

**CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
2032 E HICKORY HILL RD, ARGYLE, TX 76226
MONDAY, JULY 18, 2022**

1. Call to Order

Mr. McDonald called the July meeting of the Board of Directors of Cross Timbers Water Supply Corporation to order at 7:00 p.m. on Monday, July 18, 2022, 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
Andre Nicholas
Garry Granger
Rick Beutter
Sherry Price

Staff in Attendance:

Chad Wolf, General Manager
Lloyd Hanson, Controller

Consultants in Attendance:

None

Others in Attendance

Susan Crawford

Board Members Not in Attendance

None

- 2. Public Forum for Non-Agenda Items** – Ms. Crawford provided comments received from the Carruth Estates HOA regarding the recent Stage 3 water restrictions. She asked for reasons why Stage 3 restrictions were implemented when nearby communities had not implemented similar restrictions. Staff noted that due to severe drought conditions and the loss of two water wells, the Corporation had taken precautions to ensure water was available to meet domestic needs. Ms. Crawford thanked the Board for the information and noted that she would pass this on to the HOA.

Consent Agenda

- 3. Discussion and Action to Approve the Minutes of the June 13, 2022, Board Meeting**
4. Discussion and Action to Approve the June 2022 Financial Reports

Motion by Michael Paulson and second by Garry Granger to approve the Consent Agenda. Motion approved with Andre Nicholas and Larry Kaufman abstaining.

5. Discussion and Action on a Request for a Meter Change-Out

Members Charles and Julie Horner have asked that their electronic meter be removed and replaced by an analog meter as they believe the meter is giving off "current" that is causing health issues. Staff provided background on the work done to demonstrate that the meter is not giving off any measurable "current". No other meters in the area demonstrate any symptoms similar to what is showing at this location. Board Members asked that further work be

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done on the issue and report back to the Board in July. Staff attempted to meet with the homeowners again to do further testing, but the homeowner refused. The Board tabled the issue pending further testing on the meter in question.

6. Discussion and Action on the Sewer CCN

No new information was available, and no action was taken.

7. Discussion and Action on the Jernigan Well

The well sustained what is believed to be a lightning strike on May 16 that damaged the drive, well pump, electric panel and air conditioning unit at this site. The well motor has been pulled and shows evidence of damage to the motor windings and the wiring leading to the motor. The damages have been reported to the insurance company. An adjuster came out and took pictures and determined that no damage had occurred from lightning. Staff have sent a response showing that a 480-volt drive, two 240-volt drives, a 480-volt pump motor and a 120-volt air conditioning unit were all damaged from the incident. The insurance company send out another adjuster with experience in utility facilities and determined that lightning was the cause of the damage. It has been reported to the insurance carrier and Staff await further results. In the interim a new pump and motor and temporary electrical drive have been installed. The well is operational, and Staff are awaiting final bacteriological tests before the well is put in service. Motion by Garry Granger and second by Sherry Price to approve a \$95,280 cost for the new drive. Motion approved unanimously. All invoices and costs are being submitted to the insurance company for reimbursement.

8. Discussion and Action on Communications

Board Members had been asking to examine our communications to the Membership about the Corporation and its regular activities. Board Member Granger provided talking points for the Board to consider. Discussion around what to do and what to communicate included a variety of topics. The Cross Timbers Gazette was selected as the newspaper to use. Mr. Granger will prepare a write-up for review by Staff and President McDonald prior to submission to the Gazette for the August publication. The article will also be posted on the Corporation's web site.

9. Discussion and Action on the 2023 Budget

Preliminary pricing on the water purchased from Upper Trinity Regional Water District suggest a change in the water use rate could result in increases in the tier rates for 2023. Final number will be available in August and the Corporation's 2023 Budget process will begin in September. No action taken.

10. Discussion and Action on the Water Demand Management Plan

Upon implementation of Stage 3 in the Water Demand Management Plan on July 1, it became apparent that changes in the description of Zones used in the Stage 3 water restrictions needed an update. Effective with approval by the Board, the three zones will be changed to reflect zones encompassing the three town. Since this Plan is part of the Tariff filed with the Public Utilities Commission, Board action is required. Motion by Andre Nicholas and second by Michael Paulson to approve the updated Water Demand Management Plan and file the change with the PUC. Motion approved unanimously.

11. Discussion and Action to Accept the Hudson Hills Water Line

New water lines in the Hudson Hills subdivision have been inspected and a one-year maintenance bond has been received. Motion by Larry Kaufman and second by Andre Nicholas to accept the Hudson Hills water line. This will add \$415,847 to the asset base. Motion approved unanimously.

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12. Discussion and Action to Accept the Trifecta Water Line

New water lines in the Trifectas subdivision have been inspected and a one-year maintenance bond has been received. Motion by Larry Kaufman and second by Michael Paulson to accept the Trifecta water line. This will add \$99,633 to the asset base. Motion approved unanimously.

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

Mr. Wolf advised the Board that the recoating of the elevated water tank and pedestal on FM407 and the installation of the logo from Double Oak have been completed and the tank has been in service for June. The Stonebridge WSC merger with CTWSC is moving along and all submitted documents have been approved. Notice of the merger has been sent to affected parties and final approval was recommended by the PUC staff. The Stonewood tank recoating and roof replacement was completed. Upon starting the well motor, it was discovered that the motor was grounding out. It is believed to be a wiring problem and the well pump and motor will be pulled to confirm and repair this issue. Replacement parts have been received and the well is expected to be back in service in late July.

Water demand exceed our previous daily high when 4,087,000 gallons was delivered on a day in June. Over 73% of water demand is on the eastern end of the CCN territory. The biggest producing wells are on the west side of the territory along with the largest of the two elevated water tanks. This has required some operational challenges to get water from these high producing wells to the eastern side of the system. A water control valve along with some changes in the distribution set up is proposed by Engineer Kerry Maroney to resolve the problem. Lead times on this equipment will delay the installation until late in 2022. The Board concurred with Staff on this change and asked that Staff obtain costs and timelines be prepared and presented for approval at a future meeting. No action taken.

It was noted that in the approval of the Consent Agenda that an item related to investments should be separately addressed by the Board. Staff had recommended that a Money Market account used for investing excess funds be changed to an index-based Money Market account to gain investment income. Motion by Garry Granger and second by Sherry Price to change the Money Market account to an index-based account. Motion approved unanimously.

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

The next meeting of the Board will be August 15, 2022. Agenda items will include financials, construction updates, communication, 2023 Budget, and such other items as may be required.

15. Adjournment

Motion to adjourn by Larry Kaufman and second by Michael Paulson and approved unanimously. The meeting adjourned at 8:09 p.m.

TRANSCRIBED BY LLOYD HANSON, CONTROLLER

CERTIFIED BY MICHAEL PAULSON, SECRETARY-TREASURER