

**CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
2032 E HICKORY HILL RD, ARGYLE, TX 76226
MONDAY, SEPTEMBER 16, 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, September 16, 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
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

None

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

Consent Agenda:

3. Discussion and Action to Approve the Minutes of the August 12, 2019 Board Meeting

4. Discussion and Action to Approve the August 2019 Financial Reports

Motion by Michael Paulson and second by Larry Kaufman to approve the Consent Agenda. Motion approved with Susan Crawford abstaining on the Minutes.

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. Copper Canyon has provided a letter to Flower Mound indicating they would be agreeable to a change in the

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contract from Copper Canyon to Cross Timbers WSC. Staff will contact Flower Mound to discuss terms and conditions. No action taken.

6. Discussion and Action on the UTRWD Contract

Staff provided a history of the UTRWD water contract signed in 1990 for 30 years as part of a discussion on the costs and fees paid to UTRWD over these past 29 years. Staff were directed to provide some financial models on 100% UTRWD use compared to the current structure of 50% wells and 50% UTRWD surface water for the October meeting. No action taken.

7. Discussion and Action on the 2020 Budget

The Staff and Board discussed the results of the new tiers and rate structure put in place for 2019 and reviewed potential changes for the 2020 year. Staff will incorporate their recommendations into the first version of the 2020 Budget for review in October. No action taken.

8. Discussion and Action to Renew the Loan Agreement with Independent Bank

The Line of Credit with Independent Bank renews in October. The rate is set at 6.25% with a maximum rate at 7.25% for the upcoming renewal year. There were no borrowings in 2019. Motion by Larry Kaufman and second my Mike Paulson to approve renewal of the Line of Credit with Independent Bank. Motion approved unanimously.

9. Discussion and Action on Consulting Engineer's Report

Staff are awaiting an updated easement showing the proposed new water line from the US Army Corps of Engineers as well as partial releases from CoServ for the Jeter Road area. No action taken.

10. All Matters Concerning the General Manager's Report

The General Manager provided updates on upgrades to the iCIS system, the Corporation's Member tracking and billing system as well as background information on fire hydrants in the territory. No action taken.

The Assistant General Manager provided updates on the new GIS system being installed to track assets of the corporation and the status of locations of hydrants, meters, and valves in the system. The Water Superintendent reported on operational activities currently underway in the territory. Water use continues to be well above normal in September as hot weather remains in the area. Two staff members will be testing for new licenses in the next 30 days. No action taken

11. Executive Session: Mr. McDonald announced that the Board would go into Executive Session at 8:08 p.m. and came out of Executive Session at 8:41 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** –A request has been made by the opposing parties for mediation. The Court has ordered mediation with the selection of a mediator due by September 23, 2019

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- 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. The court has ordered mediation.

- c) **Discussion and Action on 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. A mediator has been appointed and the mediation will occur on September 24, 2019 or October 1, 2019. Motion by Michael Paulson and second by Susan Crawford for the Officers to employ the strategy discussed in Executive Session. 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 October 14, 2019 . Items may include financials, litigation, construction, the 2020 Budget, and such other matters as may come before the Board.

17. Adjournment

Motion to adjourn by Susan Crawford and second by Garry Granger and approved unanimously. The meeting adjourned at 8:43 p.m.

TRANSCRIBED BY LLOYD HANSON

CERTIFIED BY MICHAEL PAULSON, SECRETARY-TREASURER