

**CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
2032 E HICKORY HILL RD, ARGYLE, TX 76226
MONDAY, AUGUST 18, 2025**

1. Call to Order

Mr. McDonald called the August meeting of the Board of Directors of Cross Timbers Water Supply Corporation to order at 7:00 p.m. on Monday, August 18, 2025, at the Cross Timbers Water Supply Corporation's offices, 2032 E Hickory Hill Rd, Argyle, TX 76226.

Directors in Attendance:

Patrick McDonald, President
Andre Nicholas
Sherry Price
Gary Brittain
Michael Kuehler

Staff in Attendance:

Chad Wolf, General Manager
Pradip Patel, Controller
Karen Lambert, Billing Coordinator

Consultants in Attendance:

James Price with South State Bank

Others in Attendance

None

Board Members Not in Attendance

Garry Granger, Vice President
Michael Paulson, Secretary-Treasurer

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

Consent Agenda

3. Discussion and Action to Approve the Minutes of July 21, 2025, Board Meeting

4. Discussion and Action to Approve the July 2025 Financial Report

Motion by Andre Nicholas and second by Sherry Price to approve the Consent Agenda. Motion approved with Michael Kuehler abstaining.

5. Discussion and Action on Loan Options for Orchid Hill Well Construction

Mr. Patel introduced Mr. James Price who will be presenting information on the loan options for the Orchid Hill Well Construction. Mr. Price gave the board information on two options. Option 1 Standard of 12 months interest only until project completion, then 5-year loan with 15 years amortization at 6.85-6.95%. If needed renew loan at Prime +1) current market 8.5%). Option 2 ARC (Adjustable-Rate Conversion) Option of 12 months interest only until project completion, then 5-year loan with 15 years amortization at 6.25-6.35%. After discussion with the board, it was decided that Mr. Price would get the board new figures on the ARC Option, with both 8- and 10-year loan terms and no amortization, up to 4.5 million dollars. Motion by Andre Nicholas and second by Sherry Price to accept the loan, based on the information South State Bank returns with the 5-, 8- & 10-year figures. Motion approved unanimously.

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

Mr. Wolf updated the board regarding the status of the Orchid Hill Upgrade, letting them know that the pilot hole had been drilled and successfully opened up to 12 ¼" and that THI is nearly at total depth (TD) with that pass. He let them know that THI plans to log the bottom of the hole again later that week once the top head bit is back on location after repairs. Once THI resumes, drilling the final pass and running casing should not take long and THI is on schedule to finish phase 1 on time in November. Mr. Wolf then discussed with the board the updated status of the Chinn Chapel Water Line Crossing, letting them know that it was initially delayed due to a fiber line being inadvertently pulled by the contractor. The issue was resolved, and the new water line is now fully installed. It has passed the pressure test, and bacteriological samples have been submitted for testing. Pending satisfactory results, the line is expected to be in service prior to the next board meeting. Finally, Mr. Wolf updated the board on the leak statuses. Copper Canyon Rd (north of railroad tracks) had an 8" main break which occurred due to improper backfill and stress from ground movement, and the issue had been resolved. Hickory Hill and Copper Canyon Rd (south of railroad tracks) had a broken valve which occurred while attempting to shut off water for the previously mentioned Copper Canyon leak. This valve will be scheduled for replacement. And the last leak on FM 407 (south of Razor Ridge) is an active leak. Wilson Construction is scheduled to excavate and address the issue later this week. No action needed.

7. Discussion and Action on Future Agenda Items, Meeting Date, Activities and Announcement

The next meeting date will be September 15, 2025, and the agenda will include items such as the South State Bank loan update, leak updates, financials and other items as may be required.

8. Adjournment

Motion to adjourn by Michael Paulson and second by Sherry Price and approved unanimously. The meeting was adjourned at 7:32 p.m.

TRANSCRIBED BY Karen Lambert, Billing Coordinator

CERTIFIED BY Michael Paulson, Secretary-Treasurer