

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

January 19, 2017

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, January 19, 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. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Jim Wagon, P.E. of Graham Associates, Inc. ("GAI"); Mr. Jason Cork of Arcadia Water Management, LLC; Mr. Todd Madison of Texas Water Company; Chief Greg Wilkerson and Mrs. Donna Wilkerson of Advantage Leadership Resources; Ms. Kathi Dye of Kathi Dye & Associates, LLC; Mr. Jeremy Jones of Inwood Plaza Joint Venture; Mr. Stephen Davis of Development Solutions CR,LLC; 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 6:01 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 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 December 16, 2016, and January 5, 2017, 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 "A"**; (c) review and acceptance of the Developer's Report, a copy of such Report is attached hereto as **Exhibit "B"**; (d) review and approval of the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit "C"**; and (e) amended operating budget for fiscal year ended July 31, 2017. After discussion on the matter, Director Gillum moved that the Board approve items (a), (b), and (c) on the Consent Agenda. Director TenBroeck seconded said motion, which carried unanimously. With regard to item (d), Director Gillum moved that the Board authorize the bookkeeper to change the Certificate of Deposit from a one (1) year CD to a six (6) month CD at .35% interest.

Director TenBroeck seconded said motion, which carried unanimously. Director Tague moved that the Board table item (e) to a future meeting. Director Foster seconded said motion, which carried unanimously. Director Adams then moved that the Board approve item (d) subject to amending item (d) to hold check no. 9199 in the amount of \$1,262.00 to Brandon Industries and to void check no. 9200 to Wopac Construction in the amount of \$10,676.25. Director TenBroeck seconded said motion, which carried unanimously.

4. Consideration was next given to review and acceptance of the Engineer's Report, as presented by Mr. Wagon, a copy of which is attached hereto as **Exhibit "D"**. The Board considered the status of construction projects within the District. In that regard, Mr. Wagon discussed with the Board the status of the following projects: Artesia Phase 5B, Artesia Pump Building, Savannah Azalea Phase 11B, Artesia North Phase 2, Savannah Phase 8C, and Artesia Waterline Connection.

The Board next consider authorizing preparation of construction plans and specifications for improvement projects. Mr. Wagon 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. Wagon presented correspondence dated January 10, 2017, regarding approval of plans for ArrowBrooke Phase 2B Utilities and Paving. After discussion, Director TenBroeck moved that the Board approve the construction plans and specifications for ArrowBrooke Phase 2B Utilities and Paving, subject to engineer being satisfied with suggested revisions, and authorize advertising for bids for contract(s). 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. Mr. Wagon presented correspondence dated January 17, 2017, with bid tabulation, attached to engineer's report, relative to bidding for Savannah – Artesia Pavement Repairs. He noted that two (2) bids were received, with the low bidder being Wopac Construction, Inc. in the amount of \$231,166.84. After discussion on the matter, Director Gillum moved that the Board table the matter until a future meeting. Director TenBroeck seconded said motion, which carried unanimously. Mr. Wagon also presented correspondence dated January 11, 2017, with bid tabulation, attached to engineer's report, relative to bidding for ArrowBrooke Phase 2A grading, sanitary sewer, water lines, storm drainage and paving. He noted that three (3) bids were received, with the low bidder being RKM Utility Services, Inc. in the amount of \$2,139,727.90. After discussion on the matter, Director Adams moved that the Board award the contract for grading, sanitary sewer, water lines, storm drainage and paving improvements for ArrowBrooke Phase 2A to RKM Utility Services, Inc., as recommended by the District's engineer; subject to receipt of appropriate bonds and other necessary documents. Director Gillum 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. Wagon reviewed invoices to be approved by the Board and paid by Corona Artesia as follows: Venus Construction (Artesia North Phase 2 Utilities #3) in the amount of \$439,796.14; and Mela Contracting, Inc. (Artesia Pump Building Est. #12) in the amount of \$7,600.00. After discussion, Director Foster 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. Wagon 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 \$172,032.48; RKM Utility Services (Artesia North Phase 5B Utilities #3) in the amount of \$47,754.60; RPMX (Savannah Phase 8C Grading) in the amount of \$20,831.93; C.W. Young Construction (Artesia Phase 5B Utilities #7) in the amount of \$576.00; and C. W. Young Construction (Artesia Phase 5B Utilities #8) in the amount of \$38,071.80. 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. Wagon then reviewed invoices to be approved by the Board and paid by Board for District projects as follows: Brandon Industries (No Parking Signs School) in the amount of \$1,262.00 and Wopac Construction, Inc. (Savannah Traffic Circle Repair) in the amount of \$9,241.00. He also presented a change order from Wopac Construction, Inc. (Savannah Traffic Circle) in the amount of \$1,435.45. After discussion, Director Adams moved that the Board table approval of invoice from Brandon Industries, as well as the invoice and change order from Wopac Construction, Inc. Director TenBroeck seconded said motion, which carried unanimously.

The Board then considered acceptance of certificate of completion and authorizing final acceptance of projects. Mr. Wagon presented correspondence dated December 23, 2016, regarding Certificate of Substantial Completion for Water, Sanitary Sewer and Drainage Improvements for Artesia Phase 5B, a copy of such correspondence is attached to the engineer's report. After discussion, Director Gillum moved that the Board accept the certificate of completion and authorize final acceptance of project, subject to completion of punch list items. Director Tague seconded said motion, which carried unanimously.

The Board next considered approval/status of engineering Task Order(s). Mr. Wagon noted there were no Task Orders for consideration at this time.

The Board next considered status of necessary non-routine maintenance and repair of District facilities. Mr. Wagon noted there was no necessary non-routine maintenance and repair of District facilities during the month.

The Board next considered approval of final plats and amendments to plats. Mr. Wagon noted there were no plats or amendments to plats for consideration at this time.

The Board next considered site plans or concept plans for discussion. Mr. Wagnon noted there were no site plans or concept plans for consideration at this time.

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

5. Consideration was next given to status of Artesia water system construction project, including termination of water permit allocation program. The President recognized Mr. Wagnon who reported to the Board on such matter. He noted that the Pump Station is awaiting a valve and the 24-inch tie-in should be completed next week. After discussion, the President determined that no action was required at this time.
6. 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. Prior to the presentation of the report, Director Adams noted the recent death of Little Elm Police Officer and offered support and sympathy of Board. Chief Wilkerson presented a General Manager's report for December 2016, a copy of which is attached hereto as **Exhibit "E"**. Chief Wilkerson reviewed the law enforcement coverage and activity report for December. Director Tague updated the Board on the status of the website. There was also discussion on the number of barricades owned by the District. After discussion on the report presented, Director Foster moved that the Board approve the report provided by ALR. Director TenBroeck seconded said motion, which carried unanimously.
7. Consideration was next given to approval and execution of amended Professional Services Agreement with Arcadia Water Management, LLC. Mr. Finke and Mr. Cork reported to the Board regarding such matter. After discussion, Director Adams moved that the Board approve the amended Professional Services Agreement with Arcadia Water Management, LLC, and authorize execution of same. Director Foster 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 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 "F"**. The President recognized Mr. Cork, who reported on water capacity and water quality. He updated the Board on installation of drop box. After discussion, Director Tague moved that the Board approve the report as presented. Director TenBroeck seconded said motion, which carried unanimously.
9. Consideration was next given to amendment of October 1, 2007, agreement with Mustang Special Utility District related to water and sanitary sewer service and transfer of certain District certificates of convenience and necessity, facilities, land, easements,


rights-of-way and contracts. As noted in paragraph no. 19 below, the Board convened into Executive Session to deliberate regarding real estate matters. After reconvening into open session, the President noted that no action was required at this time.

10. Consideration was next given to status of construction contract with Kart Construction & Equipment Co., Inc. and the taking of any action in connection therewith. Mr. Finke discussed the status of settlement discussions with Kart's surety, Suretec, and the involvement of Lennar in the settlement discussions. Mr. Finke informed the Board that settlement negotiations were ongoing. After a brief discussion, Director Gillum moved that the Board table the matter until a future meeting. Director Adams seconded said motion, which carried unanimously.
11. Consideration was next given to approval and execution of Settlement and Release Agreement with Inwood Plaza Joint Venture and any other action in connection therewith. Mr. Finke reported to the Board regarding such matter. The President then recognized Mr. Jones who briefly addressed the Board. After discussion on the matter, Director TenBroeck moved that the Board approve the Settlement and Release Agreement with Inwood Plaza Joint Venture and authorize execution of same. Director Gillum seconded said motion, which carried unanimously.
12. Consideration was next given to annual review of Order Adopting District's Investment Policy, and adoption of Resolution in connection therewith. Mr. Finke presented and reviewed with the Board the proposed Order Adopting District's Investment Policy, noting change in the investment officer's company name from Dye & Bloomfield, LLC to Kathi Dye & Associates, LLC, a copy of which is attached hereto as **Exhibit "G"**. He also presented and reviewed with the Board a Resolution Regarding Review of Investment Policy, a copy of which is attached hereto as **Exhibit "H"**. After discussion, Director Foster moved that the Board adopt the Order Adopting District's Investment Policy and Resolution Regarding Review of Investment Policy and authorize execution of such documents. Director Gillum seconded said motion, which carried unanimously.
13. Consideration was next given to adoption of Resolution Designating Depositories and Establishing Investment Accounts for Deposit of District Funds. Mr. Finke presented and reviewed with the Board such Resolution, a copy of which is attached hereto as **Exhibit "I"**. After discussion, Director Tague moved that the Board adopt the Resolution Designating Depositories and Establishing Investment Accounts for Deposit of District Funds and authorize execution of same. Director Gillum seconded said motions, which carried unanimously.
14. Consideration was next given to authorizing Eminent Domain Reporting to the Texas Comptroller of Public Accounts prior to February 1, 2017, relative to status and exercise of eminent domain powers. Mr. Finke discussed such matter with the Board including the statutory requirements. After discussion, Director TenBroeck moved that the Board authorize Eminent Domain Report to the Texas Comptroller of Public Accounts prior to February 1, 2017, relative to status and exercise of eminent domain powers. Director Foster seconded said motion, which carried unanimously.

15. 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 the special budget review meeting scheduled for February 7, 2017. Director Tague seconded said motion, which carried unanimously.
16. 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. Mr. Finke reported to the Board on such matter. There was a brief discussion of signs in Arteisa that received damage from a storm, as well as the purchase of a temporary mobile stop sign. After such brief discussion, Director Adams moved that the Board table the matter to a future meeting. Director Tague seconded said motion, which carried unanimously.
17. Consideration was next given to amendment to District Rate Order to document charge for additional trash receptacles. Mr. Finke presented and reviewed with the Board an amendment to the District Rate Order, a copy of which is attached hereto as **Exhibit "J"**. After discussion, Director TenBroeck moved that the Board approve the amendment to District Rate Order and revoke all prior Rate Orders. Director Tague seconded said motion, which carried unanimously.
18. 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. After a brief discussion, the President determined that no action was required and that such item should be removed from future agendas.
19. 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 Foster and unanimously carried, the Board entered into Executive Session at 7:26 p.m. pursuant to Section 551.072, Texas Government Code, to deliberate upon real estate matters.

Upon motion by Director Adams, seconded by Director Tague, the Board voted unanimously to reconvene the meeting in open session at 7:51 p.m.

20. After noting that no further business was to come before the Board, upon motion duly made by Director TenBroeck, seconded by Director Tague, and unanimously carried, the meeting was adjourned at 7:53 p.m.



Robert Tague
Secretary