

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

May 21, 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, May 21, 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. 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. Shane Potter, P.E. of Jones-Heroy & Associates, Inc.; Mr. Clay Crawford and Mr. Jonathan Finke of Crawford & Jordan LLP; and Mr. John Gillum 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 6:05 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 duly 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 April 23, 2015, Board of Directors Meeting, 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 Moore moved that the Board approve items (a) through (c) appearing under the Consent Agenda as presented. Director Russell seconded said motion, which carried unanimously. After additional discussion on the matter, Director Moore moved

that the Board approve item (d) with two (2) additional checks, check no. 7784 to Site Landscape in the amount of \$800.00 and check no. 7785 to Texas Tank Services in the amount of \$600.00. Director Tague seconded said motion, which carried unanimously.

4. Consideration was next given to approval of Unclaimed Property Report as of March 1, 2015, and authorizing filing of same with State Comptroller prior to July 1, 2015. Ms. Bloomfield reviewed the report reflecting 9 accounts to be submitted to the State Comptroller for a total of \$337.49. After discussion on the matter, Director Tague moved that the Board approve the Unclaimed Property Report and authorizing filing of same with State Comptroller. Director Moore 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 there were no significant operations and maintenance issues, and that the transition to Mustang Special Utility District ("Mustang") is going smoothly. Mr. Madison reported that during a power outage due to a storm, the elevated storage tank maintained adequate pressure. He noted that Graham Associates, Inc. has provided all engineering plans for Artesia system to Mustang and TWC has continued to tour and inspect system with Mustang. After discussion on the report presented, 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 customer utility service and billing complaints/requests. Mr. Crawford discussed a request from Matthew Sutherland for adjustment of unusual high water usage readings in December 2014 and January 2015. After discussion on the matter, Director Adams moved that the Board adjust Mr. Sutherland's bill for the months of high water usage readings to zero billing and move forward. Director Russell seconded said motion, which carried unanimously. Director Russell moved to close this session of the meeting. Director Moore seconded said motion, which carried unanimously.
7. Consideration was next given to approval and execution of Agreement Related to Water and Sanitary Sewer Services for Artesia with Mustang Special Utility District. Mr. Crawford reviewed a proposed Agreement Related to Water and Sanitary Sewer Services for Artesia as revised to incorporate a May 8 proposal by Mustang. 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 Tague moved that the Board not approve the agreement with Mustang. Such motion was seconded by Director Moore, but failed with two votes in favor of such motion, one vote opposed to such motion and one abstention. Director Tague then moved that the Board table the matter and

authorize further discussions with Mustang. Director Moore seconded said motion, which carried with three votes in favor of such motion, and one vote opposed to such motion.

8. Consideration was next given to approval of Consumer Confidence Report and authorizing distribution to consumers. Mr. Crawford presented draft Consumer Confidence Reports for both Savannah and Artesia. After discussion on the matter, Director Russell moved that the Board approve the Consumer Confidence Reports, subject to any necessary revisions by operators and authorize distribution of same prior to the July 1 deadline. Director Tague seconded said motion, which carried unanimously.
9. 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 April. He noted that 30 out of 30 days of April were covered by patrol services and that there were no major law enforcement issues during the month. After discussion, Director Tague moved that the Board accept the activity/incident report as presented. Director Moore seconded said motion, which carried unanimously.
10. 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 North Phase 4, Savannah Phases 8E, 8F, and 10C, Artesia Open Space Sanitary Sewer, Arrow Brooke Phase 1, and Artesia Phase 5A.

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: RKM Utility Services (Artesia North Phase 1 Utilities) \$41,332.50; RKM Utility Services (Artesia North Phase 1 Paving) \$1,133,229.60; Mario Sinacola & Sons (Teel Parkway) \$361,550.47. 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 District as follows: Site Landscape Development (Savannah Open Space Tree Removal) \$800.00. After discussion, Director Russell moved that the Board approve this pay application 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 Phases 8E, 8F and 10C) \$295,178.85; RPMx Construction, LLC (Artesia Phase 5A) \$58,357.32; Smith Contracting (Artesia Phase 2A) \$3,425.94; Smith Contracting (Artesia Phase 2A) \$56,352.73; RPMx Construction, LLC (Artesia Phase

2A) \$3,780.00; RKM Utility Services, Inc. (Artesia Phase 2A) \$53,146.94; and RKM Utility Services, Inc. (Arrow Brook Phase 1) \$782,879.44. After discussion, Director Russell moved that the Board approve these pay applications as presented. Director Moore seconded said motion, which carried unanimously.

The Board next considered approval/status of engineering Task Order(s), including contract with Graham Associates, Inc. regarding grading of Arrow Brook recreational area and assistance in preparation of parks grant application; proposal from Spiars Engineering for survey of Artesia elevated water storage tank site. Mr. Koehler reviewed the proposed engineering contract and noted that the design for grading would cost approximately \$28,000, and the parks grant application would cost approximately \$19,000. After discussion on the matter, Director Adams moved that the Board approve the engineering contract with Graham Associates, Inc. as presented. Director Moore seconded said motion, which carried unanimously. Mr. Koehler then reviewed a proposal from Spiars Engineering for survey of Artesia Elevated Storage Tank Site at a cost of approximately \$3,500. After discussion, Director Moore moved that the Board approve the proposal from Spiars Engineering for survey of Artesia Elevated Storage Tank Site at a cost of approximately \$3,500. Director Russell seconded said motion, which carried unanimously. Mr. Koehler then reviewed an estimate from Site Landscape Development for repair of erosion behind sidewalk on east side of Wright Lane in the amount of \$1,565.34. After discussion Director Adams moved that the Board approve the estimate from Site Landscape Development in the amount of \$1,565.34 for repair of erosion behind sidewalk on east side of Wright Lane. Director Moore seconded said motion, which carried unanimously. Mr. Koehler then reported that a site plan has been submitted to the Town of Little Elm along Highway 380 Frontage for a retail/office use parcel east of the Dollar General. After a brief discussion, the President determined that no action was required.

The Board next considered necessary non-routine maintenance and repair of District facilities, including striping at Artesia Boulevard and Candler Drive; repair of Toledo Bend; and Artesia Ground Storage Tank repair cost update. Mr. Koehler reported relative to striping of Artesia Boulevard to help traffic transition at intersection of Candler Dr. and new stop sign stop bars. He noted that the work has been authorized, but has not yet been completed. Mr. Koehler and Mr. Crawford reported relative to Toledo Bend Pavement Repairs. With regard to the Artesia Ground Storage Tank, Mr. Koehler reported that three (3) additional proposals have been requested from selected firms, but have not yet been received.

The Board next considered the final plats and amendments to plats, including final plat for Artesia Phase 5A. Mr. Koehler reviewed the final plats for Artesia Phase 5A and recommended approval of same. After discussion on the matter, Director Moore moved that the Board approve the final plats for Artesia Phase 5A. Director Russell seconded said motion, which carried unanimously.


11. Consideration was next given to adoption of Order Authorizing Application to Texas Commission on Environmental Quality for Approval of an Engineering Project and

Issuance of Bonds in connection with proposed \$11,000,000 bond issue. Mr. Potter presented and reviewed with the Board a draft engineering report for bond application no. 4. After discussion, Mr. Crawford presented and reviewed with the Board such Order Authorizing Application to Texas Commission on Environmental Quality for Approval of an Engineering Project and Issuance of Bonds. After additional discussion, Director Moore moved that the Board approve the Order and engineering report and authorizing the filing of the Order Authorizing Application to Texas Commission on Environmental Quality for Approval of an Engineering Project and Issuance of Bonds. Director Adams seconded said motion, which carried unanimously.

12. Consideration was next given to proposed settlement and release agreement with Glenn Thurman, Inc. regarding paving improvements for Artesia Phases 4A and 4B. The Board reviewed a settlement proposal, a copy of which is attached hereto as **Exhibit "F"**. After discussion, Director Russell moved that the Board approve the settlement and release agreement, and authorize the execution of same. Director Tague seconded said motion, which carried unanimously.
13. Consideration was next given to approval of professional services proposal of DFL Group LLC for preparation and processing of grant application to Texas Department of Parks and Wildlife for development of District ball fields/trail system/recreational area, and authorizing preparation of Master Parks Plan. Director Adams presented such proposal, a copy of which is attached hereto as **Exhibit "G"**, and reviewed the goal to secure a grant for development of athletic park. He discussed possible Arrow Brooke participation and reviewed the proposal in the amount of \$19,000. After discussion on the matter, Director Adams moved that the Board approve the professional services proposal of DFL Group LLC for preparation and processing of grant application to Texas Department of Parks and Wildlife for development of District ball fields/trail system/recreational area, and authorizing preparation of Master Parks Plan. Director Moore seconded said motion, which carried unanimously.
14. Consideration was next given to authorizing preparation of economic feasibility analysis of possible transfer of District water and sewer certificates of convenience and necessity for portion of Arrow Brooke Development. After discussion on the matter, Director Adams moved that the Board authorize preparation of an economic feasibility analysis of possible transfer of District water and sewer certificates of convenience and necessity for a portion of the Arrow Brooke Development, with the cost to be shared 50/50 between the District and Arrow Brooke and not to exceed \$3,000. Director Russell seconded said motion, which carried unanimously.
15. 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. Upon motion by Director Tague, seconded by Director Moore, the Board voted unanimously to convene into Executive Session at 7:54 p.m. pursuant to Section 551.071 and 551.072, Texas Government Code, to consult with District Counsel.

Upon motion by Director Russell, seconded by Director Tague, the Board voted unanimously to reconvene the meeting in open session at 8:39 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 8:50 p.m.



Robert Tague
Secretary