CROSS TIMBERS WATER SUPPLY CORPORATION
MINUTES of the BOARD OF DIRECTORS MEETING
2032 E HICKORY HILL RD, ARGYLE, TX 76226
MONDAY, October 19, 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 7:00 p.m. on Monday, October 19, 2026, at the Cross Timbers Water Supply Corporation's offices, 2032 E Hickory Hill Rd, Argyle, TX 76226.

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

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

Consultants in Attendance:
None

Others in Attendance
None

Board Members Not in Attendance
Sherry Price

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

Consent Agenda

1. **Discussion and Action to Approve the Minutes of September 21, 2026, Board Meeting**
2. **Discussion and Action to Approve the September 2026 Financial Report**

A motion was made by Michael Paulson and seconded by Michael Kuehler to approve the Consent Agenda. Motion approved with Garry Granger abstaining.

3. **Discussion and Action on transfer fund to Money Market Account**

Mr. Patel informed the Board that, as of September 30, 2026, the Corporation's general checking account has more funds than required. To maximize interest earnings on excess funds, he recommended transferring them to the Corporation's money market account. The Board also discussed deposit protection and confirmed that the Corporation's funds are secured through the bank's existing coverage arrangements, including balances exceeding the FDIC insurance limit. The Board further discussed authorizing management to transfer excess funds into the money market account in the future, provided sufficient funds remain available for daily operations. All transfers will be reported to the board at the next scheduled meeting.

A motion was made by Michael Paulson and seconded by Michael Kuehler to approve the transfer of funds from the Checking Account to the Money Market Account and to authorize the Controller to

transfer future excess funds from the Checking Account to the Money Market Account. The motion passed unanimously.

4. Discussion and Action on resolutions to apply for financial assistance from TWDB

Mr. Wolf presented a resolution requesting financial assistance from the Texas Water Development Board (TWDB). Mr. Wolf explained that Board approval was required to proceed with the funding application process, including the required public notices and solicitation of proposals from qualified engineering and administrative services firms. Mr. Wolf informed the Board that notices would be posted and published in a local newspaper, and requests for qualifications and proposals would be distributed to at least three engineering firms and three administrative services firms in accordance with TWDB procurement requirements. The Board reviewed the resolution and discussed the authorization of Mr. Wolf, General Manager, to serve as the Corporation's designated representative, responsible for coordinating the application process and completing the required documentation. The Board President would execute the resolution on behalf of the Corporation.

A motion was made by Michael Paulson and seconded by Gary Brittain to approve the resolution authorizing CTWS to request financial assistance from the Texas Water Development Board (TWDB). The motion passed unanimously.

5. Discussion and Action on the water tier rate analysis

Mr. Patel informed the Board that the previously discussed 2% water rate increase had not been formally approved at the prior meeting. The Board was asked to formally approve the 2% water rate increase for customers using 40,000 gallons or more per month.

A motion was made by Michael Paulson and seconded by Garry Granger to approve a rate increase for members who use 40,000 gallons or more of water per month. The motion passed unanimously.

6. Discussion and Action on preliminary operations budget for 2027

Mr. Patel let the board know that the preliminary operational budget for 2027 had been prepared for review and discussed with the board the various expenses that had been adjusted to a higher amount.

Mr. Patel also informed the board that the final operational and capital budget will be submitted in the November 2026 board meeting. No action needed.

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

Mr. Wolf provided updates on ongoing projects and system operations as outlined in the Board packet. Mr. Wolf reported that J&A Tanks was selected to perform the storage tank piping modifications due to their previous experience with CTWS facilities and more competitive pricing compared to InControl Construction. The Board discussed the two 16-inch water main failures that occurred during September. Mr. Wolf clarified that the September 21 contractor damage on Copper Canyon Road resulted from an incorrectly marked utility location. The September 30 water main failure near FM 407 may have contributed significantly to the month's increased water loss, as the leak was not discovered until water accumulated in a nearby pond. Mr. Wolf provided additional information regarding the transition from SC Tracking to FLO. FLO offers a simplified fee structure and allows staff to make customer record

changes directly, eliminating the need to submit routine updates to the vendor. The new system will also provide additional reporting and tracking capabilities. Mr. Wolf discussed a potential alternative water main alignment through a proposed four-lot subdivision near the railroad. This option would allow CTWS to install an 8-inch water main through the development and connect to the existing Woodland water line, potentially eliminating the need for a portion of the proposed private easement along the railroad. Staff have begun discussions with the developer regarding the proposed alignment. A railroad crossing approval would still be required, but the alternative could reduce construction footage and allow portions of the existing water line to be abandoned. Mr. Wolf reported that additional testing of the new Phase Technologies drive indicated the transformer and downhole motor were functioning properly. However, the new drive continued drawing approximately 16 amps even with external equipment disconnected. Representatives from the drive manufacturer are scheduled to visit the facility to investigate the issue and determine the necessary corrective action. The station is not currently needed to meet system demand. The Board received an update regarding a component failure at the Stonewood facility. The failed component had previously been exposed to smoke damage during an electrical incident. The vendor has been directed to replace the affected upper panel components. The SCADA system remains operational and is performing satisfactorily. The Board discussed the Corporation's water loss monitoring procedures. Staff explained that monthly water loss is calculated by comparing water production and purchased water against billed consumption, while accounting for flushing, repairs, and storage tank levels. Water loss typically remains below 3%, although September experienced higher losses due to the significant water main failures. Staff will continue monitoring monthly water loss trends. The Board requested that the colors used to identify individual years remain consistent across the monthly operational graphs to improve readability and comparisons. No formal action was taken on the General Manager's Report.

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

The next meeting date will be November 16, 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 7:39 p.m.

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TRANSCRIBED BY Chad Wolf, General Manager

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CERTIFIED BY Micheal Paulson, Treasurer