

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

**August 20, 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, August 20, 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, who entered the meeting later, as noted below. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Jim Koehler, P.E. of Graham Associates, Inc.; Mr. Jason Cork and Ms. Devon Kaemmerling of Arcadia Water Management, LLC; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Chief Greg Wilkerson of Blue Line Services; Mr. Clay Crawford and Mr. Jonathan Finke of Crawford & Jordan LLP; Mr. John Gillum, District resident; 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 6:03 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment and recognized Mr. Gillum, who addressed the Board regarding mowing of District open space. The President then recognized Mr. Don Vanderer, who stated that he is an architect and has been retained by a church in connection with the proposed purchase of land in the Savannah Town Center. He requested Board approval of a median cut in Magnolia Boulevard. 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 Moore, seconded by Director TenBroeck 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 July 16, 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 TenBroeck moved that the Board approve items (a), (b), (c), and (d) appearing under the Consent Agenda as presented. Director Moore seconded said motion, which carried unanimously.

4. Consideration was next given to the status of matters relating to the contract with Waste Management, including fuel surcharge adjustment and pick up services issues; and authorize actions under the service contract. The President recognized Director TenBroeck, who provided a report regarding recent service performance, and comments from Doug Sims at Waste Management.

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

5. Consideration was next given to the status of the transition of the 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 and Ms. Kaemmerling, who reported relative to Artesia utility billing and service operations. Mr. Cork discussed credits due to certain customers for the May and June bills received from Mustang Special Utility District. After discussion on the matter Director Adams moved that the Board approve the credits as discussed. Director Moore seconded said motion, which carried unanimously. The Board discussed placing an item on its next agenda regarding the use of paper utility bills. Mr. Cork requested Board approval of ACH Form in connection with credit card payments. After discussion, Director Russell moved that the Board approve execution of the ACH Form as requested. Director TenBroeck seconded said motion, which carried unanimously. The Board then discussed authorizing Arcadia Water Management, LLC to approve "emergency repairs" to the Artesia Utility System in an amount not to exceed \$2,500.00. After discussion, Director Adams moved that the Board authorize Arcadia Water Management, LLC to approve "emergency repairs" to the Artesia Utility System in an amount not to exceed \$2,500.00. Director Moore seconded said motion, which carried unanimously. 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 customer utility service and billing complaints/requests. Mr. Cork and Ms. Kaemmerling reported on customer utility service and billing complaints/requests and disposition of same.
7. Consideration was next given to Public Safety Committee Report; public safety and nuisance issues; discussion regarding Town of Prosper issuance of alarm permits to Artesia residents; 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 July. He confirmed that Artesia residents are not required to pay the Town of Prosper for alarm permits. After discussion, Director Moore moved

that the Board accept the activity/incident report as presented. Director TenBroeck seconded said motion, which carried unanimously.

Chief Wilkerson then presented and reviewed with the Board five independent contractor agreements for patrol services with Robert B. Slaughter, Andrew D. Mitchell, Jimmy R. Lewis, Jr., Braylon Miller, and David Lightfoot. After discussion on the matter, Director TenBroeck moved that the Board approve the independent contractor agreements for patrol services as set forth above and authorize execution of same. Director Adams seconded said motion, which carried unanimously.

8. Consideration was next given to approval and execution of contract with Greg Wilkerson d/b/a Management Resources to serve as District General Manager. After a brief discussion on the matter, Director Adams moved that the Board table the matter until the next meeting. Director Moore seconded said motion, which carried unanimously. Director Adams then moved that the Board authorize expenditure of up to \$2,500.00 for legal advice from John Hagen on contract matters. Director TenBroeck seconded said motion, which carried unanimously.
9. Consideration was next given to engagement of auditor to prepare audit report for fiscal year ending July 31, 2015. The Board considered an engagement letter provided by McCall Gibson Swedlund Barfoot PLLC to prepare the District's audit report for the fiscal year ending July 31, 2015, at a cost between \$13,500.00 and \$15, 500.00. After discussion on the matter, Director Moore moved that the Board approve engagement of McCall Gibson Swedlund Barfoot PLLC to prepare the District's audit report for the fiscal year ending July 31, 2015. Director Tague seconded said motion, which carried unanimously.
10. Consideration was next given to acceptance of 2015 Tax Roll as certified by the Denton Central Appraisal District and approval of calculations regarding the District's 2015 Tax Rate. Mr. Crawford presented and reviewed with the Board a summary of the 2015 certified tax roll, prepared by the Denton County Tax Assessor/Collector, a copy of which is attached hereto as **Exhibit "D"**. After discussion on the matter, Director Russell moved that the Board accept the District's 2015 certified tax roll and tax rate rollback calculations. Director Moore said motion, which carried unanimously.
11. Consideration was next given to setting public hearing date and authorizing notice of public hearing regarding adoption of the proposed tax rate, as necessary. After discussion on the matter, Director Russell moved that the Board preliminarily approve the proposed 2015 tax rate of \$1.00 per \$100 valuation; set its public hearing regarding such proposed tax rate for September 17, 2015, at 6:00 p.m.; and authorize publication of notice regarding same. Director Moore 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. After a brief discussion on the matter, the President determined that no action was required at this time.
13. Consideration was next given to approval of Resolution approving Preliminary Official Statement and Notice of Sale for proposed \$11,000,000 Unlimited Tax Bonds, Series 2015 and authorizing other matters related to the issuance of the Bonds. After a brief discussion on the matter, Director Adams moved that the Board table the matter until the next meeting. Director Tague seconded said motion, which carried unanimously.
  14. Consideration was next given to engagement of auditor to prepare audit relative to payment of proceeds from the District's \$11,000,000 Unlimited Tax Bonds, Series 2015. After a brief discussion on the matter, Director Adams moved that the Board table the matter until the next meeting. Director Moore seconded said motion, which carried unanimously.
  15. Consideration was next given to maintenance of road right-of-way and road intersections to prevent blockage of traffic control signage, including authorizing actions as appropriate. Director TenBroeck provided a report regarding landscaping within road right-of-way blocking District signage. After discussion on the matter, Director TenBroeck moved that the Board adopt consider adoption of an Order Adopting Policies Regarding Maintenance, Repair and Improvement of Sidewalks in Road Right-of-Way at the next regular meeting of the Board. Director Adams seconded said motion, which carried unanimously.
  16. Consideration was next given to amendment to Drought Contingency Plan regarding system applications, including authorizing actions as appropriate. After discussion of the current Drought Contingency Plan and possible revisions, Director Adams moved that the Board adopt penalties for certain violations of the Drought Contingency Plan, including, but not limited to, fines in the amount of \$500.00 for any developer, builder, Homeowner's Association, or other commercial entity. Director TenBroeck seconded said motion, which carried unanimously. Director Moore moved that the Board adopt penalties for certain violations of the Drought Contingency Plan, including, but not limited to, fines in the amount of \$75.00 for residents. Director Russell seconded said motion, which carried unanimously. After additional discussion, Director Russell moved that the Board declare Stage 2 drought conditions for Artesia. Director Moore seconded said motion, which carried unanimously. The Board noted that to comply with the amended Drought Contingency Plan, notice of adoption of same must be published, and copies of amended plan should be forwarded to patrol officers.
  17. 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: Artesia Meter Station Location, 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 authorizing preparation of construction plans and specifications for improvement projects including trunkline and pumping station between the Artesia Elevated Storage Tank and the Ground Storage Tank site. Mr. Jim Waggoner presented a report regarding the need for additional improvements to the Artesia water system. He recommended the Board consider limiting water use for construction purposes to the District's water well. After discussion on the matter, Director Adams moved that the Board require construction companies and builders use the water well for construction water, including soil conditioning, grading and compaction, conditioned on the sufficiency of the District's water system. Director Moore seconded said motion, which carried unanimously. The Board discussed the immediate improvements needed, including a 24-inch meter, pump station at elevated storage tank, and pump straight from 18-inch line to elevated storage tank. After discussion, Director Adams moved that the Board table the matter until the next meeting. Director Moore 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 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 \$305,076.78; Mario Sinacola & Sons (Teel Parkway) in the amount of \$553,707.38; Landtec Engineers (Teel Parkway Geotechnical) in the amount of \$19,489.25; RPMX Construction (Artesia North Phase 1 Grading) in the amount of \$14,227.20. After discussion, Director Tague 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. (Savanna Phase 9B) in the amount of \$27,046.34; RKM Utility Services, Inc. (Savanna Phase 9B) in the amount of \$159,540.10; RKM Utility Services, Inc. (Savannah Phases 8E, 8F and 10C) in the amount of \$0; P.C. Contractors, LLC (Artesia Phase 5A) in the amount of \$138,585.86; RKM Utility Services, Inc. (Savannah Phase 11A) in the amount of \$104,445.00; and RKM Utility Services (Arrow Brook Phase 1) in the amount of \$214,978.59. After discussion, Director TenBroeck moved that the Board approve these pay applications as presented. Director Adams seconded said motion, which carried unanimously. Mr. Koehler then presented change orders from RKM Utility Services (Artesia North Phase 1 Utilities) in the amount of \$2,500.00 and Pavecon Inc. (Artesia Phase 5A Paving) in the reduced amount of (\$47,131.53). After discussion, Director Moore moved that the Board approve the change orders as presented. Director Tague seconded said motion, which carried unanimously. Mr. Koehler then presented and invoice provided by Brandon Industries in the amount of \$736.00 for District signs. After discussion, Director Adams moved that the Board approve the invoice for District signs and authorize payment of same. Director Moore seconded said motion, which carried unanimously.


The Board next considered the status of necessary non-routine maintenance and repair of District facilities. Mr. Koehler reported on the repair of sidewalk on Wright Lane,

the status of pavement repair for Savannah and Artesia, and the status of Harper Road street failure and steps needed to determine cost of repairs. With regard to the Harper Road repairs, he discussed an estimate of \$31,400.00 for geotechnical for soil borings and repair.

The Board next considered the status of contract for mowing District greenbelt. The Board discussed Artesia Open Space Mowing. After discussion, Director Adams moved that the Board authorize immediate mowing of the District greenbelt in Artesia. Director Russell seconded said motion, which carried unanimously.

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

18. Consideration was next given to approval and execution of Acknowledgement Regarding Ground Storage Capacity relative to availability of such capacity to Temple Dane Water System participants, and the taking of any related action. After a brief discussion, Director Adams moved that the Board defer consideration of this matter until the next meeting. Director Moore seconded said motion, which carried unanimously.
19. 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.
20. 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 10:08 p.m.

  
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Robert Tague  
Secretary