

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

March 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, March 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, with the exception of Directors Tague and Foster. Also attending the meeting were the following: Mr. Barry Jameson representing Huffines Communities; 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. of Graham Associates, Inc. (“GAI”); Mr. Jeremy Jones of Inwood Plaza; Mr. Stephen Davis of Development Solutions; Mr. Jonathan Finke of Crawford & Jordan LLP; Ms. Judith Beer, District resident; Mr. Sharon Arnold, 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 6:04 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment, and recognized Ms. Beer who addressed the Board regarding the safety of children’s playgrounds within the District. She requested that the District install signage for crossings and repaint the crosswalk. The President then recognized Ms. Arnold, who thanked the Board for installation of speed bumps in Isabella. 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 TenBroeck, 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 February 16, 2017, 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 “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, copies of Order Approving Amended Operating Budget for Fiscal Year Ending July 31, 2017 and Order Approving Amended Debt Service Budget for Fiscal Year Ending July 31, 2017 are attached hereto as **Exhibits “D” and “E”**, respectively. After discussion of the Consent Agenda, Director Gillum moved that the Board approve Consent Agenda items (a), (b), (c), and (e). Director TenBroeck seconded said motion, which carried unanimously. Ms. Dye discussed with the Board investment matters with regard to collateral security. She also discussed additional check nos. 9354 to Comanche Ridge Property Group in the amount of \$225.00, 9355 to Development Solutions in the amount of \$900.00, and 9356 to Sealed Bid DFW in the amount of \$1,800.00. Following additional discussion, Director TenBroeck moved that the Board approve item (d) on the Consent Agenda, subject to additional checks to be paid per the bookkeeper as detailed above. Director Gillum seconded said motion, which carried unanimously.

4. 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 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. Mr. Koehler reviewed with the Board correspondence dated February 22, 2017, regarding preliminary engineering plans for the Artesia Commercial Property located at northeast corner Teel Parkway and Fishtrap Road. 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.

The Board then considered award of contracts for construction of improvement projects and issuance of notices to proceed, including award of construction contract and notice to proceed for ArrowBrooke Phase 2B and Artesia North Phase 3, grading. Mr. Koehler presented correspondence dated March 9, 2017, with bid tabulation, attached to engineer’s report, relative to bidding for Artesia North Phase 3 Grading Improvements. He noted that two (2) bids were received with the low bidder being FCS Construction, LLC in the amount of \$426,755.07. After discussion, Director Gillum moved that the Board award the contract for grading improvements for Artesia North Phase 3 to FCS Construction, LLC as recommended by the District’s engineer, subject to receipt of appropriate bonds and other necessary documents. Director Adams seconded said motion, which carried unanimously. Mr. Koehler then presented correspondence dated March 14, 2017, with bid tabulation, attached to engineer’s report, relative to bidding for ArrowBrooke Phase 2B Grading, Utilities and Paving Improvements. He noted that four (4) bids were received by the design engineer, who

is recommending award of contract to the second lowest bidder, G. M. Construction in the amount of \$1,742,211.84. After discussion, Director Gillum moved that the Board award the contract for grading, utilities and paving improvements for ArrowBrooke Phase 2B to G. M. Construction, as recommended by the District's engineer and the design engineer, subject to receipt of appropriate bonds and other necessary documents. Director TenBroeck 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. The Board reviewed invoices to be approved by the Board and paid by Corona Artesia as follows: Mela Contracting, Inc. (Artesia Water Meter Station #14) in the amount of \$73,464.21; and GM Construction TX (Artesia North Paving) in the amount of \$947,146.50. After discussion, Director TenBroeck moved that the Board approve the invoices to be approved by the Board and paid by Corona Artesia as presented. Director Gillum 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 \$92,412.78; RKM Utility Service (Azalea Village Phase 11B Est. #8) in the amount of \$49,041.90; and RPMx Construction (Azalea Village Phase 11B Est. #9) in the amount of \$21,603.60. 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 TenBroeck seconded said motion, which carried unanimously. The Board then reviewed a change order from Wopac Construction, Inc. (Savannah – Artesia Pavement Repair) in the amount of \$143,195.69. After discussion, Director Gillum moved that the Board approve such change order 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. It was noted there was no necessary non-routine maintenance and repair of District facilities.

The Board next considered approval of final plats and amendments to plats. It was noted that there were no final plats and/or amendments to plats for consideration at this time.

The Board next considered an issue with ground depression around fire hydrant base and any action needed in connection therewith at 14670 Fishtrap Road. Mr. Koehler reported that he determined that the fire hydrant base has no structural damage, and just needs fill around it to even it out. He reviewed his response to ALR regarding such fire hydrant base, a copy of which is attached to the engineer's report. After discussion,

Director Adams moved that the Board authorize ALR to employ Site Landscaping to repair at a cost not to exceed \$1,500.00. Director TenBroeck seconded said motion, which carried unanimously.

The Board next considered relocation of fire hydrant and possible water line at Windsong Parkway (north of Fishtrap Road), coordinating with Terra Verde Group. Mr. Koehler reported relative to possible relocation of fire hydrant. After discussion, Director TenBroeck moved that the Board table the matter until Windsong (Terra Verde) presents options for same to Board. Director Gillum seconded said motion, which carried unanimously.

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

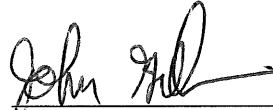
5. Consideration was next given to status of Artesia water system construction project, authorizing implementation of connection to Upper Trinity Regional Water District water transmission line and meter station construction, and termination of water permit allocation program. Mr. Koehler reported that the water transmission line should be opened on Monday, March 20, 2017, noting that the permit application for the Town of Prosper was submitted last Monday, and a response with action items has been received. He advised that GAI is working to resubmit such permit application. After discussion on the matter, Director Adams moved that the Board lift the restriction of permits contingent on written confirmation from the District's engineer that the valve to the water transmission line has been opened. Director TenBroeck seconded said motion, which carried unanimously.
6. 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 no action was required.
7. Consideration was next given to status of lost meter and potential charge to contractor related to same. After discussion on the matter, Director Adams moved that the Board use the deposit from contractor to buy a replacement meter. Director TenBroeck seconded said motion, which carried unanimously.
8. Consideration was next given to report from Advantage Leadership Resources, LLC 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 February 2017, a copy of which is attached hereto as **Exhibit "G"**. Chief Wilkerson requested authorization to proceed with issuing notices of fines for violations of the District's construction fine resolution. After discussion, Director Adams moved that the Board authorize issuance of fine notices upon proper proof of construction violations. Director Gillum seconded said motion, which carried unanimously. Chief Wilkerson then reported on Harper Road issues and advised that he will get estimates

for street closures and for barricades. After discussion on signs within the District, Director TenBroeck moved that the Board approve purchase and installation of two (2) signs at the crosswalk adjacent to the playground, with flags. Director Adams seconded said motion, which carried unanimously. Chief Wilkerson reviewed the law enforcement coverage and activity report for February. After discussion on the report presented, Director TenBroeck moved that the Board approve the report provided by ALR. Director Adams 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 "H"**. Mr. Finke presented and reviewed an appeal from TRW, LP regarding confiscated fire hydrant meter and \$1,000.00 fine. After discussion, Director Gillum moved that the Board approve the report as presented, and deny request for waiver of fine. Director Adams seconded said motion, which carried unanimously.
10. 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 Adams moved that the Board retain Mathews & Freeland, L.L.P. to address CCN issues with regard to such matter. The Board also requested monthly billing reports, prior to Board meeting. Director TenBroeck seconded said motion, which carried unanimously.
11. 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 a brief discussion, the President determined that no action was required at this time.
12. Consideration was next given to approval and execution of Development Financing Agreement with Inwood Plaza Joint Venture and any other action in connection therewith. Mr. Finke reported to the Board on such matter. After a brief discussion, the President determined that no action was required at this time.
13. Consideration was next given to adoption of a Resolution authorizing additional penalty on delinquent taxes. Mr. Finke presented and reviewed with the Board a Resolution authorizing additional penalties on delinquent taxes 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 "I"**. Director Gillum seconded said motion, which carried unanimously.
14. 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 a

brief discussion, the President determined that no action was required and requested that such item be removed from future agendas.

15. The Board next deferred consideration of Executive Session pursuant to Sections 551.071, 551.072, and 551.076, Texas Government Code, as amended, to consult with District Counsel, consider real estate matters, and deliberate regarding deployment of security devices and personnel.
16. After noting that no further business was to come before the Board, upon motion duly made by Director TenBroeck, seconded by Director Gillum, and unanimously carried, the meeting was adjourned at 7:35 p.m.



John Gillum
Secretary Pro Tempore