

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

**May 17, 2016**

The Board of Directors (“Board”) of Denton County Fresh Water Supply District No. 10 (“District”), met in special session, open to the public, on Tuesday, May 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 Russell. 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 of Arcadia Water Management, LLC; Ms. Kathi Dye of Dye & Bloomfield, LLC; Mr. Greg Lentz of FirstSouthwest Company; Chief Greg Wilkerson of Advantage Leadership Resources; Mr. John Gillum, director elect; Ms. Nancy Finney, Savannah Lifestyle Events Coordinator; Ms. Carol Miller-Graziano, Savannah Social Committee; Ms. Mary Lehto, District resident; Mr. Doug Sims of Waste Management; Mr. Clay Crawford 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 6:01 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment, and recognized Ms. Finney and Ms. Miller-Graziano, who addressed the Board regarding a Savannah Homeowners Association (“HOA”) request for street closures for fireworks at Dogwood and Magnolia and at Magnolia and FM 1385 from 9:00 p.m. to 10:00 p.m. on June 25th. They noted that the Fire Marshall has approved the proposed fireworks display. A discussion followed with regard to patrol services and the need for four officers to be paid by HOA. 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 April 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 all items listed under a), b), and c) on the Consent Agenda. Director Tague seconded said motion, which carried unanimously. With regard to the Bookkeeper's Report, Director TenBroeck moved that the Board approve the Bookkeeper's Report, with additional check no. 8678 to John Gillum in the amount of \$138.52. Director Foster seconded said motion, which carried unanimously.

4. Consideration was next given to canvassing returns of Directors Election held on May 7, 2016, including the adoption of an Order Declaring Results of General Election of Directors held May 7, 2016 in connection therewith and the payment of election expenses. Mr. Crawford presented to the Board such election returns and other election instruments for examination and canvassing by the Board, including a Statement of Withdrawal executed by Joseph “Joe” Paul. Upon examination, such instruments were found to be correct, legal and regular in all respects. It was duly moved by Director TenBroeck, seconded by Director Tague, and unanimously carried that there be passed and adopted the attached Order Declaring Results of Election of Directors held May 7, 2016, which declares Amy Foster, Jon TenBroeck, and John Gillum elected as Directors of the District at said election, to each serve for four years, or until their successors are duly elected or appointed and qualified. A copy of such Order is attached hereto as **Exhibit “D”**.
5. Consideration was next given to acceptance of Statements of Officer, Oaths of Office, Affidavits of Current Director. Mr. Crawford reported that the Oaths would be filed with the Secretary of State in a timely manner. Directors TenBroeck, Foster and Gillum took their respective Oath and executed the aforementioned documents. After discussion on the matter, Director TenBroeck moved that the Board accept such Statements of Officer, Oaths of Office, and Affidavits of Current Director for Directors TenBroeck, Foster, and Gillum. Director Tague seconded said motion, which carried unanimously. Directors TenBroeck, Foster, and Gillum participated in the remainder of the meeting.
6. Consideration was next given to reorganization of the Board of Directors. Director TenBroeck moved that the Board elect Director Adams to serve as President; Director TenBroeck to serve as Vice President; Director Tague to serve as Secretary; Director Foster to serve as Assistant Secretary; and Director Gillum to serve as Director. Director Adams seconded said motion, which carried unanimously.
7. Consideration was next given to appointments to District Committees. After discussion, Director Adams moved that the Board maintain the current appointments to the Public Safety, Media/Communications, and Sports & Recreation Committees. Director Tague seconded said motion, which carried unanimously. Director TenBroeck moved that the Board appoint Director Foster to serve as the District's liaison to Upper Trinity Regional Water District. Director Tague seconded said motion, which carried unanimously. Director TenBroeck then moved that the Board appoint Director Gillum to serve as the District's liaison to the Town of Prosper. Director Tague seconded said motion, which carried unanimously.

8. Consideration was next given to approval and execution of amendment to contract with Waste Management. Mr. Crawford presented and reviewed with the Board a proposed amendment to the contract with Waste Management, a copy of which is attached hereto as **Exhibit "E"**. After discussion, Director TenBroeck moved that the Board approve the amendment to the contract with Waste Management and authorize execution of same. Director Tague seconded said motion, which carried unanimously.
  
9. Consideration was next given to report from Advantage Leadership Resources, LLC regarding general management affairs of the District and law enforcement coordination; customer utility and trash service billing complaints/requests and appeals; approval of execution of independent contractor agreements for patrol services; and authorizing actions and expenditures as necessary. Chief Wilkerson presented a General Manager's report for April 2016, a copy of which is attached hereto as **Exhibit "F"**. He noted that no customer utility/trash complaints/requests or appeals were received during the month. Chief Wilkerson discussed with the Board the HOA request regarding closure of Magnolia Boulevard for June 25th from 9 p.m. to 10 p.m. After discussion, Director Adams moved that the Board approve the HOA request for street closure on June 25<sup>th</sup> from 9 p.m. to 10 p.m. Director TenBroeck seconded said motion, which carried unanimously. Chief Wilkerson reviewed the law enforcement coverage and activity report for April and noted that April was fairly quiet. Chief Wilkerson then reviewed a quote in the amount of \$840.00 per month from Pro-Vigil for a temporary security system at the Artesia pump station, including monitoring for two (2) months. After discussion, Director Adams moved that the Board authorizing installation of temporary security system and monitoring, provided that such system can be installed by June 1. Director TenBroeck seconded said motion, which carried unanimously. After discussion on the report presented, Director Foster moved that the Board approve the report provided by Advantage Leadership Resources, LLC. Director TenBroeck seconded said motion, which carried unanimously.
  
10. 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 "G"**. 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 Phase 5B, Artesia Pump Building, and Savannah Azalea Phase 11B.

The Board next consider authorizing preparation of construction plans and specifications for improvement projects, including updating fire hydrant location plans for Savannah and Artesia as requested by the Aubrey Fire Department. After discussion on the matter, Director Foster moved that the Board authorize the preparation of a map of fire hydrants within the District for the Aubrey Fire Department. Director Tague seconded said motion, which carried unanimously.

The Board next considered approval of construction plans and specifications and advertising for bids for contract(s) for improvement projects, including Artesia North Phase 2, Gardenia Village Office Building, and Savannah Plaza Office Building. Mr. Koehler reviewed correspondence dated April 26, 2016, regarding review and

approval of plans for Artesia North Phase 2 approved at April meeting subject to recommendation by GAI. He then presented correspondence dated April 26, 2016, regarding Gardenia Village Office Park Water, Sanitary Sewer, and Storm Drainage, and correspondence dated May 9, 2016, regarding Savannah Plaza Water, Sanitary Sewer, and Storm Drainage. After discussion on the matter, Director Adams moved that the Board approve the construction plans and specifications for Gardenia Village Office Park Water, Sanitary Sewer, Storm Drainage, and Artesia North Phase 2 Water, Sanitary Sewer, Storm Drainage, and authorized advertising for bids for both projects. Director Gillum 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 Artesia North Phase 2. 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.

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: Mela Contracting, Inc. (Artesia Pump Building Est. #4) in the amount of \$68,400.00 and Landtec Engineers (Artesia Pump Building Geotechnical) in the amount of \$4,027.50. After discussion, Director Gillum 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: C.W. Young Construction (Artesia Phase 5B) in the amount of \$112,265.10, RKM Utility Service (Savannah Phases 8E, 8F, 10C) in the amount of \$2,385.45; and RKM Utility Service (Savannah Phases 8E, 8F, 10C) in the amount of \$132,789.18. After discussion, Director Gillum moved that the Board approve the pay applications 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 Artesia North Phase 4 Off-site Sanitary Sewer and Artesia North Phase 4 Paving. Mr. Koehler reviewed recommendation letters from GAI, each dated April 28, 2016, recommending acceptance of Artesia North Phase 4 Off-site Sanitary Sewer and Artesia North Phase 4 Paving. After discussion, Director Gillum moved that the Board accept the certificate of completion and authorize final acceptance of projects for Artesia North Phase 4 Off-site Sanitary Sewer and Artesia North Phase 4 Paving, subject to receipt of 2-year maintenance bond, affidavit of bills paid and unconditioned release of lien, and as-built plans. Director Foster seconded said motion, which carried unanimously.

The Board next considered necessary non-routine maintenance and repair of District facilities. Mr. Koehler discussed with the Board installation of light pole and security at Artesia pump station in the amount of \$7,500. After discussion Director Adams moved that the Board approve installation of light pole and security at the Artesia pump station at a cost to the District of \$7,500. Director Foster seconded said motion, which carried unanimously.

The Board next considered approval of final plats and amendments to plats, including approval of preliminary plat for commercial corner at Fishtrap and Teel Parkway. Mr. Koehler reviewed correspondence with the Board dated May 12, 2016. 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.

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


11. Consideration was next given to review of draft Consumer Confidence Reports and authorizing distribution to consumers by July 1. Mr. Crawford presented the draft Consumer Confidence Reports, noting that they were in substantially final form, subject to Texas Commission on Environmental Quality release of additional information. He noted that Arcadia Water Management LLC would send out the Consumer Confidence Report for Artesia and Mustang Special Utility District would send out the Consumer Confidence Report for Savannah. After discussion on the matter, Director Foster moved that the Board approve the draft reports, subject to final revision, and authorize distribution of the final reports. Director Gillum seconded said motion, which carried unanimously.
12. Consideration was next given to the operator's report regarding the Artesia Utility System, including status of maintenance of water facilities; update on inspection process; and 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 "H"**. The President recognized Mr. Cork, who reported on water capacity and flow, as well as electrical issue at ground storage tank affecting lighting and alarm system. He also discussed an illegal connection made by Megatel and fine of \$75.00. After discussion, Director TenBroeck moved that the Board approve the report and expenditure of funds as presented. Director Gillum seconded said motion, which carried unanimously.
13. Consideration was next given to status of acquisition of offsite water easement to serve Azalea Village in Savannah, including status of final offer, and the taking of any further action in connection therewith. Mr. Crawford reported to the Board regarding the status of such matter, and requested Board authorization to forward final offer letter to new owner on May 23, 2016, if no response by May 21, 2015. After discussion on the matter, Director Adams moved that the Board authorize the forwarding of a final offer letter to new owner on May 23, 2016, if no response has been received by that date. Director Foster seconded said motion, which carried unanimously.
14. Consideration was next given to report by FirstSouthwest, a Division of Hilltop Securities, Inc. regarding refunding of District unlimited tax utility bonds and unlimited tax road bonds. Mr. Lentz reviewed the proposed transaction and structure, analyzing the savings for each series of bonds, a copy of such analysis is attached hereto as **Exhibit "I"**. He noted that currently the estimated present value savings for the utility

bonds would be 9.81%, while the estimated present value savings for the road bonds would be 9.85%. Mr. Lentz recommended proceeding with the sale of the refunding bonds with pricing to take place on or before June 7<sup>th</sup>. After discussion, Director Adams moved that the Board proceed with the proposed sale of refunding District unlimited tax utility bonds and unlimited tax road bonds, based on the following parameters: (a) each refunding bond issue must provide for a net present value savings of at least 8.0%, (b) no extension of final maturity, (c) underwriter's discount not to exceed 1%, and (d) maximum par value of \$7,000,000 for utility refunding bonds and maximum par value of \$4,200,000 for road refunding bonds. Director TenBroeck seconded said motion, which carried unanimously. Mr. Lentz presented and reviewed with the Board the G-17 letter from SAMCO with Form 1295 and the FirstSouthwest 1% letter with Form 1295. After discussion, Director Adams moved that the Board accept the SAMCO G-17 letter with Form 1295 and the FirstSouthwest 1% letter with Form 1295. Director Foster seconded said motion, which carried unanimously.

15. Consideration was next given to approval and execution of Order Authorizing the Issuance of Denton County Fresh Water Supply District No. 10 Unlimited Tax Refunding Bonds, Series 2016; Levying an Ad Valorem Tax in Support of the Bonds; Approving an Official Statement; Authorizing the Execution of a Bond Purchase Agreement, a Paying Agent/Registrar Agreement and an Escrow Agreement; Establishing the Procedures of Selling and Delivering the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds. A copy of such Order, prepared by McCall Parkhurst & Horton is attached hereto as **Exhibit "J"**. Mr. Crawford reviewed such Order with the Board of Directors. After discussion, Director Adams moved that the Board approve the Order Authorizing the Issuance of Denton County Fresh Water Supply District No. 10 Unlimited Tax Refunding Bonds, Series 2016; Levying an Ad Valorem Tax in Support of the Bonds; Approving an Official Statement; Authorizing the Execution of a Bond Purchase Agreement, a Paying Agent/Registrar Agreement and an Escrow Agreement; Establishing the Procedures of Selling and Delivering the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds and authorize execution of same, subject to Director TenBroeck and Ms. Lisa Bloomfield approving pricing offers. Director Foster seconded said motion, which carried unanimously.
  
16. Consideration was next given to approval and execution of Order Authorizing the Issuance of Denton County Fresh Water Supply District No. 10 Unlimited Tax Road Refunding Bonds, Series 2016; Levying an Ad Valorem Tax in Support of the Bonds; Approving an Official Statement; Authorizing the Execution of a Bond Purchase Agreement, a Paying Agent/Registrar Agreement and an Escrow Agreement; Establishing the Procedures of Selling and Delivering the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds. A copy of such Order, prepared by McCall Parkhurst & Horton is attached hereto as **Exhibit "K"**. Mr. Crawford reviewed such Order with the Board of Directors. After discussion, Director Adams moved that the Board approve the Order Authorizing the Issuance of Denton County Fresh Water Supply District No. 10 Unlimited Tax Refunding Bonds, Series 2016; Levying an Ad Valorem Tax in Support of the Bonds; Approving an Official Statement; Authorizing the Execution of a Bond Purchase Agreement, a Paying Agent/Registrar Agreement and an Escrow Agreement; Establishing the Procedures of Selling and

Delivering the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds and authorize execution of same, subject to Director TenBroeck and Ms. Lisa Bloomfield approving pricing offers. Director Tague seconded said motion, which carried unanimously.

17. 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.
18. After noting that no further business was to come before the Board, upon motion duly made by Director Gillum, seconded by Director Foster, and unanimously carried, the meeting was adjourned.

  
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Robert Tague  
Secretary