

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

September 17, 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, September 17, 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 Russell. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Jim Koehler, P.E. and Mr. Jim Waggoner, P.E. of Graham Associates, Inc.; Mr. Jason Cork and Ms. Devon Kaemmerling of Arcadia Water Management, LLC (“Arcadia”); Mr. Todd Madison of Texas Water Company; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Mr. Lance Butler of Waste Management; Ms. Donna Wilkerson of District Management Services; Mr. Will Walton of Corona Artesia; Mr. Clay Crawford and Mr. Jonathan Finke of Crawford & Jordan LLP; Mr. Don Vandiver representing LDS Church; Ms. Christine McClusky and Mr. John Gillum, District residents; and other members of the public, including District residents.

1. After determining that a quorum was present, the President called the meeting to order at 6:04 p.m.
2. Consideration was first given to public hearing regarding adoption of District’s proposed 2015 debt service tax rate, contract tax rate, and maintenance tax rate. Upon motion by Director TenBroeck, seconded by Director Tague, and unanimously carried, the Board opened the public hearing. It was noted that no members of the public present desired to speak with regard to the proposed 2015 tax rates. In that regard, Mr. Crawford advised the Board that the Notice of Public Hearing on Tax Rate had been published in the *Denton Record Chronicle* on September 5, 2015, in accordance with the laws of the State of Texas. After discussion on the matter, Director TenBroeck moved that the Board close the hearing. Director Tague seconded said motion, which carried unanimously.
3. Consideration was next given to adoption of order setting District’s 2015 tax rates, a copy of which Order is attached hereto as **Exhibit “A”**. Mr. Crawford then advised

that the proposed 2015 total debt service tax rate was \$0.785 per \$100 assessed valuation, with \$0.345 per \$100 assessed valuation allocated for utility bonds and \$0.44 per \$100 assessed valuation allocated for road bonds; the proposed contract tax was \$0.10 per \$100 assessed valuation; and the proposed maintenance tax rate was \$0.115 per \$100 assessed valuation, for a total 2015 tax rate of \$1.00 per \$100 assessed valuation. After discussion on the matter, Director Tague moved that the Board adopt the Order Levying Taxes for 2015 debt service tax rate of \$0.785 per \$100 assessed valuation, a contract tax of \$0.10 per \$100 assessed valuation, and a maintenance tax rate of \$0.115 per \$100 assessed valuation, and adopt the 2015 Order Levying Taxes as presented. Director Moore seconded said motion, which carried unanimously.

4. Consideration was next given to approval and execution of an amendment to the District's Information Form relative to the District's 2015 tax rate. Mr. Crawford explained the statutory requirement for recordation of Information Form and noted that an amended District Information Form was not required since the District's tax rate remained \$1.00 per \$100 assessed valuation for 2015. After discussion on the matter, Director Tague moved that the Board take no action at this time. Director Moore seconded said motion, which carried unanimously.
5. Consideration was next given to public comments. The President opened the meeting to public comment and recognized Ms. McClusky, who addressed the Board regarding a possible problem with the HOA watering in the Toledo Bend Road area in violation of the watering restrictions. The President then recognized Mr. Gillum, who addressed the Board regarding utility billing issues and a credit due his account of \$98.00. The President then recognized Mr. Vandiver, who addressed the Board regarding the church and the request for median opening on Magnolia. 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 Tague and unanimously carried, the President closed the public comment session of the meeting.
6. Consideration was next given to the (a) review and approval of the Minutes of the August 20, and September 8, 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 Moore moved that the Board approve items (a), (b), (c), and (d) appearing under the Consent Agenda as presented. Director Tague seconded said motion, which carried unanimously.
7. Consideration was next given to the status of matters relating to the contract with Waste Management, including 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 ongoing discussions with Waste Management regarding solutions. The President recognized Mr. Butler, who also reported to the Board on the matter. No action was taken on the matter.

8. Consideration was next given to the request for Magnolia median opening to serve church proposed for Savannah Town Center. The President recognized Mr. Vandiver, who requested Board approval of a median cut on Magnolia to allow for ingress and egress for a church to be constructed on the Savannah Town Center site. The Directors discussed the impact on traffic resulting from the proposed median opening, as well as utility availability and detention concerns. After discussion on the matter, Director Adams moved that the Board table the matter until its next meeting. Director TenBroeck seconded said motion, which carried unanimously.
9. Consideration was next given to the report on Artesia Utility System operations, and authorizing expenditure of funds for operation and maintenance of water facilities. The President recognized Ms. Kaemmerling and Mr. Cork, who reported relative to Artesia utility billing and service operations, including a discussion on pump repair and removal of rubbish. Ms. Kaemmerling also requested reimbursement of \$120.00 for customer repair. After discussion, Director Adams moved that the Board reimburse the \$120.00 for customer repair. Director TenBroeck seconded said motion, which carried unanimously. After discussion on the report presented, Director Moore moved that the Board approve the report and expenditure of funds as presented, and further moved that the Board authorize Arcadia to follow the protocol for use of well for construction contracts. Director TenBroeck seconded said motion, which carried unanimously.
10. Consideration was next given to customer utility service and billing complaints/requests. Ms. Kaemmerling reported on customer utility service and billing complaints/requests and disposition of same. She discussed the accounts of Gillum, Palmer, and Martinez. After discussion on the matter, Director Adams moved that the Board waive the outstanding amount of \$98.00 on Mr. Gillum's account, as Arcadia could find no evidence of the reasons for the \$98.00 charge. Director TenBroeck seconded said motion, which carried unanimously. After additional discussion, Director Moore moved that the Board close this section of the meeting. Director TenBroeck seconded said motion, which carried unanimously.
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 Ms. Wilkerson, who presented an activity/incident report for August. After discussion, Director Moore moved that the Board accept the activity/incident report as presented. Director TenBroeck seconded said motion, which carried unanimously.
12. Consideration was next given to approval and execution of contract for engagement of District Management Resources, LLC to assist in the general management affairs of the District; consider approval and execution of contracts for service patrolman services; consider approval and execution of contract with Greg Wilkerson d/b/a Blue Line Services for law enforcement coordination. After a brief discussion on the matter,

Director TenBroeck moved that the Board table the matter until the next meeting. Director Moore seconded said motion, which carried unanimously.

13. 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, including notice of public hearing for adoption of Parks Plan. After a brief discussion on the matter, upon motion made by Director Tague, seconded by Director Moore and unanimously carried, the Board scheduled a public hearing for October 7, 2015, at 6:00 p.m. at the Savannah Clubhouse, 701 Savannah Boulevard, Savannah Texas, and authorized publication of notice of same.
14. 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, including verification that construction on FM 1385 will not conflict with future meter station at Fish Trap and FM 1385. In that regard, Mr. Koehler discussed with the Board the status of the following projects: Savannah Phase 11A, Artesia Teel Boulevard, Artesia North Phase 1, Artesia North Phase 4, Savannah Phases 8E, 8F, and 10C, Arrow Brooke Phase 1, Artesia Phase 5A, and Artesia Meter Station.

The Board then considered authorizing preparation of construction plans and specifications for improvement projects, including permanent metering station and connection to Upper Trinity Regional Water District ("UTRWD") water transmission lines, pumping station improvements at Artesia Elevated Water Storage Tank and improvements between Artesia Elevated Water Storage Tank site and the Ground Storage Tank site. Mr. Koehler presented two proposed engineering services contracts for preparation of plans for the connection to the UTRWD transmission line and meter station, and the pump house and connection between the existing 18-inch water supply line and the existing elevated water tank for \$43,500.00 and \$48,500.00, respectively. After discussion on the matter, Director Adams moved that the Board approve the contracts and authorize preparation of construction plans and specifications for the connection to the UTRWD transmission line and meter station, and the pump house and connection line at the existing elevated water tank for an estimated cost of \$43,500.00 and \$48,500.00, respectively. Director Moore seconded said motion, which carried unanimously.

The Board next considered approval of construction plans and specifications and advertising for bids for contract(s) for improvement projects, including construction plans and specifications for Artesia Phase 5B and Savannah Gardenia Village Commercial Buildings. After discussion, Director Adams moved that the Board approve the construction plans and specifications and authorize advertising for bids for water, sanitary sewer, storm drainage facilities and paving for Artesia Phase 5B. Director TenBroeck seconded said motion, which carried unanimously. After additional discussion, Director Adams moved that the Board approve the construction plans and specifications and authorize advertising for bids for water, sanitary sewer, storm drainage facilities and paving for the Savannah Gardenia Village Office Park

Commercial Buildings. Director TenBroeck 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 \$557,600.49; Mario Sinacola & Sons (Teel Parkway) in the amount of \$160,718.02; Landtec Engineers (Teel Parkway Geotechnical) in the amount of \$41,343.75; RPMX Construction (Artesia North Phase 1 Grading) in the amount of \$23,661.45; RKM Utility Services (Artesia North Phase 1 Utilities) in the amount of \$3,760.20; and RKM Utility Services (Artesia North Phase 1 Paving) in the amount of \$99,480.42. After discussion, Director TenBroeck moved that the Board approve these pay applications as presented. Director Tague 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 \$0; P.C. Contractors, LLC (Artesia Phase 5A) in the amount of \$0; RKM Utility Services, Inc. (Savannah Phase 11A) in the amount of \$810,545.85; and RKM Utility Services, Inc. (Arrow Brook Phase 1) in the amount of \$971,200.98. After discussion, Director TenBroeck moved that the Board approve these pay applications as presented. Director Adams seconded said motion, which carried unanimously.

The Board next considered acceptance of certificate of completion and authorizing final acceptance of projects, including Artesia North Phase 1A. Mr. Koehler reported that the final inspection was held on August 17, 2015, and recommended acceptance of the project. After discussion, Director Moore moved that the Board accept the certificate of completion, and authorize final acceptance of Artesia North Phase 1A. Director TenBroeck seconded said motion, which carried unanimously.

The Board next considered approval/status of Engineering Task Order(s), including design of improvements to Artesia Water System; tree issue in front of stop signs in Savannah, repair of stop signs at Magnolia and Lighthouse in front of school and addition of stop sign at Toledo Bend and Texoma Trail at park. Mr. Koehler presented a proposal from Brandon Industries to repair school stop sign and construct new stop sign at an estimated cost of \$910.00. After discussion on the matter, Director TenBroeck moved that the Board approve the proposal for repair of school stop sign and construction of new stop sign at an estimated cost of \$910.00. Director Adams 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 a fire hydrant on Teel Parkway by Golden Trial Fire Protection Inc. at a cost of \$1,393.00. After discussion, Director Adams moved that the Board approve the repair of the fire hydrant and authorize payment of invoice regarding same. Director Moore seconded said motion, which carried unanimously.


The Board next considered the status of contract for mowing District greenbelt. Mr. Koehler noted that the mowing has been completed.

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

15. 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. Mr. Crawford reported to the Board on such matter. After a brief discussion, the President determined that no action was required on this matter.
16. Consideration was next given to the status of enforcement of the Drought Contingency Plan, including authorizing actions as appropriate. The President noted that such matter was discussed earlier in the meeting.
17. Consideration was next given to approval of Agreement among District, Corona Artesia, LLC, and Sealed Bid DFW, L.P. regarding financing of improvements to Artesia Water System. Mr. Crawford presented and reviewed with the Board the proposed Agreement, a copy of which is attached hereto as **Exhibit "E"**. After discussion, Director Moore moved that the Board approve the Agreement and authorize execution of same. Director TenBroeck seconded said motion, which carried unanimously.
18. 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. The President recognized Mr. Crawford, who presented and reviewed with the Board the Resolution and Preliminary Official Statement and Notice of Sale, a copy of which is attached hereto as **Exhibit "F"**. The President recognized Ms. Bloomfield, who expressed concerns with using Bank of New York as the Paying Agent/Registrar. After discussion on the matter, Director Adams moved that the Board approve the 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, with the exception of changing the Paying Agent/Registrar to Bank of Texas. Director Moore seconded said motion, which carried unanimously.
19. 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. Mr. Crawford presented a proposed engagement letter from McCall Gibson Swedlund Barfoot, PLLC. After discussion on the matter, including the scope of services and proposed fee, Director Moore moved that the Board engage McCall Gibson Swedlund Barfoot, PLLC to prepare an audit relative to payment of proceeds

from the District's \$11,000,000 Unlimited Tax Bonds, Series 2015. Director TenBroeck seconded said motion, which carried unanimously.

20. Consideration was next given to amendment of District Rate Order. The President recognized Mr. Finke, who reviewed with the Board the proposed changes to the District Rate Order, a copy of which is attached hereto as **Exhibit "G"**. After discussion on the matter, Director Moore moved that the Board adopt the amended Rate Order as presented, and hereby revoke all previous rate orders. Director Adams seconded said motion, which carried unanimously.
21. Consideration was next given to approval of Order Adopting Policies regarding Maintenance, Repair and Improvement of Sidewalks and Landscaping in Road Right-of-Way. Mr. Crawford addressed the Board regarding the proposed Order. After discussion on the matter, Director Tague moved that the Board authorize Crawford & Jordan LLP to prepare such Order Adopting Policies Regarding Maintenance, Repair and Improvement of Sidewalks and Landscaping in Road Right-of-Way for consideration at the next regular meeting of the Board. Director Adams seconded said motion, which carried unanimously.
22. Consideration was next given to approval of 2015 City of Aubrey – Navo Station Fire Budget. Ms. Bloomfield reviewed the proposed budget with the Board, a copy of which is attached hereto as **Exhibit "H"**. After discussion, Director TenBroeck moved that the Board approve the 2015 City of Aubrey – Navo Station Fire Budget, as presented. Director Tague seconded said motion, which carried unanimously.
23. 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.
24. After noting that no further business was to come before the Board, upon motion duly made by Director Moore, seconded by Director Adams, and unanimously carried, the meeting was adjourned at 8:41 p.m.



Robert Tague
Secretary