

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

November 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, November 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
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. of Graham Associates, Inc. (“GAI”); Mr. Jason Cork of Arcadia Water Management, LLC; Ms. Kathi Dye of Kathi Dye & Associates, LLC; Chief Greg Wilkerson and Mrs. Donna Wilkerson of Advantage Leadership Resources; Mr. Doug Sims of Waste Management; Mr. Chris Chatterton and Mr. Thom Vars, District residents; Mr. Clay E. 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 6:18 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment and recognized Mr. Sims, who presented the Board with a Commercial Dumpster Container Overflow Report, and updated the Board on the status of new trucks. The President then recognized Mr. Vars, who addressed the Board regarding fire protection services for the Artesia subdivision. The President then recognized Mr. Chatterton, who addressed the Board with a complaint regarding a sidewalk between two houses that is sinking and breaking apart every time it rains. Mr. Koehler advised that he would investigate whether the sidewalk is failing due to a District issue. 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 Tague, seconded by Director TenBroeck and unanimously carried, the President closed the public comment session of the meeting.
3. Consideration was next given to receiving and acting upon bids for the purchase of the District’s \$15,240,000 Unlimited Tax Bonds, Series 2016A (“Bonds”). Mr. Crawford advised that six (6) bids had been received and noted that the District’s financial advisor, FirstSouthwest, recommended award of the sale of the Bonds to the low bidder

SAMCO Capital Markets at a net effective interest rate of 3.688421%. A bid tabulation is attached hereto as **Exhibit "A"**. After discussion on the matter, Director TenBroeck moved that the Board award the sale of the Bonds to the low bidder, SAMCO Capital Markets at a net effective interest rate of 3.688421%. Director Foster seconded said motion, which carried unanimously.

4. Consideration was next given to adoption of an Order Authorizing the Issuance of \$15,240,000 Denton County Fresh Water Supply District No. 10 Unlimited Tax Bonds, Series 2016A, Levying an Ad Valorem Tax in Support of the Bonds, Approving an Offering Document; Authorizing the Execution of a Paying Agent/Registrar Agreement; Awarding the Sale of the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds. Mr. Crawford presented and reviewed with the Board such Order, a copy of which is attached hereto as **Exhibit "B"**. After discussion on the matter, Director Gillum moved that the Board adopt such Order and authorize execution of same. Director Tague seconded said motion, which carried unanimously.
5. The Board next deferred consideration of acting upon approval and distribution of Final Official Statement relative to the District's Bonds, after noting that the matter was addressed in item no. 4 above.
6. The Board next deferred consideration of approval and execution of Paying Agent/Registrar Agreement by and between the District and in connection with the issuance of the Bonds, after noting that the matter was addressed in item no. 4 above.
7. Consideration was next given to acting upon any other matters concerning the District's Bonds, including the approval and execution of various documents for inclusion in the transcript of proceedings to be submitted to the Attorney General of the State of Texas. Mr. Crawford addressed the Board regarding such matter, and reviewed the documents for execution. After discussion on the matter, Director Foster moved that the Board approve and authorize execution of various documents for inclusion in the transcript of proceedings to be submitted to the Attorney General of the State of Texas. Director TenBroeck seconded said motion, which carried unanimously.
8. Consideration was next given to the (a) review and approval of the Minutes of the October 20, 2016, Board of Directors Meeting; (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"**; (d) review and approval of the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit "E"**; and (e) amended operating budget for fiscal year ended July 31, 2017. After discussion on the matter, Director Foster moved that the Board approve items a, b, and c on the Consent Agenda and defer item (d). Director TenBroeck seconded said motion, which carried unanimously. After additional discussion on the bookkeeper's report, Director Gillum moved that the Board approve item d on the Consent agenda, with additional check nos. 9087 to Jon TenBroeck in the amount of \$139.06, 9088 to Harco in the amount of \$4,619.00, and 9089 to TML in the amount of \$10,063.00. Director TenBroeck seconded said motion, which carried unanimously.

9. 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 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 Phase 5B, Artesia Pump Building, Savannah Azalea Phase 11B, and Artesia North Phase 2.

The Board next consider authorizing preparation of construction plans and specifications for improvement projects. Mr. Koehler noted that there no authorizations for preparation of construction plans and specifications for improvement projects to be considered at this time.

The Board next considered approval of construction plans and specifications and advertising for bids for contract(s) for improvement projects. Mr. Koehler noted that there were no approvals of construction plans and specifications and advertising for bids for contract(s) for improvement projects to be considered at this time.

The Board then considered award of contracts for construction of improvement projects and issuance of notices to proceed, including award of contracts for construction of grading, water, sanitary sewer, storm drainage, and paving improvements to Oglethorpe Village at Savannah Phase 8C. Mr. Koehler presented correspondence dated November 11, 2016, with bid tabulation, attached to engineer's report, relative to grading improvements for Oglethorpe Village at Savannah Phase 8C. He noted that three (3) bids were received, with the low bidder being RPMx Construction, Inc. in the amount of \$335,795.79. Mr. Koehler then presented correspondence dated November 11, 2016, with bid tabulation, attached to engineer's report, relative to water, sanitary sewer and storm drainage improvements for Oglethorpe Village at Savannah Phase 8C. He noted that seven (7) bids were received, with the low bidder being Wilson Contractor Services, LLC in the amount of \$183,195.25. Mr. Koehler then presented correspondence dated November 11, 2016, with bid tabulation, attached to engineer's report, relative to paving improvements for Oglethorpe Village at Savannah Phase 8C. He noted that five (5) bids were received, with the low bidder being GM Construction, TX in the amount of \$335,227.02. After discussion on the matter, Director Gillum moved that the Board (1) award the contract for grading improvements for Oglethorpe Village at Savannah Phase 8C to RPMx Construction, Inc., as recommended by the District's engineer; (2) award the contract for water, sanitary sewer and storm drainage improvements for Oglethorpe Village at Savannah Phase 8C to Wilson Contractor Services, LLC, as recommended by the District's engineer; (3) award the contract for paving improvements for Oglethorpe Village at Savannah Phase 8C to GM Construction, TX, as recommended by the District's engineer; all three (3) items subject to receipt of appropriate Form 1295. 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: Venus Construction (Artesia North Phase 2 Utilities) in the amount of \$337,639.55; RPMx Construction (Artesia North

Phase 2 Earthwork #5) in the amount of \$40,323.60; and Mela Contracting, Inc. (Artesia Pump Building Est. #10) in the amount of \$21,545.80. After discussion, Director Gillum moved that the Board approve the invoices to be approved by the Board and paid by Corona Artesia as presented. Director TenBroeck 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 Phase 11B Utilities #5) in the amount of \$91,568.79. After discussion, Director Gillum moved that the Board approve the invoices to be approved by the Board and paid by the developer for current constructions contracts as presented. Director Foster seconded said motion, which carried unanimously. Mr. Koehler then reviewed change order no. 3 from Mela Contracting, Inc. (Artesia Pump Building) in the amount of \$20,643.00. After discussion, Director Gillum moved that the Board approve change order no. 3 from Mela Contracting, Inc. as presented. Director Adams seconded said motion, which carried unanimously.

The Board next considered site plans or concept plans for discussion, including site plan and driveway location for Savannah Town Square. After a brief discussion with regard to the entrance to Savannah Town Square entrance on 380, Director Tague moved that the Board accept the Engineer's Report as presented. Director TenBroeck seconded said motion, which carried unanimously.

10. Consideration was next given to status of Artesia water system construction project, including approval of change orders; approval execution and filing of Development Application with Town of Prosper regarding Water Meter Station Project; and amendment to Regional Treated Water System Participating Customer Contract and Northeast Regional Water Reclamation System Participating Customer Contract with Upper Trinity Regional Water District ("UTRWD") as appropriate. The President recognized Mr. Crawford, who discussed direct connections status from UTRWD and permit status with Town of Prosper. The President determined that no action was required at this time.
11. 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, consider approval and execution of independent contractor agreements for patrol services; consider status of District traffic improvements; and authorize actions and expenditures as necessary. Chief Wilkerson presented a General Manager's report for October 2016, a copy of which is attached hereto as **Exhibit "G"**. He specifically addressed the sidewalk sinking at 920 King George and presented photos with regard to same. Chief Wilkerson reviewed the law enforcement coverage and activity report for October. After discussion on the report presented, Director TenBroeck moved that the Board approve the report provided by ALR, with the exception of the sinking sidewalk at 920 King George which is to be investigated by the District engineer. Director Foster 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 water production

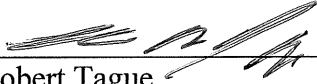
capacities; update on inspections process; and authorizing expenditure of funds for operation and maintenance of water facilities. A copy of such report, prepared by Arcadia Water Management LLC is attached hereto as **Exhibit "H"**. The President recognized Mr. Cork, who reported on water capacity and water quality. He noted that he is getting bids for inspection, and reported that he should have an update on ebilling by the end of the month. Mr. Cork discussed with the Board a payment lock box for Artesia. After discussion, Director Foster moved that the Board approve the report as presented. Director TenBroeck seconded said motion, which carried unanimously.

13. Consideration was next give to status of negotiations with 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. Mr. Finke reported to the Board on such matter. After discussion of the informal poll taken of Artesia residents, Director Adams moved that the Board keep the fire protection services and EMS Services for the Artesia Subdivision with the Aubrey Fire Department based on overwhelming responses received from the poll, and authorize communication of such information to the Artesia residents based on the overwhelming responses received. Director Foster seconded said motion, which carried unanimously.
14. Consideration was next given to approval and execution of Amendment to Non-Standard Service Contract by and between Mustang Special Utility District, District, and Development Solutions, CR, LLC; and the taking of any action necessary in connection therewith. As noted in paragraph no. 18 below, the Board convened into Executive Session to deliberate regarding real estate matters. After discussion on the matter, Director TenBroeck moved that the Board approve Amendment to Non-Standard Service Contract by and between Mustang Special Utility District, District, and Development Solutions, CR, LLC, subject to changes made as suggested by Mr. Finke. Director Foster seconded said motion, which carried unanimously.
15. Consideration was next given to adoption of an Order of Denton County Fresh Water Supply District No. 10 Adopting Fines for Specific Construction Related Violations Affecting the Drainage, Storm Water Control, and Sanitary Conditions within the District; Providing for a Penalty for the Violation for this Order; Providing for an Effective Date; and Providing for the Publication of the Caption Hereof. Mr. Finke presented and reviewed with the Board such Order, a copy of which is attached hereto as **Exhibit "I"**. After discussion on the matter, Director Tague moved that the Board adopt such Order, authorize execution of same, and authorize publication of Notice of adoption of same. Director Foster seconded said motion, which carried unanimously.
16. Consideration was next given to approval and execution of proposals for renewal of District insurance policies expiring November 19, 2016, related discussion, and the taking of any related action in connection therewith. Mr. Finke presented and reviewed with the Board the insurance renewal proposals, a copy of which is attached hereto as **Exhibit "J"**. After discussion on the renewal proposals received, Director Tague moved that the Board approve the insurance renewal proposals as presented, and authorize execution of same. Director TenBroeck seconded said motion, which carried unanimously.

17. Consideration was next given to status of acquisition of offsite water easement to serve Azalea Village in Savannah, and the taking of any further action in connection therewith. Mr. Finke provided an update to the Board on the status of such matter, as such matter was concluded. The President determined that no action was required at this time.
18. Consideration was next given to Executive Session pursuant to Sections 551.071, 551.072, and 551.076, Texas Government Code, as amended, to consult with District Counsel on real estate, litigation, and settlement matters. Upon motion made by Director Adams, seconded by Director TenBroeck and unanimously carried, the Board entered into Executive Session at 7:55 p.m. pursuant to Section 551.072, Texas Government Code, to deliberate upon real estate matters.

Upon motion by Director Foster, seconded by Director Adams, the Board voted unanimously to reconvene the meeting in open session at 8:31 p.m.

19. 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 at 8:33 p.m.



Robert Tague
Secretary