

**CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
2032 E HICKORY HILL RD, ARGYLE, TX 76226
MONDAY, SEPTEMBER 20, 2021**

1. Call to Order

Mr. McDonald called the September meeting of the Board of Directors of Cross Timbers Water Supply Corporation to order at 7:01 p.m. on Monday, September 20, 2021, at the Cross Timbers Water Supply Corporation's 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
Rick Beutter

Staff in Attendance:

Chad Wolf, General Manager
Lloyd Hanson, Controller

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 16, 2021, Board Meeting

4. Discussion and Action to Approve the August 2021 Financial Reports

Motion by Michael Paulson and second by Sherry Price to approve the Consent Agenda. Motion approved unanimously.

5. Discussion and Action on the 2022 Budget

Mr. Hanson presented the Board with the first cut of the 2022 Budget and discussed the estimated results for 2021 along with proposed changes for 2022. The Board requested that the water use and sales be increased based on projected weather conditions for 2022 in the North Texas area and for the new Membership growth occurring in our CCN. Another version will be prepared and discussed in the October meeting. Final budget numbers are voted upon in the November meeting. No action taken

6. Discussion and Action to Accept the Dove Creek Water Line

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Mr. Wolf confirmed to the Board that the Dove Creek Water line was completed on time and below budget, has passed bacteriological testing, and recommended the Board accept this water line. A one-year Maintenance Bond has been received from the contractor. Motion by Andre Nicholas and second by Michael Paulson to accept the water line at a cost of \$91,691.43. Motion approved unanimously.

7. Discussion and Action to Approve the Extension of the \$1.5 Million Line of Credit

The Corporation's line of credit with Independent Bank renews on October 28, 2021. Rates and terms are renewing at the same basis as 2020. The Corporation has not used the Line in the past year and no balances are outstanding. Motion by Larry Kaufman and second by Garry Granger to approve renewing the Line of Credit at Independent Bank. Motion approved unanimously. The Board signed the Unanimous Written Consent of the Board of Directors of Cross Timbers Water Supply Corporation as part of the renewal process.

8. Discussion and Action on Development of Owned Real Estate

The property behind the office and warehouse consists of 1.3 acres and is undeveloped at this time. Original use for the property was considered for expansion of the offices and shop areas, but that is no longer a long-term need. Staff have reviewed developing the area into a storage facility for residential and commercial use. A number of legal, engineering and architectural items were discussed, and Staff were directed to gather more information and bring it to the Board at a future meeting. No action taken.

9. Discussion and Action on the Chinn Chapel Well

Staff and contractors and Kerry Maroney, P.E., reviewed the results of the camera inspection of the well and have determined that a blockage exists at 1,270 feet that is preventing water from entering the well pump. The costs for pulling the casing and/or re-drilling the well will exceed the revenue that could be generated from the water produced. Accordingly, Staff and Mr. Maroney recommend we abandon the well and plug it in accordance with TCEQ guidelines. This would involve removing any other water facility equipment and writing off remaining depreciation associated with the facility. Estimated cost for doing this is \$75,000. The Corporation would put the property up for sale as it is in a residential neighborhood and would sell for approximately \$100,000. After extensive discussion, motion by Michael Paulson and second by Larry Kaufman to abandon the Chinn Chapel well, plug the well, and sell the property. Staff were directed to proceed with this action and report back to the Board. Motion approved unanimously.

10. Discussion and Action on the General Manager's Report

Mr. Wolf updated the Board on status of the wells Stonewood and Stargate and reported that both were back in service and operating as designed. The Stargate pump was repaired and the Stonewood well drive, which is under warranty, has been ordered and is being delayed by lack of computer chips. A temporary drive is operating the Stonewood well until parts are received.

Staff have had discussions with the Mayor of Double Oak about their sewer agreement and taking over that function from the Town. The Mayor will meet with Staff and may request additional presentations to the Town Council.

No action taken on any items in the General Manager's report.

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

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The next meeting of the Board will be October 18, 2021. Agenda items may include construction, financials, 2022 Budget, a CCN proposal, updates on drilling another well, the sewer CCN, discussion with Argyle WSC on water needs, and such other items as may be required.

12. Adjournment

Motion to adjourn by Larry Kaufman and second by Michael Paulson and approved unanimously. The meeting adjourned at 8:17 p.m.

TRANSCRIBED BY LLOYD HANSON, CONTROLLER

CERTIFIED BY MICHAEL PAULSON, SECRETARY-TREASURER