

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, August 13, 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
Michael Paulson, Secretary-Treasurer
Susan Crawford
Garry Granger
Sherry Price
Andre Nicholas

Staff in Attendance:

Lloyd Hanson, General Manager
Paul Hightower, Water Superintendent

Consultants in Attendance:

Kerry Maroney

Others in Attendance

Jim Ewart
John Krueger
Penny Krueger
John Grabitz
Rey Hershey
Dam Steele
Kent Hendrix
Jeff Reid

Board Members Not in Attendance

None

2. Discussion and Action on the Emergency Water Demand Management Plan

The Board discussed the various aspects of the Plan and determined that some changes were necessary. In addition, communication as to how the plan works needs to be enhanced to provide more clarity on water use during Stage 3. Motion by Andre Nicholas and second by Larry Kaufman to change the watering days under Stage 3 as follows: Zone A will water on Monday, Zone B will water on Wednesday, and Zone C will water on Friday with these changes to be communicated as quickly as possible to the Membership. Motion approved unanimously. The Board asked that this item be added to the September Agenda for discussion about communication to the Membership about changes in Stages when they occur.

3. **Open Session** – Several the residents of Canyon Oaks community spoke about high water bills, water consumption, and what they perceive as inaccurate meters. John and Penny Krueger commented on the high bills and extensive water used and don't believe they have consumed that much water. John Grabitz inquired about the accuracy of the water meters sent to us (Neptune electronic meters) and their accuracy after installation. Ray Hershey indicated he believed the meters were accurately recording water use, he'd had a leak, and he was taking action to submit a catastrophic water loss. Dan Steele indicated he was concerned about the high water rates used for consumption over 60,000 gallons and inquired as to what could be done about it. Kent Hendrix discussed the high water bill he'd received. Board Members and Staff responded with explanations about how the water meters work, how the rates are set, an explanation about tiered rating used in Texas, and other matters. Water Superintendent Paul Hightower took the guests to a demonstration meter and explained how the meter reads, how to identify water usage in the meter register, and how to identify a leak by viewing the meter. The Board offered to

perform a meter accuracy test for the parties which was accepted. Those tests will be shared with each of the parties. No other actions taken.

Consent Agenda

- 4. Discussion and Action to Approve the Minutes of the July 16, 2018 Board Meeting –**
- 5. Discussion and Action to Approve the July 2018 Financial Reports –**
Motion by Larry Kaufman and second by Michael Paulson to approve the Consent Agenda. Motion approved unanimously with Susan Crawford abstaining on the Minutes for July 16, 2018.

Items for individual Consideration

6. Discussion and Action on obtaining the 2019 Budget

Mr. Hanson provided the Board a number of expected changes to the rates from UTRWD, insurance costs, expected usage in 2019 after a drought year, staffing and other items that will be included in the 2019 Budget. The Board asked that a position or costs be included for communication purposes in 2019. The staff will have a first version of the Budget available for the September Board meeting. No action taken.

7. Discussion and Action on Renewal of the Line of Credit

Independent Bank has agreed to renew our \$1.5 million line of credit at terms beneficial to the Corporation. Rates will be set at 1 point over Wall Street Journal Prime on any borrowings. Motion by Michael Paulson and second by Susan Crawford to authorize the renewal of the line of credit with Independent Bank for the one-year period beginning October 1, 2018. Motion approved unanimously.

8. Discussion and Action on Obtaining a Sewer CCN

Staff and Mr. Maroney met with Upper Trinity Regional Water District representatives to discuss obtaining sewer capacity, rates, connection points, and other matters related to sewer treatment. UTRWD will provide us detail as to line sizes, plans for expansion of their treatment facility, and other documents needed for our proposal to the TCEQ/PUC. No action taken.

9. Discussion and Action on Consulting Engineer's Report

Mr. Maroney updated the Board on the status of the USDA Loan along with an expected timeline for the letting of contracts and construction starting. He also provided background on the process for the Sewer CCN application and the steps the Corporation must take in the application submittal. No action taken.

10. Discussion and Action on the Stonewood Well

Staff and Mr. Maroney provided the Board with the status of the Stonewood Well. The well became inoperable in late July and was a contributing factor to the decision to go to Stage 3 watering restrictions. Mr. Maroney and a well driller will be in contact in the next few days to establish a plan for determining return of the well to service. The well contributes approximately 21 million gallons a month toward demand in the system. No action taken.

11. All Matters Concerning the General Manager's Report

- a) Discussion and Action on the General Manager's Report – Mr. Hanson** alerted the Board to the need to consider drilling an additional well at the Simmons Rd/FM407 elevated tank site. Approval for that site has been obtained from the TCEQ and is current. Staff were directed to put together a plan including approvals, ability to use the site, easements, if any, and timeframe for the next Board meeting. No action taken.
- b) Discussion and Action on the Water Superintendent's Report – Mr. Hightower** provided updates on operations and a status on the continuing use of the fire reserve in our single elevated tank to meet demand for water. For the month of June, the fire reserve had been used on nine (9) occasions to meet water demand and in the month of July the fire reserve was used on twenty-five (25) occasions to meet water demand. No action taken.

- c) **Discussion and Action on the Water Line on IT Neely Road** – Mr. Hightower provided the Board an update on the construction of a 7-11 gas station and store at this location. The current lines on the south side of IT Neely Road need to be extended to provide for development there and to supply the new gas station. Proposals ranging from \$35,000 to \$41,500 have been received to extend an eight-inch water line to service the area. Motion by Susan Crawford and second by Michael Paulson to approval a bid from Prose Backhoe & Utilities in the amount of \$35,080.00. Motion approved unanimously.
12. **Executive Session: Mr. McDonald announced that the Board would go into Executive Session at 9:32 p.m. and came out of Executive Session at 10:21 p.m.**
13. **Discussion and Action on All Matters Concerning the Construction of an Elevated Water Tank at the Stargate Site** – No action taken.
14. **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; Court trial date has been rescheduled to October or November.
15. **Discussion and Action on All Matters Concerning Real Property** – No action taken.
16. **Discussion and Action on All Matters Concerning Personnel** - No action taken.
17. **Discussion and Action on Future Agenda Items, Meeting Date, Activities, and Announcements**
- The next meeting of the Board will be September 17, 2018. Items will include litigation, financials, operational reports, renewal of the line of credit with Independent Bank, 2019 Budget discussions, communications, the drought plan, Sewer CCN, USDA Loan, Stonewood Well, and other matters.
18. **Adjournment**
Motion to adjourn by Michael Paulson, second by Garry Granger and approved unanimously. The meeting adjourned at 10:29 p.m.

TRANSCRIBED BY LLOYD HANSON

CERTIFIED BY MICHAEL PAULSON, SECRETARY-TREASURER