

**CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
2032 E HICKORY HILL RD, ARGYLE, TX 76226
MONDAY, MARCH 18, 2019**

1. Call to Order

Mr. McDonald called the meeting of the Board of Directors of Cross Timbers Water Supply Corporation to order at 7:00 p.m. on Monday, March 18, 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
Garry Granger
Susan Crawford
Sherry Price
Andre Nicholas

Staff in Attendance:

Lloyd Hanson, General Manager
Chad Wolf, Assistant General Manager
Rocky Hatfield, Water Superintendent

Consultants in Attendance:

Dan Tonn, Hankins, Eastup, Deaton, Tonn & Seay

Others in Attendance

None

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 Michael Paulson to approve the Consent Agenda. Motion approved with Susan Crawford, Andre Nicholas, and Sherry Price abstaining.

3. Discussion and Action to Approve the Minutes of the February 18, 2019 Board Meeting

4. Discussion and Action to Approve the January 2019 & February 2019 Financial Reports

5. Discussion and Action to Approve the Annual Audit for 2018

Dan Tonn of the audit firm of Hankins, Eastup, Deaton, Tonn & Seay provided a report on the recently conducted audit and the results of the audit to the Board. After receiving the report, motion by Larry Kaufman and second by Susan Crawford to accept and approve the Annual Audit for 2018. Motion approved unanimously.

6. Discussion and Action on Sewer Service for the Vickery Park Development

General Manager Hanson met with the Town of Copper Canyon and reviewed the agreement in place with the Town of Flower Mound and its potential impact on the provision for sewer service when Cross Timbers Water obtains its own Certificate of Convenience and Necessity for sewer service. Discussion will continue as the Town works through the various actions they will take regarding this service. The Board took no action.

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7. Discussion and Action on Replacing the VFD Drive Panel at Stonewood Well

The electrical panel that drives the well motor and pump has developed a series of faults and failures that has rendered it unreliable. Staff have researched solutions including repair of the existing drive and replacement with different equipment. The Board and Staff reviewed the history, discussed alternatives, and determined that the reliability of this well was paramount in the production and distribution of water to its Members. The Board emphasized obtaining a comprehensive warranty of up to seven years should a replacement be decided upon. Motion by Michael Paulson and second by Sherry Price to replace the electric panel drive at a cost not to exceed \$43,000. Motion approved unanimously.

8. Discussion and Action on Consulting Engineer's Report

Mr. Hanson provided a report from Mr. Maroney, Engineer, outlining the current status of the USDA Loan and the expected timeframe for sending out bids. No action taken.

9. All Matters Concerning the General Manager's Report

Regulatory filings with a variety of governmental agencies have been completed in February and filed with the appropriate agencies. Various bills in the Texas Legislature are being followed to determine if proposed changes in the laws affecting water supply corporations will be enacted. Many of the bills are just entering the review and committee phase. Staff will continue to monitor and follow this over the term of the Legislature. Submissions for renewing our corporate insurance policies have been submitted and will be addressed in the April Board Meeting. No action taken.

The Assistant General Manager and the Water Superintendent provided an update on operations, leaks, and other activities for the month. Fifteen hundred Neptune water meters have been installed and all residential meters should be complete by the end of March. Larger meters have been ordered and installation will occur in March and April. The Copper Hill Well has passed bacteriological testing and is back in service. The last bacteriological testing on the Stonewood well has been taken and is awaiting approval at the labs. Staff have been exercising valves at the rate of about 10 per week. No action taken.

10. Executive Session: Mr. McDonald announced that the Board would go into Executive Session at 8:05 p.m. and came out of Executive Session at 8:16 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** – The Corporation has filed to have the permanent injunction prohibiting the construction of the elevated water tank removed. The Corporation has requested an immediate hearing due to public safety issues. No action taken
- b) **Discussion and Action on All Matters Concerning Cause CV-2017-00840, Condemnation Action Against Saddlebrook Estates HOA, et al** – The trial held on February 19, 2019 regarding the Condemnation was decided in the Corporation's favor, and no dollars were awarded to parties objecting to the award granted by the Special Commissioners. No action taken;

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

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

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15. Discussion and Action on Annual Meeting Items

Only one application was received for the two open Board positions. Motion by Larry Kaufman and second by Andre Nicholas to approve a Resolution Declaring Unopposed Candidates of Cross Timbers Water Supply Corporation Elected. Motion approved unanimously. Motion by Garry Granger and second by Andre Nicholas to approve the Annual Meeting Notice and Agenda for the upcoming Annual Meeting scheduled for April 22, 2019 at 7:30 p.m. Motion approved unanimously.

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

The next meeting of the Board will be April 22, 2019 immediately following the Annual Meeting. Items will include election of Officers, approval of the corporate insurance program, and such other matters as may come before the Board.

17. Adjournment

Motion to adjourn by Michael Paulson, second by Susan Crawford and approved unanimously. The meeting adjourned at 8:29 p.m.

TRANSCRIBED BY LLOYD HANSON

CERTIFIED BY MICHAEL PAULSON, SECRETARY-TREASURER