CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
2032 E HICKORY HILL RD, ARGYLE, TX 76226
MONDAY, September 21, 2026

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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 21, 2026, at the Cross Timbers Water Supply Corporation's offices, 2032 E Hickory Hill Rd, Argyle, TX 76226.

Directors in Attendance:
Patrick McDonald, President
Michael Paulson, Treasurer
Michael Kuehler
Gary Brittain
Nick Nicholas

Staff in Attendance:
Chad Wolf, General Manager
Pradip Patel, Controller

Consultants in Attendance:
Matt Forman – Local Circuit

Others in Attendance
None

Board Members Not in Attendance
Gary Granger
Sherry Price

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

Consent Agenda

1. **Discussion and Action to Approve the Minutes of August 17, 2026, Board Meeting**
2. **Discussion and Action to Approve the August 2026 Financial Report**

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

3. **Discussion and Action to appoint new interim Board Member**

Board Member Mr. Andre Nicholas has submitted his resignation, effective immediately, due to relocating outside the Cross Timbers Water Supply Corporation (CTWS) Certificate of Convenience and Necessity (CCN) service area. His resignation has created a vacancy on the Board of Directors. Mr. Nick Nicholas has expressed interest in serving and has volunteered to fill the vacant position. He was present at the Board meeting for consideration and a vote by the Board of Directors. Mr. Nick Nicholas was approved by Board of Directors and will serve until the 2027 Annual General Meeting, at which time he will be required to run for election to retain his position on the Board.

Motion by Michael Paulson and second by Gary Brittain to approve Mr. Nick Nocholas appointment. Motion approved unanimously.

4. Discussion and Action on current computer/cyber security

Mr. Matt Forman from Local Circuit attended the September Board meeting and discussed the current security processes/procedure in place to protect corporation electronic security.

5. Discussion and Action on the water tier rate analysis

Mr. Pradip reported that Upper Trinity Regional Water District (UTRWD) has increased its Volume Rate by 4% and Demand Fee by 6% for the upcoming fiscal year. These increases are projected to result in approximately $100,000 in additional water costs compared to the prior year. Based on staff's analysis, a tiered rate increase of 2% to 3% for members using 40,000 gallons or more is recommended to help offset the projected increase in purchased water costs. No vote was taken at this time.

6. Discussion and Action on the Capital Expenditure Budget 2027-2028

The staff discussed expenditures over the next two years, Cross Timbers Water Supply Corporation anticipates undertaking the following major capital improvement projects and equipment purchases:

- Orchid Hill Well Pump Station: Completion of the well pump station upgrade.
- Waterline Replacement: Replacement of aging water main and railroad crossing on Chinn Chapel Rd.
- Utility Trucks: Replacement and acquisition of utility vehicles to support daily operations.
- Tractor: Replacement and acquisition of a tractor to support system maintenance and field operations.
- Skid Loader: Replacement and acquisition of a skid loader to improve operational efficiency and maintenance capabilities.
- AMI Infrastructure: Installation of the remaining infrastructure necessary to transition from the existing AMR system to Advanced Metering Infrastructure (AMI).
- Stargate Generator: Installation of a backup generator to improve reliability and maintain operations during power outages.

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

Mr. Wolf reported that exterior walls have been constructed at the Orchid Hill Well site, and In-Control continues to progress through the building phase of the project, which was allotted approximately six weeks in the construction schedule. Staff will continue to monitor progress as the project moves toward completion of the building and subsequent interior plumbing and mechanical work. Mr. Wolf reviewed two water main leaks that occurred since the last Board meeting that were not associated with contractor damage. The first involved a 6-inch fire hydrant that was pushed off its valve at 185 Fawn Hollow, and the second was a leak on a 6-inch water main on FM 407 near Wolf Run. Both leaks were addressed and repaired by staff. Mr. Wolf stated that staff continue to notify members of their annual responsibility to test backflow prevention devices in accordance with regulatory requirements, with compliance tracking and follow-up efforts remaining ongoing.

Mr. Wolf provided an update on the Chinn Chapel Railroad Crossing project, explaining that staff continue to work with adjacent landowners to obtain a private utility easement along the south side of the railroad tracks. CTWS is also coordinating with CoServ, which is pursuing an easement from the same landowner, in hopes of establishing an arrangement that accommodates both utilities. Mr. Wolf informed

the Board that the Texas Water Development Board (TWDB) has announced a $50 million funding opportunity specifically for Water Supply Corporations (WSCs). Staff and Kerry believe the Chinn Chapel Waterline Replacement Project warrants consideration under this funding opportunity. Additional information was included in the Board packet for discussion regarding a potential funding application.

Mr. Wolf also discussed the emergency water main break that occurred on Tuesday, September 15, when a contractor damaged the 16-inch high-service water main on Copper Canyon Road. With summer water demand continuing to put significant pressure on the system, staff made the decision to implement Stage 4 water restrictions to reduce demand and maintain adequate system pressure and available water volume while emergency repairs were underway. Members were notified through email and text messages, and surrounding towns were asked to post the restrictions on their websites. The information was also posted on the CTWS website. Mr. Wolf explained that staff worked through the night and completed repairs at approximately 2:30 a.m., restoring the system to full service. The following morning, CTWS transitioned from Stage 4 back to Stage 2 water restrictions. Mr. Wolf expressed his appreciation to staff for their efforts in completing the emergency repair and to the membership for their cooperation in reducing water demand, which helped CTWS maintain water service throughout the system.

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

The next meeting date will be October 19, 2026. The agenda will include financials, and other such items as may be required.

9. Adjournment

Motion to adjourn by Micheal Paulson and second by Gary Brittain and approved unanimously. The meeting was adjourned at 7:40 p.m.

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TRANSCRIBED BY Chad Wolf, General Manager

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CERTIFIED BY Micheal Paulson, Treasurer