

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

**January 21, 2016**

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, January 21, 2016, 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. of Graham Associates, Inc. (“GAI”); Mr. Todd Madison of Texas Water Company; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Chief Greg Wilkerson and Mrs. Donna Wilkerson of Advantage Leadership Resources; Mr. Lance Butler of Waste Management; Mr. Will Walton of Corona Artesia; Ms. Amy Foster, Mr. John Gillum, and Mr. Joe Paul, District residents; 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 6:05 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment and recognized Mr. Art Anderson, who addressed the Board regarding the Field Street Development I, Ltd. (“Field Street”) request for a curb cut on Magnolia Boulevard. He noted that a traffic study was presented by Field Street in November; however, the Board decided to engage its own traffic consultant to prepare a study. He further noted GAI provided a report in December and Stantec has provided a report prior to this meeting. Mr. Anderson stated that there is no technical reason for the curb cut not to be approved. The President then recognized Ms. Christine McClusky, who addressed the Board regarding the removal of damaged water restriction signs. 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 Tague 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 December 17, 2015, December 29, 2015, and January 7, 2016, 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"**; and (e) review and approval of Amended General Fund Operating Budget. After discussion on the matter, Director TenBroeck moved that the Board approve all items appearing under the Consent Agenda as presented. Director Russell seconded said motion, which carried unanimously.
4. Consideration was next given to acceptance of resignation of Kurt W. Moore. Mr. Crawford presented the letter of resignation, dated January 21, 2016, provided by Kurt W. Moore. After discussion, Director Tague moved that the Board accept the resignation of Kurt W. Moore. Director TenBroeck seconded said motion, which carried unanimously.
5. Consideration was next given to appointment of new director to fill the vacancy created by the resignation of Kurt W. Moore, including acceptance of Statement of Officer, Oath of Office and Affidavit of Director. Director TenBroeck nominated Ms. Amy Foster for appointment to the vacancy on the Board. He noted that she is a resident of Savannah, and very involved in the community, particularly with respect to Denton Independent School District matters affecting the District. Director Adams seconded said nomination. Director Russell nominated Mr. John Gillum for appointment to the vacancy. She noted that he is a resident of Artesia, and has a good rapport with the District consultants in relation to matters within the District. Such nomination died for lack of a second. Director Tague nominated appointment of Mr. Scott Stankus to the vacancy on the Board. He noted that he is active in the neighborhood and the Savannah homeowners association. The nomination died for lack of a second. After discussion, upon motion duly made by Director TenBroeck and seconded by Director Adams, the Board voted to appoint Ms. Amy Foster to the vacancy on the Board to serve the unexpired term ending May 7, 2016, with Directors Adams, TenBroeck, and Tague voting in favor of such motion, and Director Russell voting against such motion. Ms. Foster executed her Statement, Oath, and Affidavit. Director TenBroeck moved that the Board accept the Statement of Officer, Oath of Office, and Affidavit of Current Director. Director Adams seconded said motion, which carried with Directors Adams, TenBroeck, and Tague voting in favor of such motion, and Director Russell voting against such motion.
6. Consideration was next given to authorizing preparation of updated District Registration Form to reflect new director. After discussion on the matter, Director Tague moved that the Board authorize the preparation of an updated District Registration Form and the filing of same with the Texas Commission on Environmental Quality. Director TenBroeck seconded said motion, which carried unanimously.
7. Consideration was next given to execution and acceptance of Election Not to Disclose Certain Information. Ms. Foster executed the Election Not to Disclose Certain

Information. Director Adams moved that the Board accept such Election Not to Disclose Certain Information. Director Tague seconded said motion, which carried unanimously. Director Foster participated in the remainder of the meeting.

8. Consideration was next given to the status of matters relating to contract with Waste Management, including pick up service issues; and authorizing actions under service contract. Chief Wilkerson reported on communication issues and continued problems with obtaining reports. Mrs. Wilkerson reported that the complaint reports show services are getting better; however, she does not believe that all complaints are being logged. It was noted that the Waste Management drivers are not completing their routes, especially on new streets, and queried possible GPS issues. Director TenBroeck also addressed service issues, as well as communication issues and lack of response. The President recognized Mr. Butler, who noted that the number of complaints has been cut in half, and acknowledged that incorrect phone numbers have made it difficult to go back and check if complaints were received. Mr. Butler noted that all calls should be referred through Lewisville and that he will have such inaccurate information corrected. Mrs. Wilkerson noted Advantage Leadership Resources received three (3) complaints from residents in Savannah during the month and two (2) complaints from residents in Artesia. Ms. Bloomfield queried possible account solutions. Upon motion by Director Adams, seconded by Director TenBroeck, the Board voted unanimously to convene into Executive Session at 6:39 p.m. pursuant to Section 551.071, Texas Government Code, to consult with District Counsel to discuss legal issues related to the Waste Management contract.

Upon motion by Director TenBroeck, seconded by Director Tague, the Board voted unanimously to reconvene the meeting in open session at 6:48 p.m.

After reconvening into regular session, Director Russell moved that the Board authorize the District counsel to transmit correspondence to Waste Management indicating its default under the contract and giving 60 days to cure such default. Such motion was seconded by Director Tague, and carried unanimously.

9. Consideration was next given to the status of the District traffic studies in connection with request from Field Street for a proposed curb cut located along Magnolia Boulevard and request of Justin Case LLC for curb cut on Gardenia Boulevard. Mr. Koehler reviewed both traffic studies provided by Stantec. After discussion on the traffic studies presented, Director Adams moved that the Board table consideration of the traffic study in connection with the request from Field Street based on the incomplete scope of the traffic study presented by Stantec and authorize Stantec to amend the traffic study to consider the proper number of access points to the Field Street property as shown by the plan submitted by Field Street. Director TenBroeck seconded said motion, which carried unanimously. Director Adams then moved that the Board approve the traffic study and request of Justin Case LLC for curb cut on Gardenia Boulevard. Director Foster seconded said motion, which carried unanimously.

10. Consideration was next given to report from Advantage Leadership Resources, LLC regarding general management affairs of the District and law enforcement coordination; consider customer utility and trash service billing complaints/requests and appeals; 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 December 2015, a copy of which is attached hereto as **Exhibit "D"**. He discussed with the Board various issues within the District during the month, including maintenance issues. Chief Wilkerson provided a quote in the amount of \$1,059.00 for barricades. After discussion, Director TenBroeck moved that the Board approve purchase of barricades in the amount of \$1,059.00. Director Adams seconded said motion, which carried unanimously. Chief Wilkerson then requested authority to solicit quotes for trucks and financing of same. After discussion, Director Adams moved that the Board authorize solicitation of bids for the purchase of a truck and financing proposals. Director TenBroeck seconded said motion, which carried unanimously. After further discussion on issue with road problem, Director Adams moved that the Board authorize approval of road repair if under \$5,000, as a change order to contract. Director TenBroeck seconded said motion, which carried unanimously. Chief Wilkerson then addressed the law enforcement report, which reflected all 31 days were covered by patrol services with no major incidents. After discussion on the report presented, Director Foster moved that the Board approve the reports provided by Advantage Leadership Resources, LLC. Director Russell seconded said motion, which carried unanimously.
11. Consideration was next given to the operator's report regarding the Artesia Utility System, including status of maintenance of water facilities; authorizing expenditure of funds for operation and maintenance of water facilities. A copy of such report, prepared by Arcadia Water Management LLC is attached hereto as **Exhibit "E"**. The President recognized Mr. Madison, who reported relative to Artesia utility billing and service operations, and maintenance and operations issues. He noted that the Artesia Water System water availability levels are good, and there were no operational problems. After discussion on the report presented, Director Tague moved that the Board approve the report and expenditure of funds as presented. Director Moore seconded said motion, which carried unanimously.
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 "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: Artesia Teel Boulevard, Artesia North Phase 4, Savannah Phases 8E, 8F, and 10C, Artesia Phase 5A, Artesia Phase 5B, and Savannah – Artesia Pavement Repairs.

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 to be approved by the Board and paid by Corona Artesia as follows: Mario Sinacola & Sons (Teel Parkway) in the amount of \$128,538.67 and Landtec Engineers (Teel Parkway) in the amount of

\$4,572.00. After discussion, Director TenBroeck moved that the Board approve the 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: Pavecon Public Works (Artesia Phase 5A, Paving) in the amount of \$24,262.20; Pavecon Public Works (Artesia Phase 5A, Paving Retention) in the amount of \$51,212.35; P.C. Contractors (Artesia Phase 5A, Storm Drainage) in the amount of \$27,748.56; RKM Utility Services (Savannah Phase 11A, Paving) in the amount of \$27,222.12; RKM Utility Services (Savannah Phase 11A, Paving Retention) in the amount of \$204,359.52; RPMx Construction, LLC (Savannah Phase 11A Grading) in the amount of \$10,800.00; RPMx Construction, LLC (Savannah Phase 11A Retention) in the amount of \$72,752.16; RKM Utility Services (Savannah Phases 8E, 8F, 10C Grading) in the amount of \$33,345.00; RPMx Construction, LLC (Artesia Phase 5A, Retention) in the amount of \$38,866.21; and Kart Construction (Artesia Phase 5B, Grading) in the amount of \$13,837.50. After discussion, Director Adams moved that the Board approve all pay applications as presented. Director Russell seconded said motion, which carried unanimously. Mr. Koehler then reviewed a change order to be approved by the Board for District project as follows: WOPAC Construction, Inc. (Savannah-Artesia Pavement Repairs) in the amount of \$7,931.011. After discussion, Director TenBroeck moved that the Board approve the change order as presented. Director Tague seconded said motion, which carried unanimously.

The Board next considered acceptance of certificate of completion and authorizing final acceptance of projects, including acceptance of certificate of completion and authorizing final acceptance for Oglethorp Village Phase 8E and 8F at Savannah Subdivision. Mr. Koehler presented correspondence dated January 6, 2016, regarding Certificate of Substantial Completion of Oglethorp Village Phase 8E and correspondence dated January 6, 2016, regarding Certificate of Substantial Completion of Oglethorp Village Phase 8F. After discussion on the matter, Director TenBroeck moved that the Board accept the certificates of complete and authorize final acceptance of Oglethorp Village Phase 8E and Oglethorp Village Phase 8F. Director Adams seconded said motion, which carried unanimously.

The Board next considered approval/status of engineering Task Order(s), including estimate for temporary flexible guide posts on Artesia Boulevard south of bridge, quote for additional stop signs (2) at Artesia on Adams Place; quote for replacing stop sign and reinstalling street name signs at Jasmine and Fish Trap Road; quote for removal of 4385 LF of black pipe from the Artesia Open Space Area and repair of erosion at emergency overflow south of Harper Road. Mr. Koehler reviewed quotes for such task orders as follows: (i) additional stop signs for Artesia, Adams Place - \$1,341.00; (ii) street signs at Jasmine and Fishtrap - \$673.00; (iii) black pipe removal and erosion repair – Wopac - \$10,804.95; (iv) black pipe removal – Advantage - \$6,500.00; and (v) flexible guide posts Artesia Blvd. (temporary) – approximately \$300.00. After a brief discussion on the matter, the Board determined that these items should be included as one (1) agreement, pending receipt of Certificates of Interested Parties.

- 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 approval and execution of Agreement for Professional Services between Stearman Management, LLC and the District for ArrowBrooke – Phase 1. After a brief discussion on the matter, Director Adams moved that the Board deny the approval of such agreement. Director Foster seconded said motion, which carried unanimously.
  14. Consideration was next given to approval and execution of amendment to Operating Costs and Facilities Reimbursement Agreement, dated September 16, 2006, regarding purchase of additional wastewater capacity for ArrowBrooke development. Mr. Crawford presented and reviewed with the Board a Third Amendment to Operating Costs and Facilities Reimbursement Agreement, a copy of which is attached as **Exhibit "G"**. After discussion on the matter, Director Adams moved that the Board approve the Third Amendment and authorize execution of same in substantially the form as presented subject to receipt of Certificate of Interested Parties. Director Tague seconded said motion, which carried unanimously.
  15. Consideration was next given to acceptance of Right of Way Special Warranty Deed from Corona Artesia, LLC. Mr. Crawford presented and reviewed with the Board such Right of Way Special Warranty Deed. After discussion, Director Foster moved that the Board accept the Right of Way Special Warranty Deed from Corona Artesia, LLC. Director Russell seconded said motion, which carried unanimously.
  16. Consideration was next given to the status of acquisition of offsite water easement to serve Azalea Village in Savannah, including retaining special counsel, to assist in efforts to obtain offsite water easement. Mr. Crawford addressed the Board regarding such matter, and reviewed an engagement letter for legal services from Baker Moran. After discussion on the matter, upon motion duly made, seconded and unanimously carried, the Board determined to engage Baker Moran, subject to receipt of signed contract and Certificate of Interested Parties.
  17. Consideration was next given to discussion regarding Treasury Services Form establishing certain services by PlainsCapital Bank, and related action, including approval of same. After a brief discussion, Director TenBroeck moved that the Board defer consideration of such matter until a future meeting. Director Foster seconded said motion, which carried unanimously.
  18. Consideration was next given to annual review of Order Adopting District's Investment Policy, and adoption of Resolution in connection therewith. Mr. Crawford presented a Resolution Regarding Review of Investment Policy, a copy of which is attached hereto as **Exhibit "H"**, and noted that no revisions to the District's Investment Policy were recommended at this time. After discussion, Director Tague moved that the Board

- approve the Resolution Regarding Review of Investment Policy as presented. Director Adams seconded said motion, which carried unanimously.
19. Consideration was next given to adoption of a Resolution Designating Depositories and Establishing Investment Accounts for Deposit of District Funds. Mr. Crawford discussed with the Board the provisions of said Resolution and presented to the Board a list of financial institutions to be designated in said Resolution, noting changes being proposed to the current list. After discussion on the matter, Director Adams moved that the Board adopt the Resolution Designating Depositories and Establishing Investment Accounts for Deposit of District Funds, attached hereto as **Exhibit "I"**. Director Foster seconded said motion, which carried unanimously.
  20. Consideration was next given to authorizing filing of correspondence with the State Comptroller prior to February 1, 2016, relative to status and exercise of eminent domain powers. Mr. Crawford discussed with the Board new legislative and Comptroller requirements regarding online filing of information relating to District authority for and use of eminent domain powers. After discussion, Director TenBroeck moved that the Board authorize counsel to electronically report the required eminent domain information on behalf of the District to the State Comptroller prior to February 1, 2016. Director Foster 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. A Work Tasks/Schedule was provided. After a brief discussion on the matter, the President noted that no action was required at this time.
  22. Consideration was next given to calling Directors Election to be held on May 7, 2016, and the adoption of an order in connection therewith, including appointment of an agent for the District in connection therewith. The President recognized Mr. Crawford, who presented and reviewed with the Board an Order Calling Directors Election, a copy of which is attached hereto as **Exhibit "J"**. After discussion on the matter, Director Foster moved that the Board adopt the Order Calling Directors Election as presented, and authorize execution of same. Director Adams seconded said motion, which carried unanimously.
  23. Consideration was next given to review and approval of Joint Election Agreement and Contract for Election Services with Denton County Elections Administrator regarding May 7, 2016, District election. The President recognized Mr. Crawford, who reported relative to possible Joint Election Agreement and Contract for Election Services with Denton County Elections Administration with regard to District election to be held on May 7, 2016. After discussion on the matter, upon motion duly made, seconded and unanimously carried, the Board authorized approval and execution by President of Joint Election Agreement and Contract for Election Services with Denton County Elections Administrator, if needed.

24. Consideration was next given to appointment of an agent for the District in connection with the Election. The President recognized Mr. Crawford, who presented a Notice of Appointed Agent, and recommended appointment of Ms. Marlo Gordon to serve as the District's agent for election. After discussion, Director Foster moved that the Board appoint Ms. Marlo Gordon to serve as agent for District Directors Election. Director Adams seconded said motion, which carried unanimously.
25. Consideration was next given to compensation to be paid to election officials. The President recognized Mr. Crawford, who noted that compensation to be paid to elections officials would be as provided in the Joint Election Agreement and Contract for Election Services with Denton County Elections Administrator. After discussion, upon motion duly made, seconded and unanimously carried, the Board approved the compensation to be paid to the election officials as determined by Denton County.
26. After noting that no further business was to come before the Board, upon motion duly made by Director Foster, seconded by Director TenBroeck, and unanimously carried, the meeting was adjourned at 8:20 p.m.

  
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Robert Tague  
Secretary