

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

January 5, 2017

The Board of Directors (“Board”) of Denton County Fresh Water Supply District No. 10 (“District”), met in special session, open to the public, on Thursday, January 5, 2017, 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, with the exception of Director Foster. 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 of Kathi Dye & Associates, LLC; Chief Greg Wilkerson and Mrs. Donna Wilkerson of Advantage Leadership Resources; Mr. Clay E. Crawford and Mr. Jonathan H. 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 6:01 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 Gillum, seconded by Director Tague and unanimously carried, the President closed the public comment session of the meeting.
3. Consideration was next given to status of Artesia water system construction project, including approval of change orders; approval of payment of deposit to Upper Trinity Regional Water District (“UTRWD”) for Water Meter Station Project; and termination of water permit allocation program. Mr. Crawford addressed the Board regarding the status of UTRWD connection and pump station and UTRWD deposit. After discussion, Director Gillum moved that the Board approve payment of deposit in the amount of \$80,000 to UTRWD for Water Meter Station Project. Director Tague seconded said motion, which carried unanimously.

4. 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 consider authorizing disbursement of Bond proceeds in accordance with same. Mr. Crawford reviewed with the Board the Agreed Procedures Report prepared by McCall Gibson Swedlund Barfoot, PLLC, a copy of which is attached hereto as **Exhibit "A"**. After discussion on the matter, Director Gillum moved that the Board approve the Agreed Procedures Report and authorize disbursement of Bond proceeds in connection therewith. Director TenBroeck seconded said motion, which carried unanimously.
5. Consideration was next given to acting upon authorizing execution of an Amendment to the District's Information Form relative to the Bonds. Mr. Crawford noted that the Amendment was approved at the December 15, 2016, Board of Directors meeting. After a brief discussion, the Board determined no action necessary.
6. Consideration was next given to approval and execution of Conveyances of Utility Facilities relative to facilities to be purchased with Bond proceeds. Mr. Crawford presented and reviewed with the Board a Conveyance of Facilities (Water and Wastewater Facilities – Savannah, Northshore Commercial, Denton County, Texas) and a Conveyance of Facilities (Offsite Wastewater Line – ArrowBrooke, Denton County, Texas), copies of which are attached hereto as **Exhibits "B" and "C"**, respectively. After discussion, Director TenBroeck moved that the Board approve the Conveyances as presented and authorize execution and recordation of same. Director Adams seconded said motion, which carried unanimously.
7. Consideration was next given to acceptance and execution of Receipt and Releases relative to funds disbursed in connection with Bond proceeds. Mr. Crawford presented Receipt and Release (CHS Savannah, L.P.) (Water, Wastewater, Drainage Facilities, Savannah Phases 8E, 8F, 10C, and 11A, and Northshore Commercial, Byran Road Elevated Water Storage Tank Capacity, Erosion Control; Operating Advances, Denton County, Texas); Receipt and Release (Water, Wastewater, and Drainage Facilities, Artesia Phases 2A and 5A; Water, Wastewater, and Drainage Facilities, Artesia North Phases 1 and 4); Receipt and Release (Comanche Ridge Properties Associates, L.P.) (Water, Wastewater, and Drainage Facilities, ArrowBrooke Phase 1A and 1B; ArrowBrooke Offsite Wastewater Line, Erosion Control; Storm Water Pollution Prevention; Permanent Electric Service; Capacity in Byran Road Elevated Storage Tank, Denton County, Texas); and Receipt and Release (Development Solutions CR, LLC) (Water, Wastewater, and Drainage Facilities, ArrowBrooke Phase 1A and 1B, Erosion Control, Storm Water Pollution Prevention; Permanent Electric Service; Capacity in Byran Road Elevated Storage Tank, Denton County, Texas), copies of which are attached hereto as **Exhibits "D", "E", "F", and "G"**, respectively. After discussion on the matter, Director Tague moved that the Board approve the Receipts and Releases, except for the Development Solutions Receipt and Release, which is approved subject to receipt of an executed Receipt and Release. Director Gillum seconded said motion, which carried unanimously.

8. Consideration was next given to approval of an amendment to the existing Agreement for Independent Contractor Services (Security Patrol Services). Mr. Finke discussion such matter with the Board. After discussion, Director Adams moved that the Board approve the amendment to the existing Agreement for Independent Contractor Services (Security Patrol Services). Director TenBroeck seconded said motion, which carried unanimously.
9. Consideration was next given to options available to the District related to emergency infrastructure repairs, including the procedures for handling such emergency infrastructure repairs as they occur, and any action in connection therewith. After considerable discussion on the matter, Director Adams moved that the Board authorize Chief Wilkerson to spend up to \$5,000 for miscellaneous emergency infrastructure repairs as they occur, and further moved that the Board authorize Chief Wilkerson, Director Tague, and Mr. Koehler to determine the specific procedure to be followed in connection with same. Director TenBroeck seconded said motion, which carried unanimously.
10. Consideration was next given to annual review of District's professional services and consulting contracts, and any action in connection therewith. After a brief discussion on the matter, Director Adams moved that the Board table the matter until a future meeting. Director Gillum seconded said motion, which carried unanimously.
11. Consideration was next given to correspondence from Mustang Special Utility District ("Mustang") regarding transfer of certain District certificates of convenience and necessity, facilities, land, easements, rights-of-way and contracts. As noted in paragraph no. 13 below, the Board convened into Executive Session to deliberate regarding real estate matters. After discussion on the matter, Director Adams moved that the Board adopt a statement of terms of agreement with Mustang that can be modified as negotiations commence. Director Adams listed the following terms of agreement to be part of the resolution:
 - 1) The District remains the retail service provider for Savannah for six (6) years from June 2017, retaining all revenues and funding necessary maintenance;
 - 2) The District conveys and leases back ownership of Savannah facilities to Mustang immediately;
 - 3) The District will transfer the District's ArrowBrooke retail water CCN immediately;
 - 4) The District will convey the ArrowBrooke facilities to Mustang upon completion;
 - 5) The District assigns its right to capacity in the Upper Trinity Regional Water District Wastewater Treatment Plant that serves ArrowBrooke to Mustang; and


- 6) Upon expiration of six (6) years, Mustang will not raise rates more than 10% each year for the three (3) years following expiration.

Director Tague seconded said motion, which carried unanimously.

12. Consideration was next given to review and approval of Waste Management documents, including a Consent to Use and Release for Use of Pictures and/or Recordings, and any action in connection therewith. Mr. Finke addressed the Board regarding such matter. After discussion, the President determined that no action was required at this time.
13. 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 6:28 p.m. pursuant to Section 551.072, Texas Government Code, to deliberate upon real estate matters.

Upon motion by Director Adams, seconded by Director Gillum, the Board voted unanimously to reconvene the meeting in open session at 7:06 p.m.

14. After noting that no further business was to come before the Board, upon motion duly made by Director Gillum, seconded by Director TenBroeck, and unanimously carried, the meeting was adjourned at 7:15 p.m.



Robert Tague
Secretary