

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

October 15, 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, October 15, 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 Moore. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Jim Koehler, P.E. and Mr. Jim Wagnon, P.E. of Graham Associates, Inc. (“GAI”); 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. Greg Lentz of FirstSouthwest Company; Chief Greg Wilkerson of District Management Services; Mr. Clay Crawford of Crawford & Jordan LLP; Ms. Christine McClusky and Ms. Judy Hyduke, 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 6:05 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment and recognized Ms. Hyduke who requested that a Christmas event flyer by the Savannah HOA social committee be included in the November billing. The President then recognized Ms. McClusky, who thanked the Board for installation of stop signage within Artesia. 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 TenBroeck, seconded by Director Russell 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 September 17, and October 7, 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), (b), and (c) appearing under the Consent Agenda as presented. Director TenBroeck seconded said motion, which carried unanimously. After additional discussion, Director Russell moved that the Board approve item (d) appearing under the Consent Agenda, with two additional checks: check no. 8188 to Drivers Edge in the amount of \$849.70, and check no. 8189 to Arcadia Water Management in the amount of \$7,235.66. Director Tague seconded said motion, which carried unanimously.

4. Consideration was next given to the status of matters relating to the contract with Waste Management, including pick up services issues and request that Waste Management provide dumpster to Artesia for residents' spring cleaning; and authorize actions under the service contract. The President recognized Director TenBroeck, who provided a report regarding recent service performance. He noted that the service level continues to improve. No action was taken on the matter.
5. Consideration was next given to the operator's report regarding the Artesia Utility System, including customer utility service billing complaints/requests and appeals, maintenance of water facilities; 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, and noted that all operations are going well with no maintenance and operations issues to report. They noted that the water levels in the ground storage tank and elevated storage tank are being maintained at acceptable levels. Ms. Kaemmerling then discussed with the Board an appeal from Ms. Maritza Martinez. She noted that no bills for service to the Martinez account have been paid since June 15 bill. Mr. Cork confirmed that the meter is functioning properly, there are no leaks, and she owes a total of \$560.27, which does not include late fees. After discussion, Director TenBroeck moved that the Board waive all late charges and penalties, and approve payment of the outstanding amount over a three month period. Director Tague 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 Adams seconded said motion, which carried unanimously.
6. Consideration was next given to status of enforcement of Drought Contingency Plan, including authorizing actions as appropriate. The Board discussed the Artesia HOA violation and the bill for \$4,000. Chief Wilkerson noted that most violations have been documented. He reported that the Lennar homes under construction will be notified of excess water use and the failure to request a variance. After a brief discussion, it was noted that no action was needed.
7. Consideration was next given to customer utility service and billing complaints/requests for Savannah residents. It was noted that no complaints/requests had been received; and therefore, no action was required.

8. Consideration was next given to request from Savannah HOA Social Committee to include flyer in next monthly utility billing concerning Christmas events. After discussion, Director Tague moved that the Board approve the request from Savannah HOA Social Committee to include a flyer in the next monthly utility billing concerning Christmas events, subject to the HOA providing the flyers to Beth Kazel at Mustang Special Utility District before November 10, 2015, and pay approximately \$14.00 to cover additional costs. Director TenBroeck 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. The President recognized Chief Wilkerson, who presented an activity/incident report for September. He addressed the Board regarding an allowance for car maintenance/repair. After discussion on the matter, Directors Adams moved that the Board authorize Blue Line Services to spend up to \$1,000 per month for car maintenance/repair. Director TenBroeck seconded said motion, which carried unanimously. Chief Wilkerson then proposed that Blue Line Services remove trash and address nuisance matters at three sites within Artesia at an estimated cost of \$1,100, which costs includes a dumpster. After discussion, Director Adams moved that the Board authorize Blue Line Services to proceed with trash removal and nuisance matters at a cost of \$1,100. Director Tague seconded said motion, which carried unanimously. After additional discussion, Director Tague moved that the Board accept the activity/incident report as presented. Director Russell seconded said motion, which carried unanimously.
10. Consideration was next given to approval and execution of contract for engagement of Advantage Leadership Resources, LLC to assist in the general management affairs of the District and law enforcement coordination; consider approval and execution of contracts for service patrolman services. Mr. Crawford reviewed terms of the contract regarding scope of services and fee structure, noting that the contract combined the law enforcement coordination of the Blue Line Services contract with a general management contract. He discussed issues with insurance coverage. After considerable discussion, Director Adams moved that the Board terminate its contract with Blue Line Services; and approve the contract with Advantage Leadership Resources, LLC, subject to receipt of an insurance proposal from HARCO Insurance Services, not to exceed 120% of cost of existing insurance policy. Director Tague seconded said motion, which carried unanimously.
11. 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 filing of Plan and Application. After a brief discussion on the matter, the President noted that no action was required at this time.
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 "D"**. The Board then considered the status of construction projects within the District. 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, and Artesia Phase 5A.

The Board next considered approval of construction plans and specifications and advertising for bids for contract(s) 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 site and the Ground Storage Tank site. Mr. Koehler reviewed the plans with the Board, noting that they are 90-95% complete; have been reviewed with UTRWD; and are subject to minor modifications. After discussion, Director Russell moved that the Board approve the construction plans and specifications and authorize advertising for bids for permanent metering station and connection to UTRWD water transmission lines, pumping station improvements at Artesia Elevated Water Storage Tank site and the Ground Storage Tank site, subject to modifications proposed by UTRWD regarding 8-inch meter and meter on 24-inch line. Director Tague seconded said motion, which carried unanimously.

The Board next considered award of contracts for construction of improvement projects and issuance of notices to proceed, including award of contract for construction of improvement projects and issuance of notices to proceed for Artesia Phase 5B and Savannah Gardenia Village Office Park Commercial Buildings. Mr. Koehler presented correspondence dated October 12, 2015, reporting that five (5) bids were received for the Artesia Phase 5B Paving Improvements, with the low bidder being RKM Utility Services, Inc. in the amount of \$486,806.00. He then presented correspondence dated October 12, 2015, reporting that six (6) bids were received for the Artesia Phase 5B Grading Improvements, with the low bidder being Kart Construction, Inc. in the amount of \$369,660.20. Mr. Koehler then presented correspondence dated October 12, 2015, reporting that seven (7) bids were received for the Artesia Phase 5B Water, Sanitary Sewer and Storm Drainage Improvements, with the low bidder being CW Young Construction, Inc. in the amount of \$388,046.00. After discussion on the matter, Director TenBroeck moved that the Board award the contract for Artesia Phase 5B Paving Improvements to RKM Utility Services, Inc. in the amount of \$486,806.00; the contract for Artesia Phase 5B Grading Improvements to Kart Construction, Inc. in the amount of \$369,660.20; and the contract for Artesia 5B Water, Sanitary Sewer and Storm Drainage Improvements to CW Young Construction, Inc. in the amount of \$388,046.00. Director Adams 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 \$513,925.20; Mario Sinacola & Sons (Teel Parkway) in the amount of \$9,637.34; Landtec Engineers (Teel Parkway Geotechnical) in the amount of \$19,028.75; RPMX Construction (Artesia North Phase

1 Grading) in the amount of \$71,019.83; RKM Utility Services (Artesia North Phase 1 Utilities) in the amount of \$87,151.44; and RKM Utility Services (Artesia North Phase 1 Paving) in the amount of \$74,345.09. Mr. Koehler then reviewed invoices to be approved by the Board and paid by the developer for current construction contracts as follows: Pavecon Public Works, LP (Artesia Phase 5A, Paving) in the amount of \$436,648.94; RKM Utility Services, Inc. (Savannah Phases 8E, 8F and 10C) in the amount of \$126,396.09; RKM Utility Services, Inc. (Savannah Phase 11A) in the amount of \$38,992.50; RPMx Construction, LLC (Savannah Phase 11A) in the amount of \$36,045.54; RPMx Construction, LLC (Savannah Phase 11A) in the amount of \$140,400.00; RPMx Construction, LLC (Savannah Phase 11A) in the amount of \$4,864.76; and RKM Utility Services, Inc. (Arrow Brook Phase 1) in the amount of \$651,148.20. After discussion, Director TenBroeck moved that the Board approve all pay applications as presented. Director Russell seconded said motion, which carried unanimously.

The Board next considered the status of necessary non-routine maintenance and repair of District facilities, including improvements to ground water storage site to allow contractors to use well water for construction purposes. Mr. Koehler presented an estimate from Garrison Plumbing Services in the amount of \$5,800 for modification of plumbing at existing well head to create a fill station for Contractor's to use. After discussion, Director TenBroeck moved that the Board approve the estimate from Garrison Plumbing Services in the amount of \$5,800.00. Director Adams 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.

13. Consideration was next given to receiving and acting upon bids for the purchase of the District's \$11,000,000 Unlimited Tax Bonds, Series 2015 ("Bonds"). Mr. Lentz advised that six (6) bids had been received and recommended award of the sale of the Bonds to the low bidder SAMCO Capital Markets at a net effective interest rate of 3.062236%. A bid tabulation is attached hereto as Exhibit "E". After discussion on the matter, Director Tague moved that the Board award the sale of the Bonds to the low bidder, SAMCO Capital Markets at a net effective interest rate of 3.062236%. Director TenBroeck seconded said motion, which carried unanimously.
14. Consideration was next given to adoption of an Order Authorizing the Issuance of \$11,000,000 Denton County Fresh Water Supply District No. 10 Unlimited Tax Bonds, Series 2015, Levying an Ad Valorem Tax in Support of the Bonds, Approving an Offering Document; Authorizing the Execution of a Paying Agent/Registrar Agreement; Awarding the Sale of the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds. Mr. Crawford presented and reviewed with the Board such Order, a copy of which is attached hereto as Exhibit "F". After discussion on the matter, Director TenBroeck moved that the Board adopt such Order and authorize execution of same. Director Adams seconded said motion, which carried unanimously.

15. 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, a copy of which is attached hereto as Exhibit "G". After discussion on the matter, Director TenBroeck moved that the Board approve the Order Adopting Policies Regarding Maintenance, Repair and Improvement of Sidewalks and Landscaping in Road Right-of-Way and authorize execution of same. Director Russell seconded said motion, which carried unanimously.
16. Consideration was next given to matters relating to the UTRWD Northeast Regional Water Reclamation System Participating Customer Contract, including amendment to increase subscription and supplemental agreement for participation in costs of improvement to Riverbend Water Reclamation Plant. Mr. Crawford addressed the Board regarding such matter. After a brief discussion, the President determined no action was required at this time.
17. Consideration was next given to making request to City of Aubrey Navo Station Fire to attend the monthly Board meeting and provide a report to the Board regarding fire related incidents occurring in the District for the month previous to the Board meeting. After a brief discussion, the President determined that no action was required at this time.
18. 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.
19. After noting that no further business was to come before the Board, upon motion duly made by Director TenBroeck, seconded by Director Tague, and unanimously carried, the meeting was adjourned at 8:18 p.m.



Robert Tague
Secretary

Dane Kristin Russell
Assist. Sec.