

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

December 15, 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, December 15, 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. Brian Toldan of McCall Gibson Swedlund Barfoot, PLLC; Mr. Doug Sims of Waste Management of Texas, Inc.; 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. After noting that there were no 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 approval of an audit report for the fiscal year ended July 31, 2016. The President recognized Mr. Toldan, who presented and reviewed with the Board the draft audit report for the fiscal year ended July 31, 2016, a copy of which is attached hereto as **Exhibit “A”**. He noted new legislation that requires the audit report to be that with the State Comptroller, in addition to the Texas Commission on Environmental Quality (“TCEQ”). After discussion on the matter, Director Gillum moved that the Board approve the audit report for the fiscal year ended July 31, 2016, and authorize the filing of such audit report with the TCEQ and the State Comptroller. Director TenBroeck seconded said motion, which carried unanimously.

4. Consideration was next given to the (a) review and approval of the Minutes of the November 17, 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 "B"**; (c) review and acceptance of the Developer's Report, a copy of such Report is attached hereto as **Exhibit "C"**; (d) review and approval of the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit "D"**; and (e) amended operating budget for fiscal year ended July 31, 2017. After discussion on the matter, Director Gillum moved that the Board approve all items on the Consent Agenda. Director Foster seconded said motion, which carried unanimously.
5. Consideration was next given to review and approval of Memorandum of Understanding with Waste Management to include "snapshot" language related to unusual accumulations. The President recognized Mr. Sims, who provided a Commercial Dumpster Container Overflow Report, a copy of which is attached hereto as **Exhibit "E"**. In connection with same, Mr. Finke presented and reviewed with the Board a Memorandum of Understanding, a copy of which is attached hereto as **Exhibit "F"**. After discussion, Director TenBroeck moved that the Board approve the Memorandum of Understanding and authorize execution of same. Director Adams seconded said motion, which carried unanimously.
6. 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 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, Artesia North Phase 2; and Savannah Phase 8C. There was a lengthy discussion on the Artesia Pump Building and change order that was approved two (2) months ago. There was additional discussion regarding repair of District roads and increase in budget costs of items. The Board requested that Mr. Koehler prioritize items within the project.

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 presented correspondence dated November 17, 2016, regarding approval of plans for ArrowBrooke Phase 2A Utilities and Paving. After discussion, Director Gillum moved that the Board approve the construction plans and specifications for ArrowBrooke Phase 2A Utility and Paving and authorize advertising for bids for contract(s). Director TenBroeck seconded said motion, which carried unanimously.

The Board then considered award of contracts for construction of improvement projects and issuance of notices to proceed. Mr. Koehler noted there were no contracts to be awarded for construction of improvement projects this month.

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 #2) in the amount of \$607,623.09; and Mela Contracting, Inc. (Artesia Pump Building Est. #11) in the amount of \$14,708.14. 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 Tague 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 #6) in the amount of \$248,686.29, and RKM Utility Services (Artesia North Phase 5B Utilities #2) in the amount of \$10,125.00. 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 Tague seconded said motion, which carried unanimously. Mr. Koehler then reviewed an invoice to be approved by the Board and paid by Board for District projects from Titan Fence & Supply (ArrowBrooke Meter Station Fence Repair) in the amount of \$150.00. After discussion, Director Tague moved that the Board approve invoice from Titan Fence & Supply as presented. Director Foster seconded said motion, which carried unanimously.

The Board then considered acceptance of certificate of completion and authorizing final acceptance of projects. Mr. Koehler noted there were no certificates of complete or final acceptance of projects this month.

The Board next considered approval/status of engineering Task Order(s), including: sidewalk at 916 King George Dr. Mr. Koehler reiterated the information provided in the engineer's report with regard to such matter. He recommended that the Board authorize correspondence to the resident advising the reason the District will not be repairing the sidewalk and reiterating that such sidewalk is a danger and needs to be repaired.

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

7. 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 termination of water permit allocation program. The President recognized Mr. Finke who reported to the Board on such matter. He noted that the District has received permission from Upper Trinity Regional Water District ("UTRWD") to send notice to UTRWD two (2) weeks prior to construction start on the direct tap to the UTRWD line, which is tentatively scheduled for January 9th. Mr. Finke noted that formal permission has been received from the necessary landowners to begin construction. The President determined that no action was required at this time.

8. 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 November 2016, a copy of which is attached hereto as **Exhibit “H”**. The Board determined to send correspondence to Artesia residents regarding results of informal fire services poll. There was also discussion regarding level of signs put in by Brandon Industries and looking at other options for another sign company. Chief Wilkerson reviewed the law enforcement coverage and activity report for November. He presented an independent contractor agreement for patrol services with Rachel St. Pe. After discussion, Director Adams moved that the Board approve the independent contractor agreement for patrol services with Rachel St. Pe as presented. Director Foster seconded said motion, which carried unanimously. Chief Wilkerson then discussed raising contracted police officers’ hourly pay rate for designated holidays to \$55.00 per hour and amend the police services contract to reflect the raise and to specifically designate such holidays. After discussion, Director Adams moved that the Board approve the amendment to the police services contracts to raise rate to \$55.00 per hour and designate specific holiday shifts. Director Foster seconded said motion, which carried unanimously. After discussion on the report presented, Director Gillum moved that the Board approve the report provided by ALR. Director TenBroeck 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; 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 “I”**. The President recognized Mr. Cork, who reported on water capacity and water quality. He reported on two emergencies that occurred at the District’s facilities over the Thanksgiving holiday week: (1) Artesia water pressure dropped on November 24, 2016, at 1:00 a.m. for approximately two (2) hours due to low level in elevated storage tank caused by failure of the Uninterruptible Power Supply (which will need to be replaced at estimated cost of \$100-\$200); and (2) ground storage tank at Harper Road facility reached low level lock on November 27, 2016, at 5:00 p.m. due to Motor Operated Valve not opening properly. He noted that the main concern he had with both emergency situations was the failure of the SensaPhone800 to dial out emergency calls although properly programed. Mr. Cork discussed the repairs made for both situations, additional actions taken to prevent future reoccurrence, and repair of damaged phone line by AT&T. After discussion, Director Foster moved that the Board approve the report as presented. Director Gillum seconded said motion, which carried unanimously.
10. Consideration was next given to approval of audit relative to the payment of proceeds of the District’s \$15,240,000 Unlimited Tax Bonds, Series 2016A (the “Bonds”), and authorizing disbursement of Bond proceeds in accordance with same. Mr. Finke presented and reviewed with the Board the Closing Memorandum prepared by

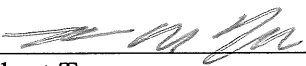
FirstSouthwest, a Division of Hilltop Securities, Inc. After discussion on the matter, Director Adams moved that the Board accept the Closing Memorandum, authorize distribution of fees, and table approval of audit and disbursement of Bond proceeds until a future meeting. Director Foster seconded said motion, which carried unanimously.

11. Consideration was next given to acting upon authorizing execution of an Amendment to the District's Information Form relative to the Bonds. In that regard, Mr. Finke presented and reviewed with the Board the Fourth Amendment to the Fourth Amended and Restated District Information Form. He reviewed the statutory requirement for execution and recordation of such document. After discussion, Director Foster moved that the Board approve the Fourth Amendment to the Fourth Amended and Restated District Information Form and authorize execution and recordation of same. Director Adams seconded said motion, which carried unanimously.
12. Consideration was next given to approval and execution of Conveyances of Utility Facilities relative to facilities to be purchased with Bond proceeds. 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.
13. Consideration was next given to acceptance and execution of Receipt and Release relative to funds disbursed in connection with Bond proceeds. After a brief discussion, Director Adams moved that the Board table the matter until a future meeting. Director Tague seconded said motion, which carried unanimously.
14. Consideration was next given to approval of continuing disclosure report regarding the District's outstanding bonds; approval and execution of resolution regarding same; and authorizing filing of report and resolution. Mr. Finke presented and reviewed with the Board the continuing disclosure report and resolution regarding same. After discussion on the report presented, Director TenBroeck moved that the Board approve the continuing disclosure report regarding the District's outstanding bonds, approve and authorize execution of resolution regarding same; and authorizing filing of report and resolution, all pending change to school District information if needed. Director Gillum seconded said motion, which carried unanimously.
15. Consideration was next given to correspondence from Mustang Special Utility District regarding transfer of certain District certificates of convenience and necessity, facilities, land, easements, rights-of-way and contracts. As noted in paragraph no. 17 below, the Board convened into Executive Session to deliberate regarding real estate matters. After discussion on the matter, the Board determined to discuss further at a special meeting to be held on Thursday, January 5, 2017, at 6:00 p.m.
16. Consideration was next given to status of construction contract with Kart Construction & Equipment Co., Inc. and the taking of any action in connection therewith. After a brief discussion on the matter, Director TenBroeck moved that the Board table the matter until a future meeting. Director Foster seconded said motion, which carried unanimously.

17. 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 Gillum and unanimously carried, the Board entered into Executive Session at 7:45 p.m. pursuant to Section 551.072, Texas Government Code, to deliberate upon real estate matters.

Upon motion by Director Foster, seconded by Director Gillum, the Board voted unanimously to reconvene the meeting in open session at 8:13 p.m.

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



Robert Tague
Secretary