

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

November 19, 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, November 19, 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. Jim Koehler, P.E. of Graham Associates, Inc. (“GAI”); Mr. Jason Cork and Ms. Devon Kaemmerling of Arcadia Water Management, LLC (“Arcadia”); Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Chief Greg Wilkerson of Advantage Leadership Resources; Mr. Art Andersen representing Field Street Development I, Ltd.; Mr. Clay Crawford and Mr. Jonathan Finke of Crawford & Jordan LLP; 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 6:07 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment and recognized Mr. Andersen who advised that he was an attorney representing Field Street Development I, Ltd. There was discussion on the status of the curb cut request and the potential impact of church traffic on 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 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 October 15, 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), and (c) appearing under the Consent Agenda as presented and deferred consideration of item (d) appearing under the Consent Agenda, until the end of the meeting. Director Russell 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 authorize actions under the service contract. The President recognized Director TenBroeck, who provided a report regarding recent service performance. He noted that the Waste Management service level continues to improve. No action was taken on the matter.
5. Consideration was next given to request from Field Street Development I, Ltd. for a proposed curb cut located along Magnolia Boulevard. It was noted that a revised plan and traffic study were not received from Field Street Development I, Ltd. until earlier in the day. After a brief discussion, Director TenBroeck moved that the Board table the matter until the Board has had time to review the revised plan, the traffic study, and perform its own due diligence while considering the request. Director Russell seconded said motion, which carried unanimously.
6. Consideration was next given to approval and execution of proposal for preparation of a traffic study regarding proposed development of Savannah Town Center Tract. Director Adams addressed the Board regarding the need to perform due diligence when considering any proposed development and the role the retention of Stantec to perform a traffic study has in such due diligence. After discussion, Director Adams moved that the Board retain Stantec to perform the traffic study. Director TenBroeck seconded said motion, which carried unanimously.
7. Consideration was next given to report from Advantage Leadership Resources, LLC regarding general management affairs of the District and law enforcement coordination; consider approval of execution of independent contractor agreements for patrol services; and authorize actions and expenditures as necessary. Chief Wilkerson presented a General Manager's report for October 2015, a copy of which is attached hereto as **Exhibit "D"**. He discussed with the Board appeals for Artesia Subdivision for the prior month, including (i) payment arrangement for 16417 White Rock; (ii) payment arrangement for 1805 Brownwood; (iii) alleged sprinkler system malfunction for 16028 Cross Lake; (iv) reimbursement sought from 2013 repairs 1301 Nacona; (v) reduction of consumption amounts sought for 1320 Nacona; and (vi) request for review due to high bills for 1429 Nacona. Chief Wilkerson noted that payment arrangements for items (i) and (ii) were approved by Director TenBroeck. After discussion on the matter, Director Adams moved that the Board take no action on item (iii). Director TenBroeck seconded said motion, which carried unanimously. Director Adams then moved that the Board deny the request of item (iv). Director TenBroeck seconded said motion, which carried unanimously. Director Adams then moved that the Board deny the request of item (v). Director Moore seconded said motion, which carried unanimously. With regard to item (vi), the Board took no action. After discussion on the report presented, Director Moore moved that the Board approve

the report provided by Advantage Leadership Resources, LLC. Director TenBroeck seconded said motion, which carried unanimously.

8. 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. A copy of such report is attached hereto as **Exhibit "E"**. The President recognized Ms. Kaemmerling and Mr. Cork, who reported relative to Artesia utility billing and service operations, and maintenance and operations issues, including minor repairs for debris. They noted that water flows of the Artesia Water System have increased and reported on the status of the well meter. Mr. Cork reported that the meter at 16201 Cross Lake is too low, and needs to be raised. He noted that he will request an estimate. After discussion on the report presented, Director Russell moved that the Board approve the report and expenditure of funds as presented. Director TenBroeck seconded said motion, which carried unanimously.
9. Consideration was next given to status of enforcement of Drought Contingency Plan, including authorizing actions as appropriate. After a brief discussion, upon motion made by Director Adams, seconded by Director Russell and unanimously carried, the Board determined to table the matter.
10. Consideration was next given to customer utility service and billing complaints/requests for Savannah residents. Ms. Bloomfield discussed the situation regarding Steve Young's account where the payment was applied to an old account. After discussion Director Adams moved that the Board return the payment made on the old account to Mr. Young, so that the money may be repaid to the correct account. Director TenBroeck seconded said motion, which carried unanimously.
11. 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 "F"**. 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, Artesia Phase 5A, and Savannah – Artesia Pavement Repairs.

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, including two addendums that have been issued for this project.

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 Water System

Project and Savannah Gardenia Village Office Park Commercial Buildings. Mr. Koehler reported that the bid opening for such project has been delayed until November 23, 2015, due to numerous contractor questions. He further reported that revised plans for Gardenia Village have been received; and a meeting between the Developer and Board members has been scheduled.

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: Mario Sinacola & Sons (Teel Parkway) in the amount of \$429,443.10; Landtec Engineers (Teel Parkway Geotechnical 9/25/15) in the amount of \$33,172.50; and Landtec Engineers (Teel Parkway Geotechnical 10/30/15) in the amount of \$23,746.75. 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 developer for current construction contracts as follows: RKM Utility Services, Inc. (Savannah Phases 8E, 8F and 10C) in the amount of \$635,123.25; RKM Utility Services, Inc. (Savannah Phase 11A) in the amount of \$45,378.00; RPMx Construction, LLC (Savannah Phase 11A) in the amount of \$17,853.66; RKM Utility Services, Inc. (Arrow Brook Phase 1) in the amount of \$112,841.37; RPMx Construction, LLC (Artesia Phase 5A, Grading) in the amount of \$5,556.60; and P. C. Contractors, LLC (Artesia Phase 5A, Utilities) in the amount of \$9,072.90. After discussion, Director Russell moved that the Board approve these pay applications as presented. Director TenBroeck seconded said motion, which carried unanimously. Mr. Koehler then reviewed invoices to be approved by the Board for District projects as follows: WOPAC Construction, Inc. (Savannah-Artesia Pavement Repairs) in the amount of \$15,165.65. After discussion, Director Moore moved that the Board approve these pay applications as presented. Director Russell seconded said motion, which carried unanimously.

The Board next considered acceptance of certificate of completion and authorizing final acceptance of projects, including Azalea Phase 11A. Mr. Koehler presented correspondence dated November 9, 2015, recommending acceptance of certificate of completion and authorizing final acceptance of project, subject to receipt of two-year maintenance bond, affidavit of bills paid and unconditioned release of lien, as-built plans and final change order. After discussion, Director Russell moved that the Board accept the certificate of completion and authorize final acceptance of Azalea Phase 11A, subject to receipt of two-year maintenance bond, affidavit of bills paid and unconditioned release of lien, as-built plans and final change order. Director Adams seconded said motion, which carried unanimously.

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

12. Consideration was next given to status of allocation of water meter permit availability and any necessary adjustment thereof. The President recognized Mr. Cork, who reported on the increase in flow in the Artesia Water System. After a brief discussion on the matter, Director Adams moved that the Board table the matter until the next meeting to allow for additional observation of increase in flow. Director TenBroeck seconded said motion, which carried unanimously.
13. Consideration was next given to approval of agreed upon procedures report relative to the payment of proceeds of the District's \$11,000,000 Unlimited Tax Bonds, Series 2015 (the "Bonds"), and consideration of authorizing disbursement of Bond proceeds in accordance with same. Ms. Blake presented and reviewed the draft agreed upon procedures report, a copy of such report is attached hereto as **Exhibit "G"**. After discussion on the matter, Director TenBroeck moved that the Board approve the agreed upon procedures report as presented, and authorize disbursement of Bond proceeds in accordance with same. Director Moore seconded said motion, which carried unanimously.
14. Consideration was next given to authorizing execution of an Amendment to the District's Information Form relative to the Bonds. Mr. Crawford presented the Amendment to the District Information Form and noted the statutory requirement for recordation of such Amendment. After discussion on the matter, Director Moore moved that the Board authorize execution of the Amendment to the District's Information Form and authorize recordation of same. Director TenBroeck seconded said motion, which carried unanimously.
15. Consideration was next given to approval and execution of Conveyances of Utility Facilities relative to facilities to be purchased with Bond proceeds. Mr. Crawford presented and reviewed with the Board a Conveyance of Facilities (Water, Wastewater, and Drainage Facilities—Savannah Phases 8D, 9A, 10B, 9B, and 10A, Denton County, Texas) and a Conveyance of Facilities (Water, Wastewater, and Drainage Facilities—Savannah, Phases 8A and 8B, Denton County, Texas). After discussion on the matter, Director Moore moved that the Board approve the Conveyances of Facilities and authorize execution of same. Director Adams seconded said motion, which carried unanimously.
16. Consideration was next given to acceptance and execution of Receipts and Releases relative to funds disbursed in connection with Bond proceeds. Mr. Crawford presented and reviewed with the Board a Receipt and Release (CHS Savannah Oglethorpe, LLC) (Water, Wastewater, and Drainage – Savannah Phases 8A and 8B, Denton County, Texas); a Receipt and Release (CHS Savannah, L.P.) (Water, Wastewater, and Drainage, Savannah Phases 7, 8D, 9A, 10B, 9B and 10A, Denton County, Texas); and a Receipt and Release (Sealed Bid DFW, L.P.) (Elevated Water Storage Tower – Artesia, Denton County, Texas) (Water, Wastewater and Drainage – Artesia Phase 1, Denton County, Texas) (Water, Wastewater, and Drainage – Artesia Phases 4A & 4B, Denton County, Texas) AND (Water, Wastewater, and Drainage—Artesia Phase 4C, Denton County, Texas). After discussion on the matter, Director Moore moved that

the Board approve all three Receipts and Releases and authorize execution of same. Director TenBroeck seconded said motion, which carried unanimously.

17. Consideration was next given to approval of an audit report for the fiscal year ended July 31, 2015. Ms. Blake presented and reviewed with the Board a draft audit report for the fiscal year ended July 31, 2015, a copy of which is attached hereto as **Exhibit "H"**. After discussion on the audit report, Director Russell moved that the Board approve the report, as presented. Director Moore seconded said motion, which carried unanimously.
18. Consideration was next given to approval and execution of Upper Trinity Regional Water District Northeast Regional Water Reclamation System Amendment to Participating Customer Contract, to increase subscription in Doe Branch Water Reclamation Plant. Mr. Crawford presented and reviewed such Amendment with the Board. After discussion, Director TenBroeck moved that the Board approve the Amendment and authorize execution of same. Director Adams seconded the motion, which carried unanimously.
19. Consideration was next given to approval of insurance proposals received from HARCO Insurance Services relative to the District's insurance coverage. Mr. Finke reviewed the proposals with the Board. The Board also considered the execution of the contract with Advantage Leadership Resources, LLC, as such contract had been contingent on the approval of the insurance policies received from HARCO. After discussion on the matter, Director Adams moved that the Board approve the proposals as received from HARCO, including, but not limited to the following amounts: general liability \$10,000,000, law enforcement \$10,000,000, directors \$3,000,000, and consultants \$50,000, and the execution of the contract with Advantage Leadership Resources, LLC. Director TenBroeck seconded said motion, which carried unanimously.
20. Consideration was next given to cancellation of insurance policies received from SIG McDonald & Wessendorff relative to the District's insurance coverage for term expiring October 1, 2016. After discussion, Director Moore moved that the Board cancel its insurance policies with SIG McDonald & Wessendorff. Director TenBroeck seconded said motion, which carried unanimously.
21. 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. Mr. Koehler noted an inventory of recreation amenities and input on what park improvements citizens would like to see was attached to the engineer's report. After a brief discussion on the matter, the President noted that no action was required at this time.
22. 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.

23. Upon motion duly made by Director Russell, seconded by Director TenBroeck, and unanimously carried, the meeting was temporarily adjourned at 8:30 p.m.
24. Upon motion duly made by Director Russell, seconded by Director Moore, and unanimously carried, the Board reopened the meeting at 8:32 p.m.
25. Consideration was next given to 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 the Bookkeeper's report, and authorize payment of bills listed thereon. Director Moore seconded said motion, which carried unanimously.
26. After noting that no further business was to come before the Board, upon motion duly made by Director TenBroeck, seconded by Director Moore, and unanimously carried, the meeting was adjourned at 8:42 p.m.



Kris Russell Robert Tague
Asst. Secretary