearing issue.

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

17. Discussion and Action on All Matters Concerning Personnel - No action taken.

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

Sue Tejml asked that the Board review the posting of meeting notices and information available on line for the Membership. President McDonald stated that this would have to be an Agenda item at a future meeting.

The next meeting of the Board will be April 23, 2018 immediately following the Annual Meeting. Items will include an election of officers and may include litigation and other matters.

19. Adjournment

Motion to adjourn by Michael Paulson, second by Larry Kaufman and approved unanimously. The meeting adjourned at 8:37 p.m.

TRANSCRIBED BY LLOYD HANSON

CERTIFIED BY ROBERT STEGMAIER, SECRETARY-TREASURER