

**Minutes of Meeting  
Board of Directors  
Denton County Fresh Water Supply District No. 10  
July 24, 2013**

The Board of Directors (“Board”) of Denton County Fresh Water Supply District No. 10 (“District”), met in special session, open to the public, on Wednesday, July 24, 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 Directors Moore and Russell. Also attending the meeting were the following: Mr. Barry James of Huffines Communities; Mr. Jim Koehler, P.E. of Graham Associates, Inc. (“GAI”); Mr. Greg Lentz of FirstSouthwest Company; Mr. Scott Harris and Mr. Will Walton of Corona Artesia, LLC; Mr. Bruce French of History Maker Homes; and Mr. Clay E. Crawford of Crawford & Jordan LLP.

1. The President called the meeting to order, after determining that a quorum was present at 6:06 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 TenBroeck, seconded by Director Tague and unanimously carried, the President closed the public comment session of the meeting.
3. Consideration was next given to review and acceptance of the Engineer’s Report, as prepared by Mr. Jim Koehler, a copy of which is attached hereto as **Exhibit “A”**. The President recognized Mr. Koehler, who stated that no bids had been received for the proposed repairs of the Artesia Phase 1 roads. Mr. Koehler confirmed that he had contacted potential bidders and was advised as follows: (a) some bidders were unaware of the project; (b) some bidders were concerned regarding that component of the specifications requiring pavement lifting; and (c) there were at least three (3) bidders who were interested in submitting a bid for the project. Various directors expressed concern regarding the effectiveness of the pavement lifting process. Mr. Koehler indicated that to delete that component of the project specifications and require pavement replacement would increase his estimate of the cost of the project to

\$1,231,857 (including a 10% contingency), an increase of approximately \$116,000. Mr. Harris of Corona Artesia, LLC confirmed his agreement to such change in the specifications. Upon motion by Director Adams, seconded by Director Tague, the Board unanimously approved amending the specifications for the Artesia Phase 1 road repairs to delete pavement lifting process and substitute pavement removal and replacement. Upon motion by Director Adams, seconded by Director Tague, the Board voted unanimously to re-advertise for bids for the Artesia Phase 1 road repairs in the Denton Record Chronicle, Dallas Morning News, Fort Worth Star Telegram, and Dallas Business Journal.

The President recognized Mr. Jameson, who introduced Mr. Bruce French, Vice President of Land, Rendition Homes. Mr. Jameson indicated that Rendition had acquired Savannah Phase 7, and will proceed to develop that phase with History Maker to construct homes. Mr. Koehler presented the bid tabulation and recommended awarding the contract to Kart Construction and Equipment Company to perform the work in the Base Bid and Alternate C in the amount of \$432,242. Director TenBroeck moved that the Board award the contract to Kart Construction and Equipment Company to perform the work in the Base Bid and Alternate C in the amount of \$432,242, with the work described in Alternate A and B to be reviewed at a later date. Such motion was seconded by Director Tague, and approved unanimously by the Board.

The Board then considered approval of construction pay application(s) and change order(s) to construction contracts. Mr. Koehler reviewed Change Order No. 1 from LH Lacy Company, Ltd. in the amount of \$113,689.24 for concrete paving, and Change Order No. 2 from LH Lacy Company, Ltd. in the amount of \$28,228.55 for concrete paving. After discussion, Director TenBroeck moved that the Board approve the change orders as presented. Director Adams seconded said motion, which carried unanimously.

The Board then considered acceptance of certificate(s) of completion and authorizing final acceptance of project(s), including Savannah Phase 8B. After a brief discussion, Director TenBroeck moved that the Board table the matter until a future meeting. Director Tague seconded said motion, which carried unanimously.

The Board then considered approval of plans and specifications for (i) Fossil Creek Liquor Store; and (ii) utility and paving improvements to serve Georgia Village II, Savannah Phase 7. After discussion on the matter, Director Adams moved that the Board approve the plans and specifications for Fossil Creek Liquor Store. Director Tague seconded said motion, which carried unanimously. Director TenBroeck then moved that the Board table the approval of plans and specifications for utility and paving improvements to serve Georgia Village II, Savannah Phase 7. Director Tague seconded said motion, which carried unanimously.

4. Consideration was next given to approval and execution of First Amendment to Road Repair and Maintenance Agreement (Artesia Phases 1A, 1B & 1C) with Corona

Artesia, LLP. The President recognized Mr. Harris who requested that the First Amendment provide Corona Artesia LLP the right of concurrence for the acceptance of a bid over an agreed upon amount. Mr. Harris further indicated that he was not asking for concurrence on change orders to the contract that may be awarded. As indicated in paragraph no. 9 below, the Board convened into executive session. Upon reconvening into regular session, Director Adams moved that the Board approve the First Amendment to Road Repair and Maintenance Agreement (Artesia Phases 1A, 1B & 1C) with Corona Artesia, LLP to provide (a) no concurrence from Corona Artesia for award of bid up to \$1,500,000; and (b) no concurrence from Corona Artesia for any change orders; and authorize execution of same. Director TenBroeck seconded said motion, which carried unanimously.

5. Consideration was next given to approval and execution of Professional Services Contract Amendment regarding Teel Road Improvements with GAI. The President recognized Mr. Koehler who requested that consideration of this matter be tabled. As indicated in paragraph no. 9 below, the Board convened into executive session. Upon reconvening into regular session, Director TenBroeck moved that the Board table the matter until a future meeting. Director Tague seconded said motion, which carried unanimously.
6. Consideration was next given to status of District's Unlimited Tax Refunding Bonds, Series 2013, and the taking of any actions necessary or appropriate in connection therewith, including amendment of Order Authorizing the Issuance of District Unlimited Tax Refunding Bonds, Series 2013; Levying an Ad Valorem Tax in Support of the Bonds; Approving an Official Statement; Authorizing the Execution of a Bond Purchase Agreement, a Paying Agent/Registrar Agreement and an Escrow Agreement; Establishing the Procedures of Selling and Delivering the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds. The President recognized Mr. Lentz who reviewed the status of the municipal bond market and recommended lowering the parameter resolution to 3% net present value savings. After discussion on the matter, Director Adams moved that the Board table the matter. Director TenBroeck seconded said motion, which carried unanimously.
7. Consideration was next given to status of District's Unlimited Tax Road Refunding Bonds, Series 2013, and the taking of any actions necessary or appropriate in connection therewith, including amendment of Order Authorizing the Issuance of District Unlimited Tax Road Refunding Bonds, Series 2013; Levying an Ad Valorem Tax in Support of the Bonds; Approving an Official Statement; Authorizing the Execution of a Bond Purchase Agreement, a Paying Agent/Registrar Agreement and an Escrow Agreement; Establishing the Procedures of Selling and Delivering the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds. The President recognized Mr. Lentz who reviewed the status of the municipal bond market and recommended lowering the parameter resolution to 3% net present value savings. After discussion on the matter, Director Adams moved that the Board table the matter. Director TenBroeck seconded said motion, which carried unanimously.

8. Consideration was next given to approval of Resolution approving Preliminary Official Statement and Notice of Sale for the proposed \$4,380,000 Unlimited Tax Road Bonds, Series 2013 and authorizing other matters related to the issuance of the Bonds. The President recognized Mr. Lentz who (a) reviewed a tax rate proforma; (b) reviewed a Notice of Sale and Preliminary Official Statement; and (c) answered numerous questions from the Board. He indicated the proposed schedule of sale on August 15 and closing on September 12. After considerable discussion on the matter, Director TenBroeck moved that the Board approve the Resolution and authorize execution of same. Director Tague seconded such motion, which carried unanimously.
9. 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 6:54 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 TenBroeck, seconded by Director Adams, the Board voted unanimously to reconvene the meeting in open session at 7:12 p.m.

Upon motion by Director TenBroeck, seconded by Director Tague, the Board voted unanimously to convene into Executive Session at 8:12 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 TenBroeck, seconded by Director Adams, the Board voted unanimously to reconvene the meeting in open session at 8:28 p.m.

10. After noting that no further business was to come before the Board, upon motion duly made by Director TenBroeck, seconded by Director Tague and unanimously carried, the meeting was adjourned at 8:30 p.m.

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Jon TenBroeck  
Secretary