

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

**July 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, July 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
Amy Foster	Asst. Secretary
John Gillum	Director

All members of the Board were present. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Jim Koehler, P.E. and Mr. Jim Wagon, P.E. of Graham Associates, Inc. (“GAI”); Mr. Jason Cork of Arcadia Water Management, LLC; Ms. Kathi Dye of Dye & Bloomfield, LLC; Chief Greg Wilkerson and Mrs. Donna Wilkerson of Advantage Leadership Resources; Mr. Doug Sims of Waste Management; Mr. Jay Jones of Inwood Plaza; Mr. Stephen Davis of Taylor-Duncan Interests Inc.; Mr. John Fain of Fain Cuppett Landscape Architects, LLC; Mr. James Baker, Mr. Bruce and Ms. Judith Beer, Mr. George Severe, Ms. Christine McClusky, and Ms. Sharon Arnold, District residents; Mr. Mark Sellers of Twice the Ice/Best Ice2Go; 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 6:06 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment, and recognized Ms. McClusky, who addressed the Board regarding fire protection service to Artesia. The President then recognized Mr. Severe, who discussed the lack of landscaping in Artesia. The President then recognized Ms. Arnold, who discussed traffic in Isabella Village and problems due to traffic for school, including excess speed and lack of outlet to Fishtrap Road from Phase 3. The President then recognized Mr. Sellers who reiterated his request for a reduction in the cost of sanitary sewer fees for his ice company. The President then recognized Mr. and Ms. Beer, who discussed traffic issues at crossings and the need for additional stop signs. They discussed a tree covering the stop sign at the intersection of Caudle and Continental Congress, as well as blocked stop signs at Magnolia and Isabella. The Beers discussed standing water on sidewalks, parking on sidewalks, and notice of crosswalks at parks, schools and soccer fields. The President then recognized Mr. Baker, who discussed people parking in the street on Marietta Lane instead of in the

designated parking lot for Holly Park Pool. The President then recognized Mr. Jones, who introduced himself to the Board and requested a meeting regarding development of the Inwood Plaza tract. 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 Tague and unanimously carried, the President closed the public comment session of the meeting.

3. Consideration was next given to public hearing regarding the District's proposed park acquisition and development project; authorizing actions and expenditures of funds in connection therewith. It was noted that the purpose of the hearing was to solicit public input from interested parties and citizens on a proposed park acquisition and development project in the ArrowBrooke subdivision of the District. This information will be used in the development of goals, objectives, and priorities for the project. A portion of the project is located in the floodplain of an unnamed creek. Although the project will modify the current condition of the creek, no permanent adverse impacts are anticipated. The President noted that members of the public were invited to appear at the hearing to provide their views and make comments regarding the potential project and its impact. Upon motion made by Director Tague, seconded by Director Foster and unanimously carried, the President opened the public hearing. The President addressed those present regarding the purpose of the hearing. He then recognized Mr. Fain, who made a presentation on the purpose of the hearing. He provided a description of the land acquisition, and discussed possible use as sports facilities, wetlands, and trail system. The President then requested input from the residents. Residents queried the total acreage of the parks plan. Residents also inquired about the location, type, and number of sports facilities. After considerable discussion, upon motion by Director Adams, seconded by Director Tague, and unanimously carried, the Board closed the public hearing.
4. Consideration was next given to report from Advantage Leadership Resources, LLC ("ALR") regarding general management affairs of the District and law enforcement coordination; customer utility and trash service billing complaints/requests and appeals, including customer request for reduction in sewer fee; approval of execution of independent contractor agreements for patrol services; update status of security at elevated storage tank; and authorizing actions and expenditures as necessary. Chief Wilkerson presented a General Manager's report for June 2016, a copy of which is attached hereto as **Exhibit "A"**. He discussed drought contingency violations by builders in Artesia, and then discussed neighborhood maintenance issues/updates. Chief Wilkerson noted that the Harper Road issue was reported to Prosper Town Manager and they are reviewing the issue and will report back. He noted that all streetlight outages have been reported to CoServ. Chief Wilkerson noted that three (3) extensions were granted in Savannah during the month. He discussed with the Board a payment plan for a resident in Artesia. After discussion, Director Adams moved that the Board approve the payment plan as presented. Director Tague seconded said motion, which carried unanimously. Chief Wilkerson discussed with the Board a customer request for reduction in sewer fee. Mr. Sellers made a presentation to the Board regarding same. After discussion on the matter, Director Adams moved that the Board amend the District Rate Order to provide for a flat wastewater fee of \$10 per month for Mr. Sellers' specific ice vending business. Director Foster seconded said

motion, which carried unanimously. Chief Wilkerson reviewed the law enforcement coverage and activity report for June. He then presented independent contractor agreements for patrol services with Officers Shaw and Gunderson. After discussion, Director TenBroeck moved that the Board approve the independent contract agreements for patrol services with Officers Shaw and Gunderson, and authorize execution of same. Director Foster seconded said motion, which carried unanimously. Chief Wilkerson then discussed fire hydrant issues. After discussion on the report presented, Director Gillum moved that the Board approve the report provided by Advantage Leadership Resources, LLC. Director TenBroeck seconded said motion, which carried unanimously.

5. 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 "B"**. 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, Savannah Azalea Phase 11B, and Artesia North Phase 2. Mr. Koehler and Mr. Wagnon discussed with the Board the status of the Artesia infrastructure. They noted the projected finish is the end of September and discussed the possibility of increasing connections in the interim based on increased flow created by Jason Cork of Arcadia Water Management, LLC.

The Board next consider authorizing preparation of construction plans and specifications for improvement projects, including plans and specifications for ArrowBrooke Phases 2 and 3. After discussion on the matter, Director Gillum moved that the Board authorize the preparation of construction plans and specifications for ArrowBrooke Phases 2 and 3 infrastructure. Director TenBroeck 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. Mr. Koehler noted that no construction plans and specifications were being presented for approval at this meeting.

The Board then considered award of contracts for construction of improvement projects and issuance of notices to proceed. Mr. Koehler noted that no construction plans and specifications were being presented for approval at this meeting.

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: RKM Utility (Artesia North Phase 4 Utilities) in the amount of \$40,617.00; RKM Utility (Artesia North Phase 4 Utilities) in the amount of \$163,246.18; RKM Utility (Artesia North Phase 4 Paving) in the amount of \$106,675.20; and Mela Contracting, Inc. (Artesia Pump Building Est. #6) in the amount of \$18,762.90. 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 an invoice 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 \$12,559.30. After discussion, Director Gillum moved that the Board approve the pay applications as presented. Director Adams seconded said motion, which carried unanimously. Mr. Koehler then reviewed invoices to be approved by and paid by the Board for District projects as follows: RKM Utility (Savannah Phase 11B #1) in the amount of \$93,990.08 and RKM Utility (Savannah Phase 11B #2) in the amount of \$288,092.48. After discussion, Director Gillum moved that the Board approve the pay applications as presented. Director Foster seconded said motion, which carried unanimously.

The Board next considered necessary non-routine maintenance and repair of District facilities, including "No Parking" signs to Light House Lane, school speed limit signs for Isabella Lane, Southern Hills Way, Oglethorpe Lane and Light House Lane. Mr. Koehler reviewed a quote for additional school speed limit signs and no parking signs in the amount of \$4,888.00. After discussion Director Foster moved that the Board approve purchase of signs in the amount of \$4,888.00. Director TenBroeck seconded said motion, which carried unanimously.

The Board next considered approval of final plats and amendments to plats, including Artesia Phase 5B and Phase 5B offsite easement plats. After a brief discussion, Director Adams moved that the Board table the matter until the next meeting. Director Foster seconded said motion, which carried unanimously.

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

6. Consideration was next given to the (a) review and approval of the Minutes of the June 16, 2016, and June 20, 2016, Board of Directors Meetings; (b) review and approval of the Tax Assessor/Collector's report, a copy of such report is attached hereto as **Exhibit "C"**; (c) review and acceptance of the Developer's Report, a copy of such Report is attached hereto as **Exhibit "D"**; and (d) review and approval of the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit "E"**. After discussion on the matter, Director TenBroeck moved that the Board approve the June 20 minutes as revised, with Director Foster to sign as Assistant Secretary as Director Tague was not present at the meeting. Director Adams seconded said motion, which carried unanimously. Director TenBroeck then moved that the Board approve all remaining items listed on the Consent Agenda, plus additional check nos. 8819 to Rob Adams in the amount of \$346.31 and 8820 to Baker Moran in the amount of \$2,535.57. Director Foster seconded said motion, which carried unanimously.
7. Consideration was next given to authorizing negotiations with the Town of Little Elm and/or Town of Prosper for fire protection and EMS Services for the Artesia Subdivision, and the taking of any action necessary in connection therewith. After discussion on the matter, Director Tague moved that the Board authorize Crawford & Jordan LLP to continue negotiations with the Town of Prosper. Director Adams seconded said motion, which carried unanimously.

8. Consideration was next given to the operator's report regarding the Artesia Utility System, including status of maintenance of water facilities; update on inspections 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 "F"**. The President recognized Mr. Cork, who reported on water capacity and water quality. After discussion, Director Foster 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 amendment of District Rate Order with regard to returned check fees. Mr. Finke discussed with the Board various proposed changes to the District's Rate Order. After discussion, Director Adams moved that the Board amend the District Rate Order to provide for a fee of \$30 on NSF checks, and to establish cash only payments after two (2) NSF checks, with such cash only policy to return to normal payment privileges after a year's worth of on time payments. Director TenBroeck seconded said motion, which carried unanimously.
10. Consideration was next given to conveyance of Teel Parkway project to Town of Prosper and authorizing execution of documents. After discussion on the matter, Director Tague moved that the Board table the matter until a future meeting, and that such item be removed for the District's agenda until such time as the District was ready to proceed with conveyance. Director TenBroeck seconded said motion, which carried unanimously.
11. Consideration was next given to regular review of District insurance program and revision of coverages as determined necessary or appropriate, including approval of additional liability insurance policy from Chubb Group of Insurance Companies. Mr. Finke addressed the Board regarding Worker's Compensation and additional Directors and Officers coverage. After discussion on the matter, Director Adams moved that the Board approve the addition of Worker's Compensation coverage and additional Directors and Officers coverage. Directors Gillum seconded said motion, which carried unanimously.
12. Consideration was next given to discussion of disclosures required to be provided by Financial Advisor under Municipal Securities Rulemaking Board Rule G-42, and the taking of related action. Mr. Finke presented and reviewed with the Board a Disclosure Statement of Municipal Advisor from FirstSouthwest, a Division of Hilltop Securities, Inc., a copy of which is attached hereto as **Exhibit "G"**. After a brief discussion on the matter, Director Gillum moved that the Board acknowledge receipt of the Disclosure Statement. Director Tague seconded said motion, which carried unanimously.
13. Consideration was next given to status of sale of Unlimited Tax Refunding Bonds, Series 2016, and Unlimited Tax Road Refunding Bonds, Series 2016, and any actions necessary or appropriate in connection therewith, including: approval of payment of costs of issuance; review, approval and execution of closing documents; and approval of final Official Statement. Mr. Finke presented and reviewed with the Board the Closing Memorandum, a copy of which is attached hereto as **Exhibit "H"**. After

discussion, Director Gillum moved that the Board acknowledge received of Closing Memorandum. Director TenBroeck seconded said motion, which carried unanimously.

14. Consideration was next given to approval and filing of an Application to the Texas Commission on Environmental Quality for the Approval of an Engineering Project and the Issuance of Bonds in an amount not to exceed \$16,000,000. Mr. Koehler and Mr. Wagnon reviewed the Application, a copy of which is attached hereto as **Exhibit "I"**. It was noted that on the last page Jim Koehler should be changed to W. Jeff Williams. Mr. Finke presented and reviewed with the Board an Order Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds, a copy of which is attached hereto as **Exhibit "J"**. After discussion on the matter, Director Gillum moved that the Board approve the Order Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds and authorize execution of same. He further moved that the Application be approved, subject to necessary revisions as determined by District consultants. Director TenBroeck seconded said motions, which carried unanimously.
15. Consideration was next given to the status of preparation of legal descriptions, maps, exhibits, and real estate appraisal for application to Texas Parks and Wildlife for parks grant, and expenditure of funds relating thereto. Mr. Finke addressed the Board regarding such matter. After discussion, Director Adams moved that the Board table the matter until a future meeting. Director Gillum seconded said motion, which carried unanimously.
16. 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. Finke reported to the Board regarding the status of such matter. After discussion, the Board determined that no action was required at this time.
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 Foster, seconded by Director Gillum, and unanimously carried, the meeting was adjourned.

  
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Robert Tague  
Secretary