

**Minutes of Meeting  
Board of Directors  
Denton County Fresh Water Supply District No. 10**

**July 17, 2014**

The Board of Directors (“Board”) of Denton County Fresh Water Supply District No. 10 (“District”), met in regular session, open to the public, on Thursday, July 17, 2014, at 6:00 p.m., at the Savannah Clubhouse, 701 Savannah Boulevard, Savannah, Texas, inside the District, for which notice was given as required by Chapter 551, Government Code, as amended, and Chapter 49, Texas Water Code, as amended.

The roll was called of the duly appointed members of the Board, to wit:

Rob Adams	President
Jon TenBroeck	Vice President
Robert Tague	Secretary
Kris Russell	Asst. Secretary
Kurt W. Moore	Director

All members of the Board were present, with the exception of Director TenBroeck. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Todd Madison of Texas Water Company; Mr. Jim Koehler, P.E. of Graham Associates, Inc.; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Mr. Greg Wilkerson on behalf of Blue Line Services; Mr. Will Walton of Corona Artesia; Mr. David Blom of Terra Verde Group LLC; Mr. Brian Tolden of McCall Gibson Swedlund Barfoot PLLC; Ms. Deborah Kilgore and Ms. Laura Dodson, residents; Mr. Clay Crawford of Crawford & Jordan LLP; and various other members of the public, including District residents.

1. The President called the meeting to order, after determining that a quorum was present at 6:02 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment and recognized Deborah Kilgore. Ms. Kilgore addressed the Board regarding (a) suspicious activity at an abandoned house in the District; (b) status of apartment complex at the Savannah Town Center; and (c) completion of the wastewater survey. The President then recognized Laura Dodson, who queried the Board regarding (a) the need for a traffic light at Magnolia and US 380; (b) low water pressure; and (c) the need for mowing of green space. It was noted that The Town of Little Elm has requested TxDOT to perform a warrant study to determine if a traffic light is appropriate, and Little Elm is also performing its own warrant study. The Board determined to have representatives of the Board meet with Little Elm to discuss such matter. After noting that there were no additional members of the public present and desiring to speak before the Board, upon motion made by Director Russell, seconded by Director Moore and unanimously carried, the President closed the public comment session of the meeting.

3. Consideration was next given to the (a) review and approval of the Minutes of the June 19, and July 10, 2014, Board of Directors Meetings; (b) review and approval of the Tax Assessor/Collector's report, a copy of such report is attached hereto as **Exhibit "A"**; (c) review and acceptance of the Developer's Report, a copy of such Report is attached hereto as **Exhibit "B"**; (d) review and approval of the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit "C"**; (e) adoption of operating budget for the fiscal year ending July 31, 2015, a copy of which is attached hereto as **Exhibit "D"**, and (f) adoption of debt service budget for the fiscal year ending July 31, 2015, a copy of which is attached hereto as **Exhibit "E"**. After discussion on the matter, Director Russell moved that the Board approve items all items appearing under the Consent Agenda. Director Moore seconded said motion, which carried unanimously.
4. Consideration was next given to engagement of auditor to prepare the District's audit report for fiscal year ending July 31, 2014. The President recognized Mr. Tolden, who presented a proposal from McCall Gibson Swedlund Barfoot, PLLC to prepare the District's audit report for an estimated fee between \$13,500 and \$14,500. After discussion on the matter, Director Russell moved that the Board engage McCall Gibson Swedlund Barfoot, PLLC to prepare the District's audit report for the fiscal year ending July 31, 2014, at an estimated cost between \$13,500 and \$14,500. Director Tague seconded said motion, which carried unanimously.
5. Consideration was next given to a report from Texas Water Company ("TWC") on the Artesia system operations, and authorizing expenditure of funds for operation and maintenance of water facilities, a copy of which is attached hereto as **Exhibit "F"**. The President recognized Mr. Madison, who noted that no unusual operations and maintenance issues arose over the past month. He discussed Artesia HOA irrigation leaks and noted that such leaks have been repaired. After discussion on the matter, Director Russell moved that the Board approve the report and expenditure of funds as presented. Director Tague seconded said motion, which carried unanimously.
6. Consideration was next given to Public Safety Committee Report; public safety and nuisance issues; approval and execution of independent contractor agreements for patrol services; and authorizing actions and expenditures as necessary in connection therewith. The President recognized Mr. Wilkerson, who presented an activity/incident report for June. He noted that Denton County Commissioners Court has approved the Interlocal Agreement with the District for traffic regulation and enforcement. Mr. Wilkerson reported that the Law Enforcement Committee has requested a meeting with the Denton County Sheriff's Office regarding same. He also noted that all 30 days of June were covered by patrol services, and reported relative to heavy juvenile nuisance activity at the amenity center and basketball court. Mr. Wilkerson noted that theft activity has dropped at builder sites, and further noted the limited school patrols due to summer break. After discussion, Director Moore moved that the Board accept the activity/incident report as presented. Director Tague seconded said motion, which carried unanimously.

Mr. Wilkerson then presented and reviewed with the Board four independent contractor agreements for patrol services with Sila Carr, Russ Ebsen, Stephen Brock, and Derek Kirkwood. He noted that all four officers currently work for the City of Corinth. After discussion on the matter, Director Adams moved that the Board approve the independent contractor agreements for patrol services as set forth above and authorize execution of same. Director Moore seconded said motion, which carried unanimously.

7. Consideration was next given to review and acceptance of the Engineer's Report, as presented by Mr. Koehler, a copy of which is attached hereto as **Exhibit "G"**. The Board then considered the status of construction projects within the District. In that regard, Mr. Koehler discussed with the Board the following projects: Artesia Elevated Water Storage Tank; Artesia Teel Boulevard, Savannah Phase 9B, and Georgia Village II at Savannah Phase 7.

The Board next considered approval of construction plans and specifications and advertising for bids for contract(s) for improvement projects, including grading improvements for Artesia Phase 2A; and water, sewer, and drainage facilities and paving for Azalea Village at Savannah Phase 11A. Mr. Koehler presented correspondence dated July 14, 2014, recommending approval of construction plans and specifications for grading improvements for Artesia Phase 2A. He presented correspondence dated July 14, 2014, recommending approval of water line, sanitary sewer and paving improvements for Azalea Village at Savannah Phase 11A. He recommended that the Board authorize advertising for bids for contracts for such improvement projects. After discussion, Director Moore moved that the Board approve the construction plans and specifications for grading improvements for Artesia Phase 2A; and water, sewer, and drainage facilities and paving for Azalea Village at Savannah Phase 11A, and authorize advertising for bids for contract(s) for such improvement project. Director Russell seconded said motion, which carried unanimously.

The Board then considered approval of construction pay application(s) and change order(s) to construction contracts, including pay applications and change orders to current construction contracts. Mr. Koehler reviewed invoices to be approved by the Board and paid by Corona Artesia as follows: 2L Construction, LLC (Artesia Pavement Repairs) \$88,415.70; and Phoenix Fabricators (Water Tank) \$57,000.00. After discussion, Director Russell moved that the Board approve these pay applications as presented. Director Moore seconded said motion, which carried unanimously. Mr. Koehler then reviewed an invoice to be approved by the Board and paid by the District as follows: American Striping Co. (crosswalk approaches) \$2,100.00. After discussion, Director Tague moved that the Board approve this pay application as presented. Director Moore seconded said motion, which carried unanimously.

The Board next considered acceptance of certificate of completion and authorizing final acceptance of projects, including final acceptance of Savannah Phase 7. Mr. Koehler noted that the final inspection and all improvements have been completed and the subdivision is ready for acceptance. After discussion, Director Tague moved that the Board accept the certificate of complete and authorize final acceptance of facilities

services Savannah Phase 7. Director Russell seconded said motion, which carried unanimously.

After discussion on the Engineer's Report, Director Moore moved that the Board accept the Engineer's Report as presented. Director Russell seconded said motion, which carried unanimously.

8. Consideration was next given to request from Huitt-Zollars to place a Fiber Optic cable in the Fishtrap Water Line Easement from FM 1385 to Sanitary Sewer junction with Upper Trinity Regional Water District ("UTRWD"). Mr. Koehler presented the request to the Board and noted that the Board is waiting on a response from Huitt-Zollars and Upper Trinity Regional Water District. He noted that the Town of Prosper has no objection. Director Adams moved that the Board table the matter until later in the meeting. Director Russell seconded said motion, which carried unanimously.
9. Consideration was next given to approval, execution, and delivery of Interlocal Agreement with Town of Prosper regarding construction of Teel Parkway paving and drainage improvements and funding of bridge and hike and bike improvement. Mr. Crawford presented and reviewed with the Board the Interlocal Agreement with Town of Prosper regarding construction of Teel Parkway paving and drainage improvements and funding of bridge and hike and bike improvement, a copy of which is attached hereto as **Exhibit "H"**. After discussion on the matter, Director Adams moved that the Board approve the Interlocal Agreement, and authorize execution and delivery of same to Town of Prosper for consideration. Director Moore seconded said motion, which carried unanimously.
10. Consideration was next given to approval, execution and delivery of Consent to Encroachment and Indemnity Agreement and Water Transmission Line Relocation Agreement with TVG Texas I, LLC. Mr. Crawford noted that TVG has requested revisions to place time limits on indemnity obligation. As indicated in paragraph no. 15 below, the Board convened into executive session to consult with its attorney, and subsequently reconvened into regular session.

After reconvening into regular session, Director Adams moved that the Board approve amendments to Consent to Encroachment and Indemnity Agreement and Water Transmission Line Relocation Agreement with TVG Texas I, LLC which limit liability of TVG to term TVG owns property within District, or ten (10) years from effective date of agreement. Director Tague seconded said motion, which carried unanimously.

11. Consideration was next given to issuance of wastewater capacity commitment letters, and the taking of action necessary and appropriate to effect such policy. After a brief discussion on the matter, Director Adams moved that the Board table the matter until a future meeting. Director Russell seconded said motion, which carried unanimously.
12. Consideration was next given to customer utility service and billing complaints/requests. Mr. Crawford noted that no action was required at this time.

13. Consideration was next given to lease of District property for billboard installation and approval of lease agreement. After a brief discussion on the matter, Director Adams moved that the Board table the matter until a future meeting. Director Tague seconded said motion, which carried unanimously.
14. Consideration was next given to discussion of District website, including possible changes to and goals for website; and the taking of action necessary and appropriate in connection therewith. After discussion Director Tague moved that the Board table the matter until a future meeting. Director Adams seconded said motion, which carried unanimously.
15. Consideration was next given to Executive Session pursuant to Sections 551.071(1)(A) and (B), 551.072, and 551.076, Texas Government Code, as amended, to consult with District Counsel, consider litigation, real estate matters, and deliberate regarding security. Upon motion by Director Adams, seconded by Director Russell, the Board voted unanimously to convene into Executive Session at 7:18 p.m. pursuant to Sections 551.071 and 551.072, Texas Government Code, to consult with District Counsel regarding potential litigation and real estate matters.

Upon motion by Director Tague, seconded by Director Russell, the Board voted unanimously to reconvene the meeting in open session at 7:38 p.m.

16. After noting that no further business was to come before the Board, upon motion duly made, seconded and unanimously carried, the meeting was adjourned at 7:52 p.m.

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Robert Tague  
Secretary