

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

**April 20, 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, April 20, 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 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. Jason Cork of Arcadia Water Management, LLC; Mr. Will Walton of Corona Artesia; Mr. Justin Craig of Windsong Ranch/TVG Texas I, LLC; Mr. Ian Graham, E.I.T. of Spiars Engineering; 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 6:04 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 Foster 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 March 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”**; and (d) review and approval of the Bookkeeper’s Report, a copy of which is attached hereto as **Exhibit “C”**. After discussion of the Consent Agenda, Director TenBroeck moved that the Board approve Consent Agenda items, subject to additional check no. 9424 in the amount of \$24,384.03 to Kubota Tractor to be paid per the bookkeeper. Director Foster 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 "D"**. 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, Artesia Waterline Connection, Arrowbrooke Phases 2A and 2B, and Artesia North Phase 3. He updated the Board regarding the Artesia road construction, and noted that he will investigate a sidewalk cave-in at Sea Pines and Magnolia.

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. It was noted that there were no construction plans and specifications to be considered for approval at this time.

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 Artesia North Phase 3, utilities and paving. Mr. Koehler presented correspondence dated April 12, 2017, with bid tabulation, attached to engineer's report, relative to bidding for Artesia North Phase 3 Utility Improvements. He noted that six (6) bids were received with the low bidder being Venus Construction, Inc. in the amount of \$805,399.98. After discussion, Director Gillum moved that the Board award the contract for utility improvements for Artesia North Phase 3 to Venus Construction, Inc. as recommended by the District's engineer, subject to receipt of appropriate bonds and other necessary documents. Director TenBroeck seconded said motion, which carried unanimously. Mr. Koehler then presented correspondence dated April 12, 2017, with bid tabulation, attached to engineer's report, relative to bidding for Artesia North Phase 3 Paving Improvements. He noted that eight (8) bids were received by the design engineer, who is recommending award of contract to the low bidder, G. M. Construction in the amount of \$619,340.50. After discussion, Director Gillum moved that the Board award the contract for paving improvements for Artesia North Phase 3 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: GM Construction TX (Artesia North Phase 2 Paving) in the amount of \$6,676.20; GM Construction TX (Artesia North Phase 2 Paving) in the amount of \$129,440.60; RPMx Construction (Artesia North Phase 2 Grading) in the amount of \$14,569.20; and Venus Construction (Artesia North Phase 2 Utilities) in the amount of \$24,249.42. 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 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: Wilson Contractor Services (Savannah Phase 8C Utility) in the amount of \$157,983.52 and RKM Utility Service (Azalea Village Phase 11B Est. #10) in the amount of \$118,079.82. 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. The Board then reviewed a change order from FCS Construction (Artesia North Phase 3 Grading) in the amount of \$26,540.00. After discussion, Director Gillum moved that the Board approve such change order as presented. Director Foster seconded said motion, which carried unanimously.

The Board next considered acceptance of certificate of completion and authorizing final acceptance of projects, including Artesia North Phase 2, Utilities and Paving. Mr. Koehler presented correspondence dated April 12, 2017, regarding Certificate of Substantial Completion for Paving Improvements for Artesia North Phase 2, 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 TenBroeck seconded said motion, which carried unanimously.

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. Mr. Koehler discussed repair of hydro-static tank at Harper Road storage tank. Mr. Cork noted that the cost of such repair was \$5,290.00. After discussion, Director Gillum approved repair of hydro-static tank at Harper Road storage tank at a cost of \$5,290.00. Director TenBroeck seconded said motion, which carried unanimously.

The Board next considered approval of final plats and amendments to plats, including Oglethorpe Village at Savannah Phase 8C, and Azalea Village at Savannah Phase 11B. After discussion, based on the engineer's recommendation Director Gillum moved that the Board approve the plats for Oglethorpe Village at Savannah Phase 8C and Azalea Village at Savannah Phase 11B. Director Tague seconded said motion, which carried unanimously.

The Board next considered relocation of fire hydrant and water line at Windsong Parkway (north of Fishtrap Road), and coordination of same with Terra Verde Group. Mr. Koehler reviewed a relocation plan. Mr. Craig and Mr. Graham addressed the Board and made a presentation on request for relocation of fire hydrant. They noted that Windsong Ranch will pay for the relocation, provide easements relative to such relocation, and with provide notice of water outage to residents with regard to the eight (8) to twelve (12) hours that residents will be without service during the relocation. After discussion on the matter, Director Adams moved that the Board approve the relocation of fire hydrant and water line at Windsong Parkway, subject to approval and execution of signed contract, with legal, engineering, and water service fees to be paid

by Windsong Ranch. Director Gillum 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 Tague 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 update on water permit allocation program. Mr. Koehler reported that GAI received updated plans from the Town of Prosper and will resubmit the permit application. He noted that it may be two (2) months before the permit is received and construction will take approximately six (6) months. Mr. Koehler noted that it may be 240 days before the meter station is in place and fully operational. After discussion on the matter, Director Adams moved that the Board lift the restriction of water permits. Director Foster seconded said motion, which carried unanimously. Mr. Finke reviewed with the Board proposed correspondence to the Texas Commission on Environmental Quality in response to a Notice of Violation received. After discussion, Director Adams moved that the Board approve such correspondence to the Texas Commission on Environmental Quality and authorize forwarding of same. Director Foster seconded said motion, which carried unanimously.
6. 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 March 2017, a copy of which is attached hereto as **Exhibit "E"**. He discussed with the Board the Town of Prosper/Harper Road situation. After discussion, the Board requested that Chief Wilkerson request Prosper to participate in the Harper Road improvements. Chief Wilkerson then discussed with the Board specific items included in the District budget. It was noted that the Board previously approved \$25,000 for a tractor, \$5,000 for a trailer, and \$10,000 for equipment. After discussion, Director Adams moved that the Board reaffirm its previous action with regard to such items listed above. Director TenBroeck seconded said motion, which carried unanimously. After further discussion, Director Adams moved that the Board authorize up to \$5,400 for a trailer. Director Gillum seconded said motion, which carried unanimously. Chief Wilkerson then discussed with the Board the status of Waste Management's contract, and noted that payment has not been received for fines levied by the District. Director Adams discussed holding a special meeting on Tuesday, April 25, 2017 at 7:00 p.m. to discuss website construction. Chief Wilkerson reviewed the law enforcement coverage and activity report for March. 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.

7. 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. Mr. Cork presented and reviewed with the Board the report prepared by Arcadia Water Management LLC, a copy of which is attached hereto as **Exhibit "F"**. Mr. Cork discussed the status of ongoing pump station testing, noting that the current system is operating well. He updated the Board with regard to a missing meter, noting that the deposit has been held per the Board's order, and another meter has not yet been ordered. He discussed unauthorized use of meter, and holding meter pending receipt of \$1,000 fine. Mr. Cork then discussed the SCADA malfunction and possible resolution of problem by replacing motor operating valve. He also discussed the annual inspection of the elevated storage tank. Mr. Cork discussed the Orion Receiver used to read meters, noting that the current one is no longer functioning and needs to be replaced at an estimated cost to the District of \$3,450.00. After discussion, Director Adams moved that the Board authorize purchase of a new Orion Receiver to read meters at an estimated cost to the District of \$3,450.00. Director TenBroeck seconded said motion, which carried unanimously. After additional discussion, Director Gillum moved that the Board approve the report as presented. Director Tague seconded said motion, which carried with Directors Adams, Tague, Gillum and Foster voting in favor of such motion, as Director TenBroeck had briefly left the meeting.
8. Consideration was next given to approval and execution of Transfer and Service Agreement Related to Water and Wastewater Service between the District and Mustang Special Utility District ("Mustang"), and any action in connection therewith. Director Adams updated the Board on the status of such matter, including review of contract forwarded from Mustang, retainment of Mathews & Freeland, L.L.P. to address CCN issues, and revision of contract by Director Adams, Joe Freeland, Mr. Finke, and Clay Crawford. Director Adams noted that the revised contract has been sent to Mustang, but no additional comments have been received as of this date. The Board determined that no action was required at this time.
9. 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 Tague moved that the Board request 280,000 gallons of capacity in the Doe Branch Wastewater Treatment Plant expansion. Director TenBroeck seconded said motion, which carried unanimously.
10. 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, upon motion made by Director Adams, seconded by Director Gillum, and unanimously carried, the Board tabled the matter until a future meeting.
11. Consideration was next given to approval of FirstService Residential Services Agreement for Landscaping Services Between Savannah HOA, Inc. and Site Landscape Development Company, including approval and execution of Addendum to

Services Agreement or any action in connection therewith. The President recognized Mr. Jameson, who reviewed the new proposal for a new agreement effective for twelve (12) months from today. Mr. Finke reported on the Addendum. After discussion, Director TenBroeck moved that the Board approve the FirstService Residential Services Agreement for Landscaping Services Between Savannah HOA, Inc. and Site Landscape Development Company, including approval and execution of Addendum to Services Agreement, subject to receipt of Form 1295 and executed contract. Director Gillum seconded said motion, which carried unanimously.

12. Consideration was next given to status of application to Texas Parks and Wildlife for parks grant, and authorizing any actions required in connection therewith. Mr. Finke reported that the grant was approved on April 7, 2017, that Directors TenBroeck and Adams met with representatives of Texas Parks and Wildlife, as well as Mr. Koehler and Chief Wilkerson for a site inspection. Mr. Finke reported that the inspection went well, and the official contract should be forthcoming. He noted that a summary of actions needed will be provided. After discussion, the Board determined that no action was required at this time.
13. Consideration was next given to authorizing preparation of Unclaimed Property Report for period ending March 31, 2017. Ms. Dye noted that the District has unclaimed property in the amount of \$600.77 to be remitted to the State of Texas, and \$6.55 to be remitted to the State of Nevada. She requested authorized to prepare and file such reports as needed. After discussion, Director Foster moved that the Board authorize the preparation and filing of the Unclaimed Property Report for the period ending March 1, 2017. Director TenBroeck seconded said motion, which carried unanimously.
14. 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.
15. After noting that no further business was to come before the Board, upon motion duly made by Director Gillum, seconded by Director Foster, and unanimously carried, the meeting was adjourned at 7:42 p.m.

  
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Robert Tague  
Secretary