

**CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
2032 E HICKORY HILL RD, ARGYLE, TX 76226
MONDAY, JANUARY 14, 2019**

1. Call to Order

Mr. McDonald called the meeting of the Board of Directors of Cross Timbers Water Supply Corporation to order at 7:04 p.m. on Monday, January 14, 2019, 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
Rocky Hatfield, Water Superintendent

Consultants in Attendance:

None

Others in Attendance

Mike Boswell, Toll Brothers
Chad Wolf

Board Members Not in Attendance

None

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

Consent Agenda – Motion by Larry Kaufman and second by Andre Nicholas to approve the Consent Agenda. Motion approved with Susan Crawford abstaining on the minutes.

3. Discussion and Action to Approve the Minutes of the December 17, 2018 Board Meeting

4. Discussion and Action to Approve the December 2018 Financial Reports

5. Discussion and Action on the Restricted Cash Account

Motion by Michael Paulson and second by Sherry Price to transfer \$500,000 to the Restricted Cash Account for the year 2018. Motion approved unanimously.

6. Discussion and Action on the Identity Theft Program

Motion by Michael Paulson and second by Andre Nicholas to approve the Identity Theft Program for the year 2019. Motion approved unanimously

7. Discussion and Action on the Vickery Park Development

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Mr. Mike Boswell provided the Board with the details of a new development called Vickery Park and answered questions about the development and the timing of it. Motion by Michael Paulson and second by Larry Kaufman to approve water service for Vickery Park, a 225-home development located in the Town of Copper Canyon. Motion approved with Andre Nicholas abstaining

8. Discussion and Action on Consulting Engineer's Report

There has been a slight delay in the progress of our USDA Loan due to the shutdown of the USDA offices. We expect this to be resolved shortly and our loan to move to the next stage. No action taken.

9. All Matters Concerning the General Manager's Report

A firm commitment from Upper Trinity Regional Water District for sewer services has not been forthcoming. Staff will contact other parties regarding availability of sewer commitments. Equivalent water connections stand at 2,733 as of December 31, 2019. With the addition of the Vickery Park development and its request for one-inch service, this will add 376 additional equivalent connection and take our Equivalent Water Connections to 3,109. This represents a 24% over-commitment deficit on our existing 500,000-gallon elevated water tank and will significantly reduce our ability to provide water for fire-fighting purposes in normal usage times.

The Water Superintendent provided an update on operations, leaks, and other activities for the month. Fifteen hundred Neptune water meters have been ordered and installation should begin in early February. Stonewood Well repair has begun and is expected to take about a month to complete.

10. Executive Session: Mr. McDonald announced that the Board would go into Executive Session at 8:14 p.m. and came out of Executive Session at 8:57 p.m.

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; A Hearing on several motions will be held on January 31, 2019 and the trial is scheduled to begin on February 19, 2019.

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

14. Discussion and Action on All Matters Concerning Personnel – Chad Wolf introduced himself to the Board and answered questions regarding his background and application for the Assistant General Manager's open position. No action taken.

15. Discussion and Action on CCN Territory

Argyle WSC and Cross Timbers WSC share service responsibility for the area north of E Hickory Hill Road, East of Hilltop Road and as far east as the Kansas City Southern Railroad. Argyle WSC and Cross Timbers WSC would like to enter a Memorandum of Understanding that Cross Timbers WSC will continue to serve this area with water service for the future. A Memorandum of Understanding has been provided for the parties to consider. After discussion, the Board asked that ownership of existing and future assets be added to the MOU. Motion by Andre Nicholas and second by Susan Crawford to approve the Memorandum of Understanding as amended. Motion approved unanimously.

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16. Discussion and Action to Renew the Copper Canyon Franchise Agreement for 2019

Motion by Michael Paulson and second by Larry Kaufman to approve the Copper Canyon Franchise Agreement for the year 2019. Motion approved unanimously.

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

The next meeting of the Board will be February 18, 2019. Items may include litigation, financials, operational reports, updates on projects within the area, personnel issues, Annual Meeting items, updates on the Stonewood well, valve exerciser program, and sewer CCN, and other matters.

18. Adjournment

Motion to adjourn by Susan Crawford, second by Sherry Price and approved unanimously. The meeting adjourned at 9:15 p.m.

TRANSCRIBED BY LLOYD HANSON

CERTIFIED BY MICHAEL PAULSON, SECRETARY-TREASURER