

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

January 16, 2014

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 16, 2014, 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
Robert Tague	Vice President
Jon TenBroeck	Secretary
Kurt W. Moore	Asst. Secretary
Kris Russell	Director

All members of the Board were present, with the exception of Director Tague, who entered the meeting later as noted below. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Todd Madison of Texas Water Company; Mr. Brian Averitt, P.E. of Graham Associates, Inc.; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Mr. Greg Wilkerson of Blue Line Services; Ms. Mary Lehto, Savannah resident; Mr. Clay Crawford of Crawford & Jordan LLP; and various other members of the public.

1. The President called the meeting to order, after determining that a quorum was present at 6:08 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 come before the Board, upon motion made by Director Russell, 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 19, 2013, 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 on the matter, Director Moore moved that the Board approve all items appearing under the Consent Agenda. Director Russell seconded said motion, which carried unanimously.

Director Tague entered and participated in the remainder of the meeting.

4. Consideration was next given to authorizing purchase of signs for District related to drought restrictions. Director Russell reported on the status of purchasing signs, including the type, size and formatting available. However, compliance with application HOA requirements needed to be determined. After a brief discussion on the matter, Director Russell moved that the Board table the matter until a future meeting. Director Adams seconded said motion, which carried unanimously.
5. Consideration was next given to a report from Texas Water Company (“TWC”) on the Artesia system operations, and authorizing expenditure of funds for operation and maintenance of water facilities, a copy of which is attached hereto as **Exhibit “D”**. The President recognized Mr. Madison, who reported good water quality in Artesia, good chlorine residual levels, and continued flushing. Mr. Madison discussed the minor maintenance and repair items over the month and additional repairs required including repair of pump nos. 2 and 3 at the water plant and valve at pressure tank, at an estimated cost to the District of \$2,230.00. After discussion, Director Adams moved that the Board approve the report and expenditure of funds as presented. Director Russell seconded said motion, which carried unanimously.
6. Consideration was next given to Public Safety Committee Report; public safety and nuisance issues; approval and execution of independent contractor agreements for patrol services; and authorizing actions and expenditures as necessary in connection therewith. The President recognized Mr. Wilkerson, who presented an activity/incident report relative to December. He noted that patrol services were provided for 29 out of 31 days in December. After discussion, Director Russell moved that the Board accept the activity/incident report as presented. Director Tague seconded said motion, which carried unanimously.
7. Consideration was next given to Homeowners Association Committees Report, and the taking of any action necessary or appropriate in connection therewith. The President recognized Director Russell, who reported that she had nothing new to report relative to the Artesia HOA. The President then recognized Director Tague, who reported that he had nothing new to report relative to the Savannah HOA. The President determined that no action was required at this time.
8. Consideration was next given to review and acceptance of the Engineer’s Report, as presented by Mr. Averitt, a copy of which is attached hereto as **Exhibit “E”**. The Board then considered the status of construction projects within the District. In that regard, Mr. Koehler discussed with the Board the following projects: Artesia Elevated Storage Tank; Artesia Phase I road repairs; Savannah Phase 7, and Savannah Tiers 2 and 4 Pavement Repairs.

The Board next considered approval of construction plans and specifications and advertising for bids for contract(s) for improvement projects, including water, sewer, drainage and paving facilities and grading for Savannah Phase 9B. Mr. Averitt reported that the water, sewer, drainage and paving facilities plans for Savannah Phase 9B have

been received and are acceptable. After discussion, Director Adams moved that the Board approve the construction plans and specifications and authorize advertising for bids for contracts for water, sewer, drainage and paving facilities for Savannah Phase 9B. Director Tague seconded said motion, which carried unanimously.

The Board then considered approval of construction pay application(s) and change order(s) to construction contracts. Mr. Averitt reviewed invoices to be approved by the Board and paid by Corona Artesia as follows: Landtec Engineering (Geotechnical Work) \$2,405.50; Landtec Engineering (Geotechnical Work) \$3,037.00; 2L Construction, LLC (Pavement Repair) \$37,677.60; Phoenix Fabricators & Erectors, Inc. \$76,500.00; GAI (Artesia Water Tower) \$8,716.11; GAI (Artesia Pavement Repair) \$1,080.00; and GAI (Teel Rd. Improvements) \$43,750.00. Mr. Averitt then reviewed invoices to be approved by the Board and paid by the Board as follows: GAI (District Services) \$4,680.00 and GAI (Traffic Cont. Exhibits) \$6,195.00. After discussion, Director TenBroeck moved that the Board approve the pay applications as presented. Director Moore seconded said motion, which carried unanimously.

The Board next considered the approval/status of engineering Task Order(s). In that regard, Mr. Averitt noted that a quote was received for pavement crack sealing for certain roads in Savannah in the amount of \$2,550.00 for 3000 linear feet. After discussion, Director Adams moved that the Board table the matter until a future meeting. Director Russell seconded said motion, which carried unanimously.

9. Consideration was next given to the request from Upper Trinity Regional Water District ("UTRWD") for confirmation that the District will deposit funds and request UTRWD financing to fund the cost of the Doe Branch Water Reclamation Plant, and authorize response and preparation of agreements with UTRWD and District developers. Mr. Crawford explained the request. As indicated in paragraph no. 16 below, the Board convened into executive session to consult with its attorney. Upon reconvening into regular session; and after discussion on the matter, Director Adams moved that the Board authorize preparation of correspondence to developers requesting funds in accordance with existing contractual requirements, and additional correspondence to UTRWD confirming same. Director Russell seconded said motion, which carried unanimously.
10. Consideration was next given to acceptance of easement and deed for Artesia floodplain and drainage areas. After discussion on the matter, upon motion made by Director Moore, seconded by Director Russell and unanimously carried, the Board accepted the easement and deed for the Artesia floodplain and drainage areas, copies of which are attached as **Exhibit "F"**.
11. Consideration was next given to customer utility service and billing complaints/requests. Mr. Crawford noted that no complaints/requests had been received. The President determined that no action was required at this time.

12. Consideration was next given to annual review of Order Adopting District's Investment Policy, and adoption of Resolution in connection therewith. Mr. Crawford presented a Resolution Regarding Review of Investment Policy, a copy of which is attached hereto as **Exhibit "G"**, and noted that no revisions to the District's Investment Policy were recommended at this time. After discussion, Director TenBroeck moved that the Board approve the Resolution Regarding Review of Investment Policy as presented. Director Moore seconded said motion, which carried unanimously.
13. Consideration was next given to adoption of a Resolution Designating Depositories and Establishing Investment Accounts for Deposit of District Funds. Mr. Crawford discussed with the Board the provisions of said Resolution and presented to the Board a list of financial institutions to be designated in said Resolution, noting changes being proposed to the current list. After discussion on the matter, Director Moore moved that the Board adopt the Resolution Designating Depositories and Establishing Investment Accounts for Deposit of District Funds, attached hereto as **Exhibit "H"**. Director TenBroeck seconded said motion, which carried unanimously.
14. Consideration was next given to review and approval of Joint Election Agreement and Contract for Election Services with Denton County Elections Administrator regarding May 10, 2014, District election. Mr. Crawford presented and reviewed with the Board the proposed Joint Election Agreement and Contract for Election Services with Denton County Elections Administrator, a copy of which is attached hereto as **Exhibit "I"**. Mr. Crawford discussed the scope of services and charges set out in such contract. After discussion, Director TenBroeck moved that the Board approve the Joint Election Agreement and Contract for Election Services and authorize execution of same, if needed. Director Russell seconded said motion, which carried unanimously.
15. Consideration was next given to calling director election to be held on May 10, 2014, and the adoption of an Order in connection therewith, including appointment of an agent for the District in connection therewith. Mr. Crawford presented and reviewed with the Board an Order Calling Directors Election, a copy of which is attached hereto as **Exhibit "J"**. After discussion on the matter, Director Adams moved that the Board adopt the Order Calling Directors Election as revised to include updated information, and appoint Ms. Marlo Gordon to serve as agent in connection with the Directors Election. Director TenBroeck seconded said motion, which carried unanimously.
16. Consideration was next given to Executive Session pursuant to Sections 551.071(1)(A) and (B), 551.072, and 551.076, Texas Government Code, as amended, to consult with District Counsel, consider litigation, real estate matters, and deliberate regarding security. Upon motion by Director Adams, seconded by Director TenBroeck, the Board voted unanimously to convene into Executive Session at 7:54 p.m. pursuant to Sections 551.071 and 551.072, Texas Government Code, to consult with District Counsel regarding litigation and real estate matters.

Upon motion by Director Adams, seconded by Director Russell, the Board voted unanimously to reconvene the meeting in open session at 8:08 p.m.

17. After noting that no further business was to come before the Board, upon motion duly made by Director Tague, seconded by Director Russell and unanimously carried, the meeting was adjourned at 8:10.

Jon TenBroeck
Secretary