

**Minutes of Meeting  
Board of Directors  
Denton County Fresh Water Supply District No. 10  
January 17, 2013**

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 17, 2013, 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 arrived later as noted below. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Brian Avirett, P.E. of Graham Associates, Inc. (“GAI”); Mr. Todd Madison of Texas Water Company; Mr. Greg Wilkerson of Blue Line Services; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Mr. Scott Harris representing Corona Artesia, L.L.C.; Ms. Mary Lehto, District resident; and Mr. Clay E. Crawford of Crawford & Jordan LLP.

1. The President called the meeting to order at 6:06 p.m., after determining that a quorum was present.
2. Consideration was first given to public comments. The President opened the meeting to public comment, and recognized Mr. Harris. Mr. Harris delivered a package to the Board from Corona Artesia, including: (i) letter to initiate water tower design; (ii) Road Maintenance Agreement; (iii) Waiver of Special Appraisal; (iv) check for \$26,634.33 for remainder of 12-inch Harper Road Water Loop Line; and (v) waiver of requirements for Huffines settlement and amendment of schedule. After noting that there were no additional members of the public present and desiring to come before the Board, upon motion by Director Moore, seconded by Director TenBroeck, the Board voted unanimously to close the public comment session of the meeting.

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

3. (a) Consideration was next given to the review and approval of the Minutes of the September 5, 2012, Board of Directors Meeting. After discussion on the matter, Director Russell moved that the Board approve the Minutes of the September 5, 2012, Board of Directors meeting as presented, and that the Secretary be

authorized to execute the minutes on behalf of the Board and District. Director Tague seconded said motion, which carried unanimously.

Consideration was next given to the review and approval of the Minutes of the December 20, 2012, Board of Directors Meeting. After discussion on the matter, Director Russell moved that the Board approve the Minutes of the December 20, 2012, Board of Directors meeting as presented, and that the Secretary be authorized to execute the minutes on behalf of the Board and District. Director Tague seconded said motion, which carried unanimously.

- (b) Consideration was next given to the review and approval of the Tax Assessor/Collector's report, and the taking of any action necessary or appropriate in connection therewith. A copy of such report is attached hereto as **Exhibit "A"**. It was noted that as of December 31, 2012, the District's 2012 tax levy was approximately 69.52% collected. After discussion on the matter, Director Russell moved that the Board approve the Tax Assessor/Collector's report. Director Tague seconded said motion, which carried unanimously.
  - (c) Consideration was next given to review and acceptance of the Developer's Report, as prepared by Mr. Jameson. A copy of such Report is attached hereto as **Exhibit "B"**. It was noted that, as of December 31, 2012, in Savannah 1,536 lots have been developed; 1,461 lots have been conveyed to builders; 1,415 construction permits have been issued; and 1,310 homes were occupied. It was reported that, as of December 31, 2012, in Artesia 542 lots have been developed; 171 lots have been conveyed to builders; 171 construction permits have been issued; and 136 homes were occupied. After discussion on the matter, Director Russell moved that the Board accept the Developer's Report as presented. Director Moore seconded said motion, which carried unanimously.
  - (d) Consideration was next given to the review and approval of the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit "C"**. Ms. Bloomfield presented and reviewed with the Board the Bookkeeper's Report. After discussion on the matter, and thorough review of the checks presented, Director Moore moved that the Board approve (i) the Bookkeeper's Report and payment of the checks as listed in such Bookkeeper's Report, with additional check no. 5915 as discussed; (ii) the three certificate of deposit investment proposals; and (iii) authorize preparation of a check to the Texas Commission on Environmental Quality in an approximate amount of \$12,000, final amount to be determined based on the most recent Mustang Special Utility District report. Director Russell seconded said motion, which carried unanimously.
4. Consideration was next given to cellular telephone service police communication equipment, including review and approval of contract(s) with cellular phone service provider and purchase of equipment as necessary. Ms. Bloomfield presented a comparison report, a copy of which is attached hereto as **Exhibit "D"**. She recommended that officers "demo" the hardware and then select the supplier and plan

based on the best phone. After discussion on the matter, Director Adams moved that the Board approve “demo” of phones before determining which plan to contract under. Director Russell seconded said motion, which carried unanimously.

5. Consideration was next given to review and approval of User Agreement with Professional Receivable Solutions for collection of delinquent utility accounts. Ms. Bloomfield recommended tabling the matter. After a brief discussion, Director Tague moved that the Board table the matter of review and approval of User Agreement with Professional Receivable Solutions for collection of delinquent utility accounts. Director TenBroeck seconded said motion, which carried unanimously.
6. 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. The President recognized Mr. Madison, who presented a report, a copy of which is attached hereto as **Exhibit “E”**. He reported relative to continued flushing, and noted that there were no other unusual operating issues or maintenance and repair items. Mr. Madison noted that many meters were set. After discussion, Director Russell moved that the Board accept the report as presented. Director Moore seconded said motion, which carried unanimously.
7. Consideration was next given to Public Safety Committee Report; public safety and nuisance issues; amendment of independent contractor agreements; 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 25 of 31 days with no major offenses. After discussion, Director TenBroeck moved that the Board accept the activity/incident report as presented. Director Moore seconded said motion, which carried unanimously.
8. Consideration was next given to review and acceptance of the Engineer’s Report, as presented by Mr. Avirett, a copy of which is attached hereto as **Exhibit “F”**. The Board then considered the status of construction projects within the District. Mr. Avirett noted that utilities and roads for Artesia, Phases 4A and 4B have been accepted by the Board; however both projects are awaiting final testing data, copies of Maintenance Bonds and record drawings. He reported that the Savannah Pavement Repair Project is approximately 98% complete, with pavement removal and replacement complete, and only a final inspection to be made to verify all restoration adjacent to these projects has been completed. Mr. Avirett reported that mass grading in Savannah Oglethorpe Village at Savannah Phase 8B was scheduled to begin on Monday, January 14, 2013.

The Board then considered authorizing preparation of construction plans and specifications. Mr. Avirett noted that GAI has prepared proposals for engineering and surveying for design of Field Road/Teal Road and updating of Engineering Plans for a water tower on well site no. 4 and water metering station. Mr. Crawford noted

that this project is on hold pending negotiations between the District, Corona Artesia and Sealed Bid. He noted that no action was required at this time.

The Board then considered approval of construction plans and specifications and advertising for bids for contract(s) for improvement projects. After discussion, Director TenBroeck moved that the Board approve the construction plans and specifications for Oglethorpe Village at Savannah Phase 8D. Director Tague seconded said motion, which carried unanimously. Mr. Avirett reported that construction plans and bid documents will be updated and advertised for bid for Savannah Tier 2 Pavement Repairs, which work was authorized at the District's January 10, 2013, Board of Directors meeting. After discussion, Director Adams moved that the Board approve the construction plans and bid documents and authorize advertising for bids for Savannah Tier 2 Pavement Repairs. Director TenBroeck seconded said motion, which carried unanimously. Mr. Avirett then discussed with the Board a preliminary review of a proposed Dollar General project at Savannah, which review was requested by Jason Laumer, Town Engineer of Little Elm. After discussion, Director Adams moved that the Board defer consideration of this matter, and have GAI contract Little Elm/Owner that District does not approve until further review. Director Russell seconded said motion, which carried unanimously.

The Board then considered approval of award of construction contract(s). Mr. Avirett noted that GAI received the bid tabulation for the trunk line manhole repairs at Savannah and Artesia Subdivisions. He reported that two (2) bids were received with the low bidder being Krapff-Reynolds Construction of Oklahoma City, Oklahoma with a bid amount of \$22,583.00. Mr. Avirett recommended award of contract to Krapff-Reynolds Construction. After discussion on the matter, Director Russell moved that the Board award the construction contract for trunk line manhole repairs at Savannah and Artesia Subdivisions to Krapff-Reynolds Construction in the bid amount of \$22,583.00. Director Moore seconded said motion, which carried unanimously. Mr. Avirett then discussed bids received for street crosswalk and stop bar replacement at Savannah Subdivision. He reported that two (2) bids were received with the low bidder being Strip-A-Zone Inc. of Grand Prairie, Texas with a bid amount of \$14,355.00. Mr. Avirett noted that GAI recommends award of this project to Strip-A-Zone Inc., but further noted that award of the contract will be deferred as discussed at the January 10, 2013, Board meeting. Mr. Avirett noted that GAI has previously received bids for addition of a SCADA System to the Artesia Well Site No. 1 Ground Storage Facility. He noted that GAI will award this work to Wheco Controls of Fort Worth, Texas in the amount of \$41,910.00 as directed at the January 10, 2013, Board meeting. After discussion on the matter, Director Russell moved that the Board award the construction contract for the addition of a SCADA System to the Artesia Well Site No. 1 Ground Storage Facility to Wheco Controls of Fort Worth, Texas in the amount of \$41,910.00. Director TenBroeck seconded said motion, which carried unanimously. Mr. Avirett then discussed bids previously received for a surge protection device for the switch gear rack at the pump building at Artesia Well Site No. 1. He noted that GAI recommends award of the work to

Wheco Controls of Fort Worth, Texas in the amount of \$5,136.00. After discussion, Director Russell moved that the Board award the contract for a surge protection device for the switch gear rack at the pump building at Artesia Well Site No. 1 to Wheco Controls of Fort Worth, Texas in the amount of \$5,136.00. Director Moore seconded said motion, which carried unanimously.

The Board then considered of approval of pay application(s) and change order(s) to construction contracts. Mr. Avirett noted that one pay application had been received this month from 2L Construction LLC in the amount of \$40,663.80 for Savannah Pavement work. He noted that GAI recommends payment of this application. After discussion, Director Moore moved that the Board authorize payment of the pay application presented. Director Tague seconded said motion, which carried unanimously.

The Board then considered acceptance of certificate(s) of completion and authorizing final acceptance of project(s). Mr. Avirett noted that no certificates of substantial completion were being presented for any project this month.

The Board then considered approval of final plats and amendments to plats. Mr. Avirett noted that two final plats had been reviewed by GAI, Oglethorpe Village at Savannah Phase 8B and Oglethorpe Village at Savannah Phase 8D. He reported that the plats will be presented to the Board when received from the Design Engineer.

The Board then considered the Upper Trinity Regional Water District (“UTRWD”) lift station I & I Task Force Report. Mr. Avirett noted that UTRWD has completed inspections of their facilities. He reported that all manholes and Junction Boxes were found to be in good condition. Mr. Avirett also noted that the two contractors contacted for manhole repairs have indicated their products carry a five year warranty. The President determined that no action was required at this time.

Director Tague exited the meeting.

9. Consideration was next given to appointment of District representative to Upper Trinity Regional Water District Water Conservation Work Group. After discussion on the matter, Director Adams moved that the Board appoint Director Russell to serve as the District’s representative to the Upper Trinity Regional Water District Water Conservation Work Group. Director Moore seconded said motion, which carried unanimously.
10. The Board next deferred consideration of review and revision of District Water Conservation and Drought Contingency Plans and Policies.
11. Consideration was next given to annual review of Order Adopting District’s Investment Policy, and the adoption of a Resolution in connection therewith. Copies of which are attached hereto as **Exhibit “G”**. Mr. Crawford presented and reviewed with the Board a proposed change to the Investment Policy designating Lisa

Bloomfield to serve as Investment Officer. After discussion on the matter, Director Adams moved that the Board approve the Order Adopting District's Investment Policy, and adopt Resolution Regarding Review of Investment Policy as presented. Director Russell seconded said motion, which carried unanimously.

12. Consideration was next given to adoption of a Resolution Designating Depositories and Establishing Investment Accounts for Deposit of District Funds. A copy of the list of depositories is attached hereto as **Exhibit "H"**. After discussion on the matter, Director Russell moved that the Board approve the Resolution Designating Depositories and Establishing Investment Accounts for Deposit of District Funds and authorize execution of same. Director Moore seconded said motion, which carried unanimously.
13. 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 noted that the Artesia HOA had nothing to report at this time. The President noted that the Savannah HOA had nothing to report at this time.
14. Consideration was next given to customer utility service and billing complaints/requests. . Mr. Crawford noted that he had nothing additional to report at this time.
15. Consideration was next given to discussion regarding website matters. After a brief discussion, the President noted that no action was required at this time.
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 personnel and devices. Upon motion by Director Adams, seconded by Director TenBroeck, the Board voted unanimously to convene into Executive Session at 7:36 p.m. pursuant to Sections 551.071 and 551.072, Texas Government Code, to consult with District Counsel regarding litigation and real estate matters pertaining to Corona Artesia, LLC settlement agreement.

Upon motion by Director TenBroeck, seconded by Director Moore, the Board voted unanimously to reconvene the meeting in open session at 8:03 p.m.

17. After noting that no further business was to come before the Board, upon motion duly made by Director Moore, seconded by Director Russell and unanimously carried, the meeting was adjourned at 8:04 p.m.

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Jon TenBroeck  
Secretary