

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

July 16, 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, July 16, 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 Tague. 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; Chief Greg Wilkerson of Blue Line Services; Mr. Will Walton of Corona Artesia; Mr. Jason Cork and Ms. Devon Kaemmerling of Arcadia Water Management, LLC; Mr. Doug Sims and Mr. Lance Butler of Waste Management of Texas, Inc.; Mr. Clay Crawford and Mr. Jonathan Finke of Crawford & Jordan LLP; and numerous other members of the public, including District residents.

1. The President called the meeting to order, after determining that a quorum was present at 6:12 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment. District residents expressed concern with the illegal use of fireworks within the District, as well as driving golf carts on District streets. After noting that there were no additional 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 June 18, 2015, and June 23, 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”**; (d) review and approval of the Bookkeeper’s Report, a copy of which is attached hereto as **Exhibit**

“C”; (e) review and approval of operating budget for the fiscal year ending July 31, 2016; and (f) review and approval of debt service budget for the fiscal year ending July 31, 2016. After discussion on the matter, Director Moore moved that the Board approve both sets of meeting minutes as presented. Director TenBroeck seconded said motion, which carried unanimously. After discussion on the matter, Director TenBroeck moved that the Board approve items (b), (c), (d), and (f) appearing under the Consent Agenda as presented. Director Moore seconded said motion, which carried unanimously. After further discussion on budget matters, Director Moore moved that the Board approve item (e). Director TenBroeck seconded said motion, which carried unanimously.

4. Consideration was next given to authorizing issuance of notice to Kansas State Bank of Manhattan of Intent to Exercise Purchase Option regarding vehicle acquisition. The President recognized Ms. Bloomfield, who made a presentation to the Board regarding the proposed issuance of notice in connection with vehicle acquisition. After discussion on the matter, Director Moore moved that the Board authorize the issuance of notice to Kansas State Bank of Manhattan on Intent to Exercise Purchase Option regarding vehicle acquisition. Director Russell seconded said motion, which carried unanimously.
5. Consideration was next given to status of matters relating to contract with Waste Management, including fuel surcharge adjustment and pick up services issues; and authorize actions under service contract. The President recognized Mr. Butler, who addressed service issues and provided a customer service phone number to be posted on the District’s website. He explained the impact of the floods in June and changes in personnel, and noted that service should return to normal within the next couple of weeks. The Board discussed the issues with customer service, and requested that Waste Management provide notice to Crawford & Jordan LLP or Arcadia Water Management, LLC if conditions will impact service. The Board queried Waste Management’s capacity to handle the growing number of communities in the 380 corridor. The Board determined to formally request the complaint log from Waste Management for the past 60-90 days, and request a weekly report going forward for both Savannah and Artesia. With regard to the fuel surcharge issue, it was discussed whether to take 1% now and 2% in January or take all 3% in January. After discussion, Director Adams moved that the Board approve a 1% adjustment, effective immediately. Director TenBroeck seconded said motion, which carried unanimously. It was noted that the resident at 716 Hayden Lane wants the recycle bin removed. Mr. Butler reported that Waste Management will remove the recycle bin at 716 Hayden Lane tomorrow.
6. Consideration was next given to status of transition of Artesia Utility System operations to Arcadia Water Management LLC; and report on Artesia Utility System operations, and authorizing expenditure of funds for operation and maintenance of water facilities. The President recognized Mr. Cork, who reported relative to Artesia utility operations and Arcadia Water Management, LLC. He noted that there were 490 meters on the ground, some of which are builders, two (2) of which do not have transponders, and

noted that he will be receiving tomorrow information on how to track different kinds of meters. Mr. Cork then requested Board authorization to provide notice to residents of change in service provider using door hangers. After discussion, Director Adams moved that the Board authorize Arcadia Water Management, LLC to use door hangers to provide notice to residents of change in service provider. Director Moore seconded said motion, which carried unanimously. Mr. Cork also discussed with the Board approval of use of auto-draft for utility payments. After discussion, Director Adams moved that the Board authorize auto-draft for Artesia residents. Director Russell seconded said motion, which carried unanimously. Mr. Cork then discussed storm sewer issues, and a sanitary sewer leak in front of a house in Artesia. He noted that he will determine whether the blockage was on District property or private property, and charge back expenses to resident if necessary. After discussion on the report presented, Director Moore moved that the Board approve the report and expenditure of funds as presented. Director TenBroeck seconded said motion, which carried unanimously.

7. Consideration was next given to approval and execution of documentation for Mustang Special Utility District to utilize Chase Paymentech to provide credit card processing services for Savannah. The President recognized Ms. Bloomfield, who made a presentation to the Board. After discussion, Director Adams moved that the Board approve the documentation for Mustang to utilize Chase Paymentech to provide credit card processing services for collection of District payments for Savannah and authorize execution of same. Director Moore seconded said motion, which carried unanimously.
8. Consideration was next given to customer utility service and billing complaints/requests. Mr. Crawford discussed with the Board the customer request for waiver of sewer fee in connection with filling of swimming pool. After discussion on the matter, Director Moore moved that the Board deny the request for waiver of sewer fee associated with filling of swimming pool. Director Adams 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 Chief Wilkerson, who presented an activity/incident report for June. He discussed street lights that are not working properly and tree removal. Chief Wilkerson noted that he will contact Coserv regarding the street lights. After discussion, Director Moore moved that the Board accept the activity/incident report as presented. Director TenBroeck 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 "D"**. 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 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. He also updated the Board on the Toledo Bend cul-de-sac repair.

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 and change orders to be approved by the Board and paid by Corona Artesia as follows: RKM Utility Services (Artesia North Phase 4 Utilities) in the amount of \$61,560.00; Mario Sinacola & Sons (Teel Parkway) in the amount of \$310,903.45; Landtec Engineers (Teel Parkway Geotechnical) in the amount of \$14,917.25; RKM Utility Services (Artesia North Phase 1 Paving) in the amount of \$47,021.40; RKM Utility Services (Artesia North Phase 1 Utilities) in the amount of \$15,720.53. After discussion, Director Moore moved that the Board approve these pay applications as presented. Director Russell 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) in the amount of \$251,234.10; P.C. Contractors, LLC (Artesia Phase 5A) in the amount of \$137,041.92; and RKM Utility Services, Inc. (Savannah Phase 11A) in the amount of \$165,459.15; and change order RKM Utility Services (Artesia North Phase 1 Utilities) in the amount of \$871.25. After discussion, Director Adams moved that the Board approve these pay applications as presented. Director Moore seconded said motion, which carried unanimously.

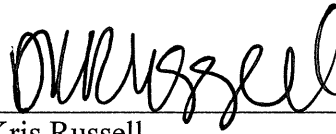
The Board next considered approval/status of engineering Task Order(s). Mr. Koehler discussed a concept plan for a five (5) acre church site and noted that Petitt Barraza, LLC has asked if a curb cut and median opening would be allowed on Magnolia Boulevard. After discussion on the matter, Director Adams moved that the Board table the matter until more information was available on the church request. Director Russell seconded said motion, which carried unanimously.

Consideration was next given to the status of contract for mowing District greenbelt. The Board discussed Artesia Open Space Mowing. The President recognized Mr. John Gillum, who reported on mowing in the greenbelt. The Board indicated that it would contact the Developer to inquire as to the status of the open space mowing.

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

11. Consideration was next given to authorization of the purchase and installation of District signage. The Board discussed the purchase of two signs each for Savannah and Artesia, one with the name of the District and one for drought level, with each to be placed at the entrances to Savannah and Artesia. After a brief discussion, Director Adams moved that the Board table the matter until more information was provided on cost of signage. Director Russell seconded said motion, which carried unanimously.

12. Consideration was next given to status of preparation of Master Parks Plan and Grant Application; and authorizing actions and expenditures of funds in connection therewith. Mr. Koehler provided a report on the tour he took with Mr. John Faine of all three developments located within the District. After a brief discussion, the President determined that no action was required at this time.
13. 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 deployment of security devices and personnel.
14. After noting that no further business was to come before the Board, upon motion duly made by Director Moore, seconded by Director Russell, and unanimously carried, the meeting was adjourned.



Kris Russell
Asst. Secretary