

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

February 16, 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, February 16, 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. Jason Cork of Arcadia Water Management, LLC; Chief Greg Wilkerson and Ms. Donna Wilkerson of Advantage Leadership Resources (“ALR”); Ms. Kathi Dye of Kathi Dye & Associates, LLC; Mr. Jim Koehler, P.E. and Mr. Jim Wagon, P.E. of Graham Associates, Inc.; Mr. Jonathan Finke of Crawford & Jordan LLP; Ms. Nanetto E. Coyle, District resident; Mr. Al Elliott, District resident; 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 6:02 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment, and recognized Ms. Coyle who addressed the Board regarding a fire hydrant that is sinking. The Board requested that ALR contact Mustang regarding such fire hydrant, and further requested that Mr. Koehler review the status and potential solution to such fire hydrant issue. The President then recognized Mr. Elliott, who had requested a speed bump be installed along Caudle Lane and thanked the Board for quick and effective action related to such matter. 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 Gillum 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 January 19, 2017, and February 7, 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 and debt service budget for fiscal year ended July 31, 2017. With regard to the

payment due to Brandon Industries per the Bookkeeper's report, the Board discussed deficiencies in the work performed by Brandon Industries. The Board noted that as of the date of the meeting, Brandon Industries had invoiced the District \$6,716.00, of which \$5,809.00 was materials and \$907.00 was labor. Based on the issues with the installation of the signage, Director Adams moved that the Board pay Brandon Industries \$5,809.00 for the signage materials, but hold off on the \$907.00 for labor until such issues are resolved. Director TenBroeck seconded said motion, which carried unanimously. Following further discussion on the Consent Agenda, Director Gillum moved that the Board approve items (a), (b), (c) and (d) on the Consent Agenda, subject to additional checks to be paid per the bookkeeper as detailed below. Director Tague seconded said motion, which carried unanimously. Director Adams moved that the Board table item (e) to a future meeting. Director Foster seconded said motion, which carried unanimously. Director Adams then moved to approve additional check no. 9284 in the amount of \$8,750.00 to McCall Gibson Swedlund Barfoot PLLC, check no. 9285 in the amount of \$4,609.00 to Brandon Industries, and check no. 9286 in the amount of \$1,200 to Brandon Industries. Director Gillum seconded said motion, which carried unanimously.

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, 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 January 2017, a copy of which is attached hereto as **Exhibit "D"**. There was a discussion regarding stop signs in median on Artesia Boulevard. Chief Wilkerson also noted that contact has been made with builders regarding debris, but issue has not been resolved. He noted that a demand letter will be sent regarding potential fines for such debris. Chief Wilkerson reviewed the law enforcement coverage and activity report for January. Director Tague updated the Board on the status of the website. After discussion on the report presented, Director Foster moved that the Board approve the report provided by ALR. Director Gillum seconded said motion, which carried unanimously.
5. 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 "E"**. The President recognized Mr. Cork, who reported on water capacity and water quality, as well as monthly maintenance items. Mr. Cork also discussed a missing water meter owned by the District. After discussion, Director Tague moved that the Board approve the report as presented. Director Foster seconded said motion, which carried unanimously.
6. 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 and proposal for legal services regarding the same.

Director Adams updated the Board on the status of such matter. After discussion, Director Foster moved that the Board retain legal services to address CCN issues with regard to such matter, and moved that Mr. Finke, Mr. Crawford, and Director Adams have authority to negotiate such retention of legal services. Director TenBroeck seconded said motion, which carried unanimously.

7. Consideration was next given to participation in proposed expansion of Doe Branch Wastewater Treatment Plant and any action in connection therewith. Mr. Finke reported to the Board on such matter. After discussion, Director Adams moved that the Board authorize the District consultants to determine if District need to participate in the proposed expansion of Doe Branch Wastewater Treatment Plant. Director Foster seconded said motion, which carried unanimously.
8. Consideration was next given to approval and execution of Development Financing Agreement with Inwood Plaza Joint Venture and any other action in connection therewith. After a brief discussion on the matter, the President determined that no action was required at this time.
9. Consideration was next given to granting exemptions from taxation for 2017, and the adoption of a Resolution in connection therewith. Mr. Finke presented and reviewed with the Board a Resolution Concerning Exemptions from Taxation and discussed the provisions of same. After discussion, Director Adams moved that the Board adopt the Resolution as presented, a copy of which is attached hereto as **Exhibit "F"**. Director TenBroeck seconded said motion, which carried unanimously.
10. Consideration was next given to annual review of and adoption of Resolution Adopting Prevailing Wage Rate Scale for Construction Projects. In that regard, Mr. Finke presented to and discussed with the Board a list of prevailing wage rates for applicable construction projects in Denton County and discussed certain legal requirements with respect to payment of prevailing wages on public construction projects. He then presented the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects, attached hereto as **Exhibit "G"**. After discussion, Director Tague moved that the Board adopt the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects as presented. Director Foster seconded said motion, which carried unanimously.
11. 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 "H"**. 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 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. It was 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, including approval of plans for Artesia North Phase 3. The Board reviewed correspondence dated February 7, 2017, regarding the engineer's recommendation on the Artesia North Phase 3, grading, utility and paving review. After discussion, Director Gillum moved that the Board approve the construction plans and specifications for Artesia North Phase 3, subject to engineer being satisfied with suggested revisions, and authorize advertising for bids for contract(s). Director Adams seconded said motion, which carried unanimously.

The Board then considered award of contracts for construction of improvement projects and issuance of notices to proceed. It was noted there were no contracts to be awarded at this time.

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. The Board reviewed invoices to be approved by the Board and paid by Corona Artesia as follows: Venus Construction (Artesia North Phase 2 Utilities #4) in the amount of \$26,030.52; Mela Contracting, Inc. (Artesia Pump Building Est. #13) in the amount of \$44,052.45; and GM Construction TX (Artesia North Paving) in the amount of \$211,142.70. 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. The Board then reviewed invoices to be approved by the Board and paid by the developer for current construction contracts as follows: RPMx Construction (Savannah Phase 8C Grading) in the amount of \$172,388.79. After discussion, Director Foster 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 Adams seconded said motion, which carried unanimously. The Board then reviewed change orders from Wopac Construction, Inc. (Savannah Traffic Circle) in the amount of \$1,435.45, and Mela Contracting, Inc. (Artesia Meter Station) in the amount of \$45,371.00. After discussion, Director Gillum moved that the Board approve such change orders as presented. Director TenBroeck seconded said motion, which carried unanimously.

The Board next considered acceptance of certificate of completion and authorizing final acceptance of projects. It was noted that there were no certificates of completion for consideration at this time.

The Board next considered approval/status of engineering Task Order(s). It was 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. There was discussion regarding possible damage to weir on Greenwood and a broken curb at 1201 Sea Pines.

The Board next considered approval of final plats and amendments to plats, including plat of Artesia North Phase 2. After discussion, based on the engineer's

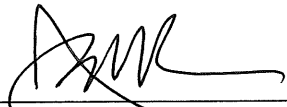
recommendation Director Foster moved that the Board approve the plat for Artesia North Phase 2. Director Tague seconded said motion, which carried unanimously.

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.

12. Consideration was next given to status of Artesia water system construction project, including termination of water permit allocation program. The President noted that such matter was discussed under the Engineering Report and the District would keep the permit allocation as is.
13. Consideration was next given to award of contracts for construction of improvement projects and issuance of notice to proceed for Savannah-Artesia Pavement Repairs. It was noted that this matter was being reopened subsequent to February 7, 2017, Board of Directors meeting. The Board discussed each item that was detailed to need work under the potential contract, including the examination of photographs showing such items following a rain event. It was noted by the Board that many of the items that allegedly needed work did not show any standing water within 36 hours of a rain event. Based on the Board's determination that all of the items did not need work, Director Adams made a motion to award the contract to Wopac Construction, Inc., subject to items 1, 2, 3, 4, 5, 7, 8, 14, 15, 16, and 18 being removed from the contract. Director Foster seconded said motion, which carried unanimously. Director Foster seconded said motion, which carried unanimously.
14. Consideration was next given to annual review of District's professional services and consulting contracts and any action in connection therewith. As noted in paragraph no. 16 below, the Board convened into Executive Session to deliberate regarding the District's consultant contracts and potential legal issues that could arise. After reconvening into open session, the President noted that no action was required at this time.
15. 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. The Board requested that Chief Wilkerson prepare a list of contractors for each type of work to be on call. After a brief discussion, Director Adams moved that the Board table the matter to a future meeting. Director Foster seconded said motion, which carried unanimously.
16. 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 potential litigation matters. Upon motion made by Director Adams, seconded by Director Foster and unanimously carried, the Board entered into Executive Session at 7:46 p.m. pursuant to Section 551.071, Texas Government Code, to consider the District's consultant contracts and potential legal issues that could arise.

Upon motion by Director Adams, seconded by Director Foster, the Board voted unanimously to reconvene the meeting in open session at 8:01 p.m.

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



~~Robert Tague~~ Jon TenBroek
~~Secretary~~ Vice President