

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

March 17, 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, March 17, 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 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”); Ms. Kathi Dye and Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Mrs. Donna Wilkerson of Advantage Leadership Resources; Ms. Jennifer Bland of Mustang Special Utility District; Mr. Will Walton of Corona Artesia; Mr. Doug Sims and other managers from Waste Management; 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 6:11 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment and recognized Mr. Sims, who addressed the Board and introduced all the managers present from Waste Management. He discussed the details of the new team put into place at Waste Management. 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 Foster, seconded by Director TenBroeck 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 February 18, 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 TenBroeck moved that the Board approve all items

listed on the Consent Agenda. Director Foster seconded said motion, which carried unanimously.

4. Consideration was next given to default status of contract with Waste Management, including update on pick up service and communication issues; and authorizing actions under service contract. Mr. Finke reported on the status of such matters. 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 Adams, seconded by Director Foster, the Board voted unanimously to reconvene the meeting in open session at 6:33 p.m.

After reconvening into regular session, Director Adams moved that the Board make a find that Waste Management continues to be in default as of this meeting. Director TenBroeck seconded said motion, which carried unanimously.

5. Consideration was next given to approval of contract specifications relating to solid waste and recycling services, and authorization of solicitation for competitive proposals for such services. Mr. Finke presented and reviewed with the Board an "Invitation to Submit Proposal", a copy of which is attached hereto as **Exhibit "D"**. After discussion, Director Foster moved that the Board approve the contract specifications and authorize solicitation of competitive proposals for solid waste and recycling services in accordance with the Invitation to Submit Proposal. Director Russell seconded said motion, which carried unanimously.
6. Consideration was next given to District traffic study in connection with request from Field Street Development I, Ltd. ("Field Street") for a proposed curb cut located along Magnolia Boulevard, and authorize response to request. Upon motion by Director TenBroeck, seconded by Director Foster, 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 pending or threatened litigation.

Upon motion by Director Adams, seconded by Director Foster, the Board voted unanimously to reconvene the meeting in open session at 6:58 p.m.

After reconvening to regular session, the Board found that it had received an Amended traffic study, which was performed to consider the proper number of access points to the Field Street property, according to the plan submitted by Field Street. Under the Amended traffic study, the expert retained by the District recommended that the request be denied as submitted, based on the severe delays projected to occur at the Magnolia/1385 intersection and the 1385/Valero entrance, should Field Street's request be granted. Therefore, based on the negative impact granting the request would have on the District's road infrastructure and the negative impact on the health, safety and welfare of the public who use District roads, Director Adams moved that the Board

follow the recommendation of the District's consultant, and deny Field Street's request as presented to the Board. Director TenBroeck seconded such 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 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. Mrs. Wilkerson presented a General Manager's report for February 2016, a copy of which is attached hereto as **Exhibit "E"**. She discussed with the Board various issues within the District during the month, including maintenance issues. Mrs. Wilkerson discussed with the Board resetting warnings under the Drought Contingency Plan for residents (not builders) and reinstatement of a drought contingency education program to educate residents. After discussion, Director Adams moved that the Board reset warnings under the drought contingency plan for residents, but not builders, and reinstate a drought contingency program to educate residents. Director Russell seconded said motion, which carried unanimously. Mrs. Wilkerson addressed the Board regarding appeal received for 701 Lighthouse Lane in Savannah. After discussion on the matter, Director Adams moved that the Board table the matter until after review of the March bill for 701 Lighthouse Lane. Director Foster seconded said motion, which carried unanimously. After discussion on the report presented, Director TenBroeck moved that the Board approve the reports provided by Advantage Leadership Resources, LLC. Director Foster 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, and Artesia Phase 5B.

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; grading improvements for Savannah Azalea Phase 11B, and grading improvements for Artesia North Phase 2. 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 Russell 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. Director TenBroeck seconded said motion, which carried unanimously. Mr. Koehler then presented correspondence dated March 14, 2016, with bid tabulation, attached to engineer's report, relative to grading improvements for Artesia North Phase 2. He noted that two bids were received, with the low bidder being RPMx Construction, LLC in the amount of \$732,824.20. After discussion on the matter, Director Russell moved that the Board award the contract for grading

improvements for Artesia North Phase 2 to RPMx Construction, LLC, as recommended by the District's engineer. Director TenBroeck seconded said motion, which carried unanimously. Mr. Koehler then presented correspondence dated March 14, 2016, with bid tabulation, attached to engineer's report, relative to grading improvements for Azalea Village at Savannah Phase 11B. He noted that two bids were received, with the low bidder being RKM Utility Services, Inc. in the amount of \$463,989.70. After discussion on the matter, Director Russell moved that the Board award the contract for grading improvements for Azalea Village at Savannah Phase 11B to RKM Utility Services, Inc., as recommended by the District's engineer. 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 to be approved by the Board and paid by Corona Artesia as follows: Mario Sinacola & Sons (Teel Parkway) in the amount of \$10,503.90; Mario Sinacola & Sons (Teel Parkway Retention) in the amount of \$325,006.43; RKM Utility Services (Artesia Phase 4 Utilities) in the amount of \$31,215.19; RKM Utility Services (Artesia Phase 4 Paving) in the amount of \$746,190.90; RKM Utility Services (Artesia Phase 1 Retention) in the amount of \$87,151.44; and RKM Utility Services (Artesia Phase 1 Retention) in the amount of \$74,345.09. After discussion, Director Russell moved that the Board approve the invoices to be paid by Corona Artesia as listed above. Director Adams 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 (Savannah Phases 8E, 8F, 10C Sidewalks) in the amount of \$159,150.27; and Kart Construction (Artesia Phase 5B, Grading) in the amount of \$193,437.63. After discussion, Director Russell moved that the Board approve the pay applications as presented. Director Foster seconded said motion, which carried unanimously. Mr. Koehler then reviewed pay applications to be approved by the Board for District project as follows: WOPAC Construction, Inc. (Savannah-Artesia Pavement Repairs & Erosion Repair) in the amount of \$5,280.00; Brandon Industries (Artesia New Stop Signs) in the amount of \$1,341.00; and Stantec Consulting (Traffic Analysis) in the amount of \$1,300.00. After discussion, Director TenBroeck moved that the Board approve the pay applications as presented. Director Foster seconded said motion, which carried unanimously.

The Board next considered approval/status of engineering Task Order(s), including Dunhill Homes request to core hole in curb for side yard under drains and street name change at Westeria Village from Wright Lane to Carriage Lane. After discussion on such matters, Director Russell moved that the Board approve both Task Orders, and requested that notice of new street name be distributed to all residents, as well as the necessary service providers and safety providers. Director Foster seconded said motion, which carried unanimously.

The Board next considered necessary non-routine maintenance and repair of District facilities, including pavement crack sealing for Savannah Phase 2, Westeria and Artesia

Phase 1. Mr. Koehler provided an estimate from WOPAC Construction Inc. for pavement crack sealing for Westeria Village in Savannah in the amount of \$9,694.00. He provided an estimate from WOPAC Construction Inc. for pavement crack sealing for the South East sector of Artesia in the amount of \$11,790.00. After discussion on the matter, Director Russell moved that the Board approve both estimates received from WOPAC Construction, Inc. and authorize proceeding with such maintenance and repair. Director Adams seconded said motion, which carried unanimously.

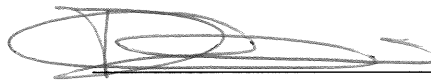
After discussion on the matter, Director TenBroeck moved that the Board accept the Engineer's Report as presented. Director Adams seconded said motion, which carried unanimously.

9. 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 "G"**. The President recognized Mr. Koehler, who presented the report on behalf of Mr. Cork, who had to leave because of a water emergency. There was a discussion regarding water loss. After discussion, Director Adams moved that the Board approve calibration of the main water meter at a cost not to exceed \$1,000. Director TenBroeck seconded said motion, which carried unanimously. Mr. Koehler discussed with the Board membership into Texas 811 for Artesia to ensure the location of water and sewer lines. Mr. Koehler discussed the fire hydrant leak on Toledo Bend. He noted that the manufacturer has been contacted to schedule a site visit to investigate. He further noted that Mr. Cork has tested the hydrant to ensure that it works. Mr. Koehler then discussed maintenance on hydrants, valves, and sanitary sewer system. He discussed developing a plan to ensure maintenance. The Board requested that Mr. Cork and Mr. Koehler develop a plan and present such plan to the Board. After discussion on the report presented, Director Foster moved that the Board approve the report and expenditure of funds as presented. Director TenBroeck seconded said motion, which carried unanimously.
10. 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. Ms. Bloomfield addressed the Board regarding such matter and reviewed the documentation in connection with same. After discussion, Director Adams moved that the Board purchase the peace officer patrol vehicle pursuant to Cooperative Purchasing Program and authorize acceptance of proposal from Holiday Ford and Holiday Chevrolet dba Johnson Grayson Automobiles, Inc. as well as Defender Supply. Director TenBroeck seconded said motion, which carried unanimously.
11. 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 discussion on the matter, Director Adams

- moved that the Board pay for the peace officer patrol vehicle up front and avoid financing such vehicle, and approved check no. 8549 in the amount of \$37,739 for vehicle purchase. Director TenBroeck seconded said motion, which carried unanimously.
12. Consideration was next given to status of acquisition of offsite water easement to serve Azalea Village in Savannah, including authorization to submit final offer, if necessary, and the taking of any further action in connection therewith. Mr. Finke reported to the Board regarding the status of such matter. After discussion, Director Adams moved that the Board approve should a response to the initial offer not be received by March 26, 2016, a final offer for such offsite water easement, such offer to be delivered by regular mail, certified mail, and hand delivery. Director Foster seconded said motion, which carried unanimously.
 13. 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. After a brief discussion, Director Adams moved that the Board table the matter until a future meeting. Director TenBroeck seconded said motion, which carried unanimously.
 14. 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. Director Adams reported to the Board on the status of preparation of such Plan and Application. After discussion, motion made by 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 authorizing preparation of an application to Texas Commission on Environmental Quality for approval of an engineering project and issuance of bonds, including approval and execution of a professional services agreement with Jones-Heroy & Associates, Inc. Mr. Jameson reported to the Board on request to proceed with preparation of an application for approval of an engineering project and issuance of bonds. Mr. Crawford discussed such matter with the Board, and reviewed a proposal from Jones-Heroy & Associates, Inc. for preparation of bond application no. 5. Director TenBroeck exited the meeting during the discussion. Director Adams moved that the Board authorize preparation of an application to the Texas Commission on Environmental Quality for approval of an engineering project and issuance of bonds, including approval and execution of a professional services agreement with Jones-Heroy & Associates, Inc. Director Foster seconded said motion, which carried unanimously. Director TenBroeck re-entered the meeting after the discussion had been concluded.
 16. Consideration was next given to authorizing preparation of an Unclaimed Property Report as of March 1, 2016. Mr. Crawford addressed the Board regarding the requirement to submit all unclaimed property to the State Comptroller. After

discussion, Director Foster moved that the Board authorize preparation of an Unclaimed Property Report as of March 1, 2016. Director Russell seconded said motion, which carried unanimously.

17. Consideration was next given to fire hydrant maintenance throughout the District, and establishing program therefor to include setting a maintenance schedule. The President noted that this matter was discussed and authorized under the Arcadia report earlier in the meeting. It was noted that the City of Aubrey should be included in the program.
18. Consideration was next given to report on status of 2016 Directors Election and authorizing actions as necessary. Mr. Finke provided an update on the status of the 2016 Directors Election. The President noted that no action was required at this time.
19. After noting that no further business was to come before the Board, upon motion duly made by Director Russell, seconded by Director Foster, and unanimously carried, the meeting was adjourned.



Kris Russell
Asst. Secretary