

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

March 19, 2015

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, March 19, 2015, 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, who entered the meeting later as noted below. 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. Mark Steelman of ST Environmental Services; 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 6:11 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, 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 February 19, and March 10, 2015, Board of Directors Meetings, as presented; (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”**; and (d) review and approval of the Bookkeeper’s Report, a copy of which is attached hereto as **Exhibit “C”**. After discussion on the matter, Director Russell moved that the Board approve items (a) through (c) appearing under the Consent Agenda. Director Moore seconded said motion, which carried unanimously. Director Russell then moved that the Board approve the Bookkeeper’s Report, with three (3) additional checks, check no. 7666 to

- Kris Russell in the amount of \$69.26, check no. 7667 to Kurt Moore in the amount of \$69.26, and check no. 7668 to Rob Adams in the amount of \$207.79. Director Moore seconded said motion, which carried unanimously.
4. Consideration was next given to authorizing preparation of Unclaimed Property Report as of March 1, 2015. After discussion on the matter, Director Moore moved that the Board authorize the preparation of an Unclaimed Property Report as of March 1, 2015. Director Russell seconded said motion, which carried unanimously.
 5. Consideration was next given to a report from Texas Water Company ("TWC") on the Artesia utility system operations, and authorizing expenditure of funds for operation and maintenance of water facilities, a copy of which is attached hereto as **Exhibit "D"**. The President recognized Mr. Madison, who reported relative to Artesia utility operations. He noted that 12 meters were set during the last month, and one meter that was leaking from the bottom was replaced. Mr. Madison reported that the number three booster pump motor was replaced; however, a couple days before the new one was installed, a leak was traced to the pump seal on the number one booster pump, so replacement of the seal on the number one booster pump motor was completed at the same time that the new number three booster pump motor was replaced. After discussion on the report presented, Director Tague moved that the Board approve the report and expenditure of funds as presented. Director Russell seconded said motion, which carried unanimously.
 6. Consideration was next given to proposal from Texas Water Company for professional services in connection with transfer of Artesia utility system operation and maintenance functions. After discussion on the matter, Director Adams moved that the Board maintain its current contract with Texas Water Company through June 30, 2015. Director Moore seconded said motion, which carried unanimously.
 7. Consideration was next given to authorizing solicitation of proposal for topographic survey of District recreational area. Mr. Koehler estimated the cost for preparation at approximately \$7,500.00. After discussion on the matter, Director Adams moved that the Board accept the proposal for topographic survey of District recreational area submitted by Graham & Associates, Inc. in the amount of \$7,500.00. Director Moore seconded said motion, which carried unanimously.
 8. Consideration was next given to proposals for operations and maintenance and billing and collection services for Artesia Utility System. The Board Special Committee noted that it reviewed proposals received from Mustang Special Utility District ("Mustang") and Severn Trent Environmental Services, Inc. ("ST"). Although the prices for the proposed scope of services are comparable, the Committee recommended accepting the proposal of Mustang due to response time concerns in light of the location of the ST office. After consideration discussion, Director Moore moved that the Board accept the Mustang proposal with a transition close out of current billing cycle on April 15 for turnover of billing and collection services. Director Russell seconded said motion, which carried unanimously.

After additional discussion, Director Russell moved that the Board authorize the bookkeeper to prepare a notice to Artesia residents regarding transition of operating services. Director Tague seconded said motion, which carried unanimously. Director Adams then moved that the attorney provide notice of change in operator to builders and developers in Artesia. Director Russell seconded said motion, which carried unanimously.

9. Consideration was next given to purchase of Artesia meter reading software upgrade and authorizing expenditure therefor. After a brief discussion, upon motion duly made by Director Adams, seconded by Director Moore and unanimously carried, the Board determined that no action was required and requested removal of item from future agendas.
10. Consideration was next given to customer utility service and billing complaints/requests. Mr. Crawford noted that no new complaints/requests had been received. The President determined that no action was required at this time.

Director TenBroeck entered and participated in the remainder of the meeting.

11. 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 February. He noted that 26 out of 28 days of February were covered by patrol services. Mr. Wilkerson discussed maintenance and repair issues relating to the Crown Victoria in the amount of \$1,884.00. He noted that the elementary school patrols are working well. After discussion, Director TenBroeck moved that the Board accept the activity/incident report as presented. Director Moore seconded said motion, which carried unanimously. Director Adams moved that the Board ratify the expenditure of \$1,884.00. Director Tague seconded said motion, which carried unanimously.
12. 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 "E"**. The Board then considered the status of construction projects within the District. In that regard, Mr. Koehler discussed with the Board the following projects: Savannah Phase 9B, Savannah Phase 11A, Artesia Teel Boulevard, Artesia North Phase 1, Artesia Phase 2A, Artesia North Phase 4, Savannah Phases 8E, 8F, and 10C, Artesia Open Space Sanitary Sewer, and Arrow Brooke Phase 1.

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: Mario Sinacola & Sons (Teel Parkway) \$17,100.00; RKM Utility Services (Artesia North Phase 1) \$232,295.63; RPMX Construction (Artesia North Phase 4) \$401,195.52. 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 invoices to be approved by the Board and paid by the developer for current construction contracts as follows: RKM Utility Services, Inc. (Savannah Phase 9B) \$23,817.15; RKM Utility Services, Inc. (Savannah Phases 8E, 8F and 10C) \$568,748.83; RKM Utility Services, Inc. (Savannah Phase 11A) \$644,763.06; RPMx Construction, LLC (Artesia Phase 5A) \$11,799.00; and Smith Contracting (Artesia Phase 2A) \$356,065.92. After discussion, Director TenBroeck moved that the Board approve these pay applications as presented. Director Tague seconded said motion, which carried unanimously.

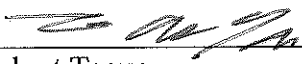
The Board next considered acceptance of certificate of completion and authorizing final acceptance of projects, including acceptance of Savannah Phase 9B. Mr. Koehler presented a Certificate of Completion for Savannah Phase 9B. After discussion, Director Tague moved that the Board accept the certificate of completion and authorize final acceptance of project. Director TenBroeck seconded said motion, which carried unanimously.

The Board next considered approval/status of engineering Task Order(s), including Artesia open space east of Artesia Boulevard and north of Harper Road. Mr. Koehler reported that he reviewed a resident's concern about landscaping the open space north of Harper Road. After discussion, the Board determined to address such matter in May and that no action was required at this time.

The Board next considered necessary non-routine maintenance and repair of District facilities, including open space maintenance for two areas, including coordination with Site Landscape Development; striping at Artesia Boulevard and Candler Drive; and costs for repair of Toledo Bend. Mr. Koehler presented a quote from Site Landscape Development in the amount of \$12,750.00 for open space areas between Greenview Lane and Dogwood Trail, and Wright Lane and Peachtree Drive. After discussion, Director TenBroeck moved that the Board award the contract for landscape maintenance to Site Landscape Development in the amount of \$12,750.00 for open space areas between Greenview Lane and Dogwood Trail, and Wright Lane and Peachtree Drive. Director Tague seconded said motion, which carried unanimously. Mr. Koehler then discussed the Toledo Bend Pavement Repairs. He presented a quote from 2L Construction in the amount of \$18,620.00. After discussion on the matter, Director Adams moved that the Board award the project to 2L Construction in the amount of \$18,620, if Glenn Thurman, Inc. does make the repairs, and the District will seek reimbursement for such repairs. Director Russell seconded said motion, which carried unanimously.

13. Consideration was next given to establishing requirement for independent District construction inspector with cost to be funded by developer. After discussion on the matter, including reporting protocol, upon motion by Director Adams, seconded by Director Moore and unanimously carried, the Board tabled the matter until a future meeting.

14. Consideration was next given to authorizing preparation of engineering report for application to Texas Commission on Environmental Quality ("TCEQ") for approval of project and issuance of bonds. Mr. Jameson discussed the growth of assessed value within the District, and that an additional utility bond issue in the approximate amount of \$8,500,000 could be sold by the District without impacting the District's current tax rate. Mr. Jameson requested that the Board authorize the preparation of an application to the TCEQ for approval of an engineering report and issuance of bonds. Mr. Crawford explained the application procedure. After discussion, Director Adams moved that the Board authorize the preparation of an engineering report for application to TCEQ for approval of project and issuance of bonds. Director Russell seconded said motion, which carried unanimously.
15. Consideration was next given to approval of engineering services agreement with Jones-Heroy & Associates, Inc. for preparation of engineering report for application to TCEQ for approval of project and issuance of bonds. Mr. Crawford reviewed the Board the scope and fee structure. After discussion on the matter, Director Russell moved that the Board approved the engineering services agreement with Jones-Heroy & Associates, Inc. Director TenBroeck seconded said motion, which carried unanimously.
16. The Board next deferred consideration of 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.
17. After noting that no further business was to come before the Board, upon motion duly made by Director Russell, seconded by Director TenBroeck and unanimously carried, the meeting was adjourned at 8:05 p.m.



Robert Tague
Secretary