

**CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
2032 E HICKORY HILL RD, ARGYLE, TX 76226
MONDAY, NOVEMBER 12, 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, November 12, 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
Rocky Hatfield, Water Superintendent

Consultants in Attendance:

None

Others in Attendance

Pati Haworth

Board Members Not in Attendance

Larry Kaufman, Vice President

2. Public Forum for Non-Agenda Items – No one spoke.

3. Discussion and Action on Catastrophic Water Losses

- a) Louis Potier requested further consideration as his water loss did not result in a reduction in his bill. Motion by Sherry Price and second by Andre Nicholas to follow the Catastrophic Water Loss guidelines and allow no further adjustments. Motion approved unanimously.
- b) Donna Welsh requested that the Board consider waiting the first catastrophic water loss bill and allow her to pay the second water bill containing high water use. She also asked that her one-time catastrophic water loss event be restored. Mr. Hanson provided additional information on the second high-water use and indicated that it would also qualify for a CWL under the two-month guidelines. Motion by Sherry Price and second by Garry Granger to follow the Catastrophic Water Loss guidelines and offer a second CWL if Ms. Welsh requested one. No further adjustments would be allowed. Motion approved unanimously.

Consent Agenda – Motion by Mike Paulson and second by Garry Granger to approve the Consent Agenda. Motion approved unanimously.

4. Discussion and Action to Approve the Minutes of the October 15, 2018 Board Meeting

5. Discussion and Action to Approve the October 2018 Financial Reports

6. Discussion and Action on obtaining the 2019 Budget

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Mr. Hanson reviewed Version 4 of the 2019 Budget items with the Board and reviewed rate options for the upcoming year. Rate change proposals included reducing the number of tiers; capping the upper tier at a fixed dollar rate; eliminating the Catastrophic Water Loss option; and/or leaving the rates and tiers as existing in 2018. He also provided a comparison of the rates to other utilities in the surrounding area. Total costs comparisons for various water uses were examined using the new rates and it was determined by the Board that Option 3 rates would be the most equitable for the new 4 tier billing system. Motion by Susan Crawford and second by Sherry Price to approve Option 3 tiers and rates for the Budget Year 2019. Motion approved unanimously.

The Board then reviewed the other revenue, budget expenses, and capital proposal for 2019 and discussed the impact the new rates would have on meeting expenses and capital plans for the upcoming year. Motion by Michael Paulson and second by Andre Nicholas to approve the 2019 Budget using Option 3 Rates and Tiers and the Capital Improvement Plan. Motion approved unanimously.

The Board then review the impact of the new rates and tiers for 2019 and determined that the Catastrophic Water Loss (CWL) policy should be eliminated. The intent of the CWL Policy has been to offer a reduction in cost to the Members who incurred an unusual water loss that triggered significantly higher pricing in the tiers over 60,000 gallons. Since those tiers have been eliminated and the rate for water used over 60,000 gallons set at a fixed amount, there was no longer a need for a CWL to be offered. Staff were directed to advise the Membership of these changes in conjunction with the changes in tiers and rates Motion by Michael Paulson and second by Susan Crawford to eliminate the Catastrophic Water Loss Policy effective January 1, 2019. Motion approved unanimously.

7. Discussion and Action on Renewal of the Healthcare and Dental Benefits for 2019

After review of multiple options for renewal of the health and dental benefits for the Corporation, motion by Michael Paulson and second by Garry Granger to continue the benefits at the same employee participation. Renewals will be with Blue Cross/Blue Shield Texas for healthcare, Healthplan Services for Dental, and Dearborn Life for life insurance. Motion approved unanimously.

8. Discussion and Action on Consulting Engineer's Report

The proposed construction plans for capital improvements, already approved by the USDA, have now been approved by the TCEQ. No action taken.

9. Discussion and Action on the Stonewood Well

The Stonewood well examination has determined that the well pump is operational, but that the motor has suffered irreversible damage along with significant deterioration to the well pipe. The well driller and Kerry Maroney, Engineer, reviewed several options as to the most economical repair and have determined that 600 feet of pipe be replaced, sand and pipe debris at the bottom of the well removed, a new motor obtained and installed, and the well developed for use. Estimated cost is \$135,000. The Board asked that Kerry Maroney, the corporation's Engineer, take an active role in this repair as part of the work being done. Motion by Andre Nicholas and second by Michael Paulson to approve a budget of \$135,000 to repair the Stonewood Well. Motion approved unanimously.

10. All Matters Concerning the General Manager's Report

- a) The software for the Badger meter reading system is causing some concern. This system is used for the Badger meters put in place in 2008-2010. These meters are actively being replaced with Neptune meters as they are nearing or have reached the end of their useful life (10 years). Staff is considering a project over the next four months to replace the remaining 1700 meters. Staff discussed a variety of options to accomplish this including the use of an outside party. Staff were directed to obtain options and report to the Board for their consideration and approval.

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- b) The Water Superintendent reported on operations and water loss during the month. A variable frequency drive at Copper Hill needs to be installed on the well there as part of the overhaul of that well location. Two bids from current suppliers were received at prices from \$30,235 to \$42,500. Motion by Susan Crawford and second by Sherry Price to approve the installation of a VFD at a cost not to exceed \$35,000. Motion approved unanimously.

11. Executive Session: Mr. McDonald announced that the Board would go into Executive Session at 8:37 p.m. and came out of Executive Session at 9:00 p.m.

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

13. 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 delayed again and is now scheduled for February 19, 2019.**

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

15. Discussion and Action on All Matters Concerning Personnel – The Board continues to advertise for a General Manager. No action taken.

16. Discussion and Action on Appointing a Credentials Committee for the 2019 Annual Meeting

Motion by Garry Granger and second by Michael Paulson to appoint Sherry Price, Andre Nicholas, and Lloyd Hanson to the Credentials Committee for the 2019 Annual Meeting. Motion approved unanimously.

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

The next meeting of the Board will be December 17, 2018. Items may include litigation, financials, operational reports, updates on projects within the area, Stonewood Well, personnel issues, Annual Meeting items, appointment of an Auditor, meter swap-out, and other matters.

18. Adjournment

Motion to adjourn by Michael Paulson, second by Andre Nicholas and approved unanimously. The meeting adjourned at 9:10 p.m.

TRANSCRIBED BY LLOYD HANSON

CERTIFIED BY MICHAEL PAULSON, SECRETARY-TREASURER