

1. Call to Order

Mr. McDonald called the meeting of the Board of Directors of Cross Timbers Water Supply Corporation to order at 7:01 p.m. on Monday, September 17, 2018, at the Cross Timbers Water Supply Corporation offices, 2032 E Hickory Hill Rd, Argyle, TX 76226.

Directors in Attendance:

Patrick McDonald, President
Michael Paulson, Secretary-Treasurer
Susan Crawford
Garry Granger
Sherry Price
Andre Nicholas

Staff in Attendance:

Lloyd Hanson, General Manager

Consultants in Attendance:

None

Others in Attendance

Shari Harp

Board Members Not in Attendance

Larry Kaufman, Vice President

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

The Board was informed that we had received approval to the changes in the Water Demand Management Plan and the changes will be published on its website. No action taken.

- 3. Open Session** – Shari Harp requested that her catastrophic water loss calculation be considered for a two-month period rather than the one month period for which she did not qualify. Ms. Harp indicated that she believed the leak occurred partially in June and the remainder in July. There was a leak that was repaired at the end of July and the Staff had performed its calculation based on the month of July. Due to the high water use in June, the month of July did not qualify for a reduction in the bill she had received. Staff was directed to re-evaluate the catastrophic water loss based on a two-month calculation and report back to the Board in October. No other actions taken.

Consent Agenda - Mr. Paulson requested that both items be considered individually.

- 4. Discussion and Action to Approve the Minutes of the August 13, 2018 Board Meeting** – Mr. Hanson pointed out that there was a date error on Items 4 and 5 in the minutes. The dates should read July rather than June in both instances. Motion by Andre Nicholas and second by Michael Paulson to approve the minutes as amended. Motion approved unanimously.
- 5. Discussion and Action to Approve the August 2018 Financial Reports**
Mr. Hanson reviewed the water sold and revenue generated with the Board for the month of August and answered questions related to individual expense items. Motion by Michael Paulson and second by Susan Crawford to approve the August Financial reports. Motion approved unanimously.

Items for individual Consideration

1. Discussion and Action on obtaining the 2019 Budget

Mr. Hanson reviewed the initial 2019 Budget items with the Board and noted that a number of expense items are estimates at this time as projected rates for such things as insurance, healthcare, and banking fees are pending. The Board reviewed the

tiered rates and discussed potential changes in the upper tiers. Staff was directed to prepare an analysis of the number of Members utilizing each tier in the months of May through October; prepare a comparison of water rates in place in the area; and provide additional salary information for the October meeting. No action taken.

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

Independent Bank has renewed 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. Documents were available for the Board to sign. No action taken.

3. Discussion and Action on Obtaining a Sewer CCN

Upper Trinity Regional Water District has not provided the connection and line information to the Engineer and Staff as of the time of the meeting. No action taken.

4. Discussion and Action on Consulting Engineer's Report

No report and no action taken.

5. Discussion and Action on the Stonewood Well

The Stonewood well has suffered a major failure of pipe, and potentially its motor and pump due to deterioration of the pipe affecting the other equipment. Staff, the well driller working on the pump and motor, and Mr. Maroney have all examined the equipment and determined replacement of the pipe will be needed. Examination of the pipe by a laboratory, examination of the inner workings of both the pump and motor are underway. Estimates for repair and replacement are being developed. The Board asked this item be kept on the Agenda until a final determination is recommended. No action taken.

6. All Matters Concerning the General Manager's Report

- a) **Discussion and Action on the General Manager's Report** – The USDA Final Plans and Specification were submitted and approved by the USDA pending some minor changes in the submission for bid documents. The Engineer will not prepare the Competitive Sealed Bids documents and request approval from the USDA so bids can go out. Mr. Hanson noted that the Corporation has identified three candidates for the open field position and made an offer. As a result of adding another staff member to the field, Mr. Hanson requested that the Corporation approve the purchase another vehicle (used) for use. Motion by Michael Paulson and second by Sherry Price to approve the purchase of another vehicle at a cost not to exceed \$28,000. Motion approved unanimously.
- b) **Discussion and Action on the Water Superintendent's Report** – No report and no action as Mr. Hightower has left employment with the Corporation.

7. Executive Session: Mr. McDonald announced that the Board would go into Executive Session at 8:33 p.m. and came out of Executive Session at 9:52 p.m.

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

9. 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 for November 5, 2018.

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

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

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

**CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
2032 E HICKORY HILL RD, ARGYLE, TX 76226
MONDAY, SEPTEMBER 17, 2018**

The next meeting of the Board will be October 15, 2018. Items may include litigation, financials, operational reports, 2019 Budget discussions, updates on projects within the area, Sewer CCN, USDA Loan, Stonewood Well, updating the Corporation's web site, personnel issues, and other matters.

13. Adjournment

Motion to adjourn by Michael Paulson, second by Andre Nicholas and approved unanimously. The meeting adjourned at 9:55 p.m.

TRANSCRIBED BY LLOYD HANSON

CERTIFIED BY MICHAEL PAULSON, SECRETARY-TREASURER