

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

February 18, 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, February 18, 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
Amy Foster	Director

All members of the Board were present, with the exception of Directors Tague and Russell. Director Tague 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. (“GAI”); Mr. Todd Madison of Texas Water Company; Mr. Jason Cork of Arcadia Water Management, LLC; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Chief Greg Wilkerson and Mrs. Donna Wilkerson of Advantage Leadership Resources; Ms. Jennifer Bland of Mustang Special Utility District; 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 6:00 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment and recognized Mr. Joe Paul, who addressed the Board regarding erosion of the gully that leads down to the greenbelt Artesia between 16109 and 16113. He noted that the greenbelt is eroding and queried how the greenbelt will be reinforced. Mr. Koehler noted that the referenced erosion was fixed this week. 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 Foster 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 January 21, 2016, 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 Foster moved that the Board approve the minutes, subject to certain corrections discussed. Director Adams seconded said motion, which carried unanimously. Director Foster then moved that the Board accept the Developer's Report, including the update from Mr. Koehler on Phase 3 construction. Director TenBroeck seconded said motion, which carried unanimously. Director TenBroeck then moved that the Board approve the Tax Assessor/Collector's report as presented. Director Adams seconded said motion, which carried unanimously. Director Foster then moved that the Board approve the Bookkeeper's Report, with additional check no. 8448 to Stantec in the amount of \$17,400. Director TenBroeck seconded said motion, which carried unanimously.

4. Consideration was next given to the status of matters relating to contract with Waste Management, including update on pick up service and communication issues; and authorizing actions under service contract. Mr. Finke and Director TenBroeck reported on the status of such matters. After discussion, upon motion duly made, seconded and unanimously carried, the President determined that no action was required at this time.

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

5. Consideration was next given to the status of the District traffic study in connection with request from Field Street Development I, Ltd. for a proposed curb cut located along Magnolia Boulevard and authorize response to request. Upon motion by Director Adams, seconded by Director Foster, the Board voted unanimously to convene into Executive Session at 6:18 p.m. pursuant to Section 551.071, Texas Government Code, to consult with District Counsel to discuss pending or threatened litigation.

Upon motion by Director TenBroeck, seconded by Director Foster, the Board voted unanimously to reconvene the meeting in open session at 6:28 p.m.

After reconvening into regular session, the Board President provided an update to the Board regarding the status of the amended traffic study from Stantec, stating that Stantec is currently working on an amended traffic study to consider the proper number of access points to the Field Street property, according to the plan submitted by Field Street. The Board President went on to state that Stantec has confirmed that the study will be completed on March 9th. Therefore, as the Board, in considering Field Street's request, has the obligation of due diligence to protect the health, safety and welfare of any person utilizing District roads, I motion that we table action on this matter until the Board's March 17th regular meeting, at which time the Board will take action with respect to Field Street's request. The motion was seconded by Director Foster and unanimously carried.

6. 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 January 2016, 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 discussed an adjustment request received for the 700 block of Lighthouse Lane in Savannah and an appeal of drought contingency fine for the 15900 block of Alvarado in Artesia. . After discussion on the matter, Director Adams moved that the Board defer consideration of water bill adjustment request received for the 700 block of Lighthouse Lane in Savannah. Director Foster seconded said motion, which carried with Directors Adams, TenBroeck and Foster voting in favor of such motion, and Director Tague abstaining from the vote. Director TenBroeck then moved that the Board waive the drought contingency fine for the 15900 block of Alvarado in Artesia. Director Adams seconded said motion, which carried unanimously. Chief Wilkerson reported on the status of issues with Waste Management, including 76227 not being identified as having service and lack of complaint log this week. Chief Wilkerson noted that the District is working to close the purchase of barricades. He reported on the status of vehicle purchase, and Ms. Bloomfield noted that she is working on financing proposals, which should be presented at the next meeting. Chief Wilkerson then addressed the law enforcement report, which reflected all 31 days were covered by patrol services with no major incidents. Chief Wilkerson presented two revised peace officer contracts with Sila Carr and Genaro De La Torre, and a new contract with Chris Tepfer, who is with the Corinth Police Department. After discussion, Director Tague moved that the Board approve all three peace officer contracts presented. Director TenBroeck seconded said motion, which carried unanimously. After discussion on the report presented, Director Foster moved that the Board approve the reports provided by Advantage Leadership Resources, LLC. Director TenBroeck seconded said motion, which carried unanimously.

7. 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. Cork, who reported relative to Artesia utility billing and service operations, and maintenance and operations issues. He reported on damage by CoServ to a District water line. Director Adams thanked Arcadia on behalf of the Board for the good job addressing the emergency. Mr. Cork reported on changes to weekly monitoring under Texas Commission on Environmental Quality rules. Mr. Koehler provided an update on the status of the Artesia pump station construction. After discussion on the report presented, Director TenBroeck moved that the Board approve the report and expenditure of funds as presented. Director Tague seconded said motion, which carried unanimously.
8. 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 Phase 10C, Artesia Phase 5B, and Savannah – Artesia Pavement Repairs.

The Board then considered authorizing preparation of construction plans and specifications for improvement projects, including Artesia North Phase 2. Mr. Koehler reported that Corona Artesia has requested plans be prepared for Artesia North Phase 2 consisting of 2,213 lots. After discussion, Director Foster moved that the Board authorize the preparation of construction plans and specifications for Artesia North Phase 2. Director TenBroeck seconded said motion, which carried unanimously.

The Board then considered approval of construction plans and specifications and advertising for bids for contract(s) for improvement projects, including grading for Artesia North Phase 2 and grading for Savannah Azalea Village Phase 11B. Mr. Koehler presented correspondence, attached to the Engineer's Report, recommending approval of construction plans and specifications and advertising for bids for contracts for grading for Artesia North Phase 2 and grading for Savannah Azalea Village Phase 11B. After discussion, Director Tague moved that the Board approve the construction plans and specifications and authorize advertising for bids for contracts for improvement projects, including grading for Artesia North Phase 2 and grading for Savannah Azalea Village Phase 11B. Director Adams seconded said motion, which carried unanimously.

The Board then considered award of contracts for construction of improvement projects and issuance of notices to proceed, including Geotechnical testing for meter station and pump building. Mr. Koehler presented a proposal from Landtec Engineers, LLC for Artesia Elevated Water Tank Pump Building and Meter Station – Construction Materials Testing. After discussion on the matter, Director TenBroeck moved that the Board award the contract for Geotechnical testing for meter station and pump building to Landtec Engineers, LLC, as recommended by the District's engineer, subject to receipt of Form 1295 Certificate of Interested Parties. Director Tague 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 to be approved by the Board and paid by Corona Artesia as follows: Mario Sinacola & Sons (Teel Parkway) in the amount of \$0 and Mela Contracting (Artesia Pump Building) in the amount of \$77,520.00. Mr. Koehler then reviewed invoices to be approved by the Board and paid by the developer for current construction contracts as follows: P.C. Contractors (Artesia Phase 5A, Utility Retention) in the amount of \$48,053.45; RKM Utility Services (Arrow Brook) in the amount of \$4,216.05; RKM Utility Services (Arrow Brook) in the amount of \$490,489.29; RKM Utility Services (Savannah Phases 8E, 8F, 10C Sidewalks) in the amount of \$15,240.60; RKM Utility Services (Artesia Phase 4) in the amount of \$173,268.90; Kart Construction (Artesia Phase 5B, Grading) in the

amount of \$101,947.50. After discussion, Director Foster moved that the Board approve the pay applications as presented. Director Adams seconded said motion, which carried unanimously. Mr. Koehler then pay applications and change order to be approved by the Board for District project as follows: WOPAC Construction, Inc. (Savannah-Artesia Pavement Repairs) in the amount of \$64,991.46; WOPAC Construction, Inc. (Savannah-Artesia Change Order) in the amount of \$3,780.00; WOPAC Construction, Inc. (Savannah-Artesia Retention) in the amount of \$22,179.17; Advantage Leadership Resources (Artesia Black Pipe Removal) in the amount of \$6,500.00; Brandon Industries (Savannah Stop Sign Repairs) in the amount of \$673.00; and Stantec Consulting (Traffic Analysis) in the amount of \$17,400.00. After discussion, Director Adams moved that the Board approve the pay applications and change order as presented. Director TenBroeck 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 Artesia Phase 5A. Mr. Koehler presented correspondence dated January 26, 2016, regarding Certificate of Substantial Completion of Artesia Phase 5A. After discussion on the matter, Director TenBroeck moved that the Board accept the certificates of complete and authorize final acceptance of Artesia Phase 5A. Director Adams seconded said motion, which carried unanimously.

The Board next considered necessary non-routine maintenance and repair of District facilities, including potential warning signs for trunk water line along Fish Trap Road. Mr. Koehler reported on signage pricing for signs to locate water line along Fish Trap Road, including other ideas for protecting water. After discussion on the matter, Director Adams moved that the Board table the matter pending more investigation into options, and authorize drafting of correspondence to entities notifying of as-built drawings. Director TenBroeck seconded said motion, which carried unanimously.

Consideration was next given to approval final plats and amendments to plats, including Artesia Phase 5A Plat Amendment. Mr. Koehler reviewed such plat amendment with the Board. After discussion, Director Adams moved that the Board approve the Artesia Phase 5A Plat Amendment. Director Tague 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 Foster seconded said motion, which carried unanimously.

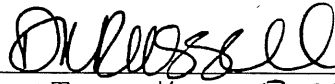
9. Consideration was next given to purchase of District peace officer patrol vehicle pursuant to Cooperative Purchasing Program, and authorize acceptance of proposal from Holiday Ford and Holiday Chevrolet, execution of documents, and expenditure of funds; including review and approval of Form 1295 from Holiday Ford and Holiday Chevrolet dba Johnson Grayson Automobiles, Inc. as well as Defender Supply. After

a brief discussion on the matter, Director Adams moved that the Board table the matter until a future meeting. Director Foster seconded said motion, which carried unanimously.

10. Consideration was next given to review of loan offers from PlainsCapital Bank, Independent Bank and Kansas State Bank; consider award of loan for financing of the District peace officer patrol vehicle. After a brief discussion on the matter, Director Adams moved that the Board table the matter until a future meeting. Director Foster seconded said motion, which carried unanimously.
11. Consideration was next given to annual review of Resolution Adopting Prevailing Wage Rate Scale for Construction Projects. In that regard, Mr. Crawford presented to and discussed with the Board a list of prevailing wage rates for applicable construction projects in Denton County and discussed certain legal requirements with respect to payment of prevailing wages on public construction projects. He then presented the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects, attached hereto as Exhibit "G". After discussion, Director Adams moved that the Board adopt said Resolution. Director Foster seconded said motion, which unanimously carried by the Board.
12. Consideration was next given to status of acquisition of offsite water easement to serve Azalea Village in Savannah, including authorization of negotiations to acquire a water line easement and adoption of Resolution to Authorize Acquisition and Condemnation. Mr. Finke reported to the Board regarding the status of such matter. After discussion, Director Adams moved that the Board authorize negotiations and adopt the Resolution to Authorize Acquisition and Condemnation, a copy of which is attached hereto as Exhibit "H". Director TenBroeck seconded said motion, which carried unanimously.
13. Consideration was next given to granting exemptions for taxation for 2016, and the adoption of a Resolution in connection therewith. Mr. Crawford discussed the provisions of same. Following discussion, Director Tague moved that the Board adopt the Resolution as presented, a copy of which is attached hereto as Exhibit "I". Director TenBroeck seconded said motion, which carried unanimously.
14. Consideration was next given to discussion of District website, including possible changes to and goals for website; and the taking of action necessary and appropriate in connection therewith; including review and approval of quote from CivicPlus. Director Tague discussed with the Board a list of items that the Board would like to see included on the District's website, and requested feedback from the other Board members regarding same. After discussion, Director Adams moved that the Board table the matter until a future meeting. Director Foster seconded said motion, which carried unanimously.
15. 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 review of Work Tasks/Schedule in connection with filing of Plan

and Application. After a brief discussion on the matter, upon motion made by Director Adams, seconded by Director Foster and unanimously carried, the matter was tabled until a future meeting.

16. Consideration was next given to report on damage to District water transmission line located on Fishtrap Road and authorizing actions as necessary. After discussion on the matter, Director Adams moved that the Board bill the CoServ contractor for all charges incurred as a result of such damage, including legal time, construction and water loss. Director TenBroeck seconded said motion, which carried unanimously.
17. After noting that no further business was to come before the Board, upon motion duly made by Director TenBroeck, seconded by Director Foster, and unanimously carried, the meeting was adjourned.



~~Robert Tague~~ Kristin Russell

Asst. Secretary