

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

**March 10, 2015**

The Board of Directors (“Board”) of Denton County Fresh Water Supply District No. 10 (“District”), met in special session, open to the public, on Tuesday, March 10, 2015, at 7:00 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:

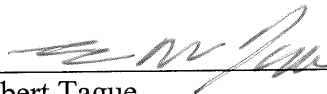
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| Rob Adams     | President       |
| Jon TenBroeck | Vice President  |
| Robert Tague  | Secretary       |
| Kris Russell  | Asst. Secretary |
| Kurt W. Moore | Director        |

All members of the Board were present. Also attending the meeting were the following: Mr. Jim Koehler, P.E. of Graham Associates, Inc.; Mr. Todd Madison of Texas Water Company; Mr. Mark Steelman of ST Environmental Services (“ST”); Mr. Chris Boyd of Mustang Special Utility District (“Mustang”); Mr. Clay Crawford of Crawford & Jordan LLP; and other members of the public, including District residents.

1. The President called the meeting to order, after determining that a quorum was present at 7:03 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment. After noting that there were no 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 proposals for operations and maintenance and billing and collection services for Artesia Utility System. The President noted that two proposals had been received, one from Mustang, and one from ST. The Board expressed concern regarding the distance between the location of the ST office and Artesia, and the need for ST to hire additional staff to serve Artesia. After a brief discussion on the matter, Director Adams moved that the Board authorize Directors Moore and Russell to review the proposals and present a recommendation to the Board at its March 19 Board meeting. Director Russell seconded said motion, which carried unanimously.

4. Consideration was next given to purchase of Artesia meter reading software upgrade and authorizing expenditure therefor. It was noted that the need for purchase of upgrade would be dependent upon which firm is hired to serve as District operator for Artesia. After a brief discussion, upon motion made by Director Adams, seconded by Director TenBroeck and unanimously carried, the Board tabled the matter until a future meeting.
5. Consideration was next given to award of contracts for construction of improvement projects and issuance of notices to proceed, including Artesia North Phase 4, Water, Sanitary Sewer, and Storm Drainage Improvements. The Board recognized Mr. Koehler, who presented a letter, dated March 1, 2015, from Spiars Engineering, design engineer for the proposed work, as well as a letter, dated March 3, 2015, from Graham Associates, Inc., District Engineer, copies of which are attached hereto as Exhibit "A" and Exhibit "B", respectively. Mr. Koehler reviewed the findings and recommendations of the design engineer and District Engineer as set forth in such letters with regard to the qualifications, references, proposed construction schedule, and experience for the low bidder, Lone Star Civil Construction, and second low bidder, RKM Utility Services. The Directors asked numerous questions of the District Engineer regarding the findings and recommendations contained in such letters. Upon motion by Director TenBroeck, seconded by Director Russell, and based upon the written recommendations of Spiars Engineering and Graham Associates, Inc., the Board found and determined that the award of the contract for construction of water, sanitary sewer, and storm drainage improvements for Artesia North Phase 4 to RKM Utility Services, Inc., in the Board's judgment, will be most advantageous to the District and result in the best and most economical completion of the District's proposed work, and authorized the award of such construction contract to such firm.
6. Consideration was next given to necessary non-routine maintenance and repair of District facilities, including Toledo Bend pavement repairs. Mr. Koehler reported that, in Glenn Thurman, Inc.'s reply, it claimed that two (2) of the items occurred after the two year maintenance bond inspection; therefore, it will not perform the remedial work, as requested by the District. After discussion on the matter, Director Russell moved that the Board authorize Mr. Koehler to provide an estimate for the cost of such work at the next Board meeting. Director TenBroeck seconded said motion, which carried unanimously.
7. Consideration was next given to request of Upper Trinity Regional Water District for grant of easement within District 20-foot water line easement and approval of form of easement. After a brief discussion, the President determined that no action was required and that such item should be removed from future meeting agendas.
8. Consideration was next given to Executive Session pursuant to Sections 551.071, 551.072, and 551.076, Texas Government Code, as amended, to consult with District Counsel, consider litigation, real estate matters, and deliberate regarding security. The President determined that no executive session was needed at this time.

9. After noting that no further business was to come before the Board, upon motion duly made by Director Russell, seconded by Director Tague and unanimously carried, the meeting was adjourned at 7:27 p.m.

  
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Robert Tague  
Secretary