

**CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
2032 E HICKORY HILL RD, ARGYLE, TX 76226
MONDAY, AUGUST 12, 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, August 12, 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
Andre Nicholas
Sherry Price

Staff in Attendance:

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

Consultants in Attendance:

None

Others in Attendance

None

Board Members Not in Attendance

Susan Crawford

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

Consent Agenda:

- 3. Discussion and Action to Approve the Minutes of the July 15, 2019 Board Meeting**
- 4. Discussion and Action to Approve the July 2019 Financial Reports**

Motion by Michael Paulson and second by Larry Kaufman to approve the Consent Agenda. Motion approved unanimously.

5. Discussion and Action on the Sewer CCN

Discussions have been held regarding securing sewer treatment capacity in preparation for the application for a Sewer Certificate of Convenience and Necessity (CCN). Staff met with both Flower Mound and the Town of Copper Canyon to discuss assuming the existing agreement or potential changes needed for this application. Staff have reviewed a proposal from the Town of Copper Canyon for cost reimbursement and have reviewed the various agreements already in place. The Board took no action, but asked Staff to continue gathering facts.

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6. Discussion and Action to Upgrade the Well Drive at Jernigan

Staff indicated that the well drive at Jernigan is reaching the end of its useful life and should be replaced by a variable frequency drive. Motion by Andre Nicholas and second by Sherry Price to replace the drive at Jernigan with a VFD at a cost not to exceed \$38,500. Motion approved unanimously.

7. Discussion and Action to Approve the Investment Policy of the Corporation

Staff provided information on a single change to the Investment Policy currently in place. The Texas Rural Water Association recommends that water supply corporations review the policy annually. Motion by Michael Paulson and second by Larry Kaufman to approve the Investment Policy of the Corporation with the change to an annual review by the Board. Motion approved unanimously.

8. Discussion and Action to Accept the Water Lines at Copper Grove

The Developer has completed installation of the water line at the Copper Grove development, has provided a Maintenance Bond, and complied with the specifications for the line. Staff recommends the Corporation accept the water line as part of our system. Motion by Michael Paulson and second by Andre Nicholas to accept the water lines at Copper Grove. Motion approved unanimously.

9. Discussion and Action on Consulting Engineer's Report

The Right-of-Way Certificate has been sent to the USDA along with a partial opinion of counsel for review and approval. Staff are awaiting an updated easement showing the proposed new water line from the US Army Corps of Engineers. We continue to finalize easements on Jeter Road. No action taken.

10. All Matters Concerning the General Manager's Report

Mr. Hanson prepared a letter to be sent to the Towns showing the impact of the Upper Trinity Regional Water District's demand fee on our base rates and asked them to have their representatives discuss this continuing cost increase at the UTRWD Board meeting when rates are set. Mr. McDonald will review the final draft and sign the letter. No Board action taken.

The Assistant General Manager gave a demonstration of the new GIS system being installed to track assets of the corporation and provide locations of all lines, valves, hydrants, and other equipment in the system. The Water Superintendent reported on operational activities currently underway in the territory. Water use continues to be well above normal in July and into August as hot weather remains in the area.

11. Executive Session: Mr. McDonald announced that the Board would go into Executive Session at 7:55 p.m. and came out of Executive Session at 8:43 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** – Nothing new to report. No action taken.

b) **Discussion and Action on All Matters Concerning Cause CV-2017-00840, Condemnation Action Against Saddlebrook Estates HOA, et al** – The condemnation trial judgment was appealed. No action taken.

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- c) **Update on Proposed Mediation** – The 2nd Court of Appeals received the Appeal of the Condemnation and ordered mediation by the parties to determine if a settlement can be reached. The parties are required to provide a Mediator by August 16, 2019 to the Court. Motion by Michael Paulson and second by Sherry Price to appoint Craig Albert and Kendyl Hanks as co-counsel on the appeal and to provide counsel and advice for the mediation. Motion approved unanimously. Motion by Sherry Price and second by Garry Granger to appoint Patrick McDonald, Larry Kaufman and Michael Paulson, individually and/or collectively, as officers of the Corporation, with authority to negotiate a settlement. Motion approved unanimously.

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

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

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

The next meeting of the Board will be September 16, 2019 . Items may include financials, litigation, sewer status, construction, an update on the USDA loan, the 2020 Budget, renewal of the Independent Bank Line of Credit and such other matters as may come before the Board.

17. Adjournment

Motion to adjourn by Garry Granger and second by Andre Nicholas and approved unanimously. The meeting adjourned at 8:48 p.m.

TRANSCRIBED BY LLOYD HANSON

CERTIFIED BY MICHAEL PAULSON, SECRETARY-TREASURER