

**Minutes of Meeting  
Board of Directors  
Denton County Fresh Water Supply District No. 10  
August 15, 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, August 15, 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. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Todd Madison of Texas Water Company; Mr. Jim Koehler, P.E. and Ms. Angela Perera, P.E. of Graham Associates, Inc.; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Mr. Greg Wilkerson of Blue Line Services; Mr. Scott Harris of Corona Artesia, LLC; Mr. Chris Boyd of Mustang Special Utility District (“Mustang”); Mr. Andre Ayala of FirstSouthwest; 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 6:09 p.m.
2. Consideration was first given to public comments. The President opened the meeting to public comment, and recognized Mr. Boyd. Mr. Boyd introduced himself and advised that he would like to improve and maintain good communications between the District and Mustang. He noted that Mustang would like to sponsor a Savannah HOA event and requested that anyone with questions regarding such matter contact him. He further invited the Board to tour the Mustang offices to see how Mustang operates. After noting that there were no additional members of the public present and desiring to come before the Board, upon motion made by Director Russell, seconded by Director Tague and unanimously carried, the President closed the public comment session of the meeting.
3. Consideration was next given to receiving and acting upon bids for the purchase of the District’s \$4,380,000 Unlimited Tax Road Bonds, Series 2013 (“Bonds”). Mr. Ayala advised that three (3) bids had been received and recommended award to the low bidder RBC Capital Markets at a net effective interest rate of 4.874874%. A bid tabulation is attached hereto as **Exhibit “A”**. Mr. Ayala further presented and reviewed with the Board a cash flow analysis, a copy of which is attached hereto as

- Exhibit “B”**. After discussion on the matter, Director Moore moved that the Board award the sale of the Bonds to the low bidder, RBC Capital Markets at a net effective interest rate of 4.874874%. Director Russell seconded said motion, which carried unanimously.
4. Consideration was next given to adoption of an Order Authorizing the Issuance of \$4,380,000 Denton County Fresh Water Supply District No. 10 Unlimited Tax Road Bonds, Series 2013, Levying an Ad Valorem Tax in Support of the Bonds, Approving an Offering Document; Authorizing the Execution of a Paying Agent/Registrar Agreement; Awarding the Sale of the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds. Mr. Crawford presented and reviewed with the Board such Order prepared by McCall, Parkhurst & Horton LLP, a copy of which is attached hereto as **Exhibit “C”**. After discussion on the matter, Director Moore moved that the Board adopt such Order and authorize execution of same. Director TenBroeck seconded said motion, which carried unanimously.
  5. Consideration was next given to acting upon any other matters concerning the District’s \$4,380,000 Unlimited Tax Road Bonds, Series 2013, including the approval and execution of various documents for inclusion in the transcript of proceedings to be submitted to the Attorney General of the State of Texas and to effectuate closing of the sale of the Bonds. After discussion on the matter, Director Adams moved that the Board authorize the approval and execution of various documents for inclusion in the transcript of proceedings to be submitted to the Attorney General of the State of Texas and to effectuate closing of the sale of the Bonds and authorize its consultants to take any other actions necessary in connection with the District’s \$4,380,000 Unlimited Tax Road Bonds, Series 2013. Director TenBroeck seconded said motion, which carried unanimously.
  6. Consideration was next given to engagement of an auditor for preparation of audit of payments to the developer out of the proceeds of the Bonds. Mr. Crawford presented a proposed engagement letter from McCall Gibson Swedlund Barfoot PLLC to prepare the audit of payments to the developer based on its current schedule of hourly rates. After discussion on the matter, Director Tague moved that the Board engage McCall Gibson Swedlund Barfoot PLLC to prepare such audit report. Director TenBroeck seconded said motion, which carried unanimously.
  7. (a) Consideration was next given to the review and approval of the Minutes of the July 18, 2013, Board of Directors Meeting. After discussion on the matter, Director Tague moved that the Board approve the Minutes of the July 18, 2013, Board of Directors meeting as presented, and that the Secretary be authorized to execute the minutes on behalf of the Board and District. Director Russell seconded said motion, which carried unanimously.

Consideration was next given to the review and approval of the Minutes of the July 24, 2013, Board of Directors Meeting. After discussion on the matter, Director Tague moved that the Board approve the Minutes of the July 24, 2013,

Board of Directors meeting as presented, and that the Secretary be authorized to execute the minutes on behalf of the Board and District. Director Russell 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 "D"**. It was noted that as of July 31, 2013, the District's 2012 tax levy was approximately 99.33% collected. After discussion on the matter, Director Tague moved that the Board approve the Tax Assessor/Collector's report. Director Russell 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 "E"**. It was noted that, as of July 31, 2013, in Savannah 1,610 lots have been developed; 1,522 lots have been conveyed to builders; 1,497 construction permits have been issued; and 1,403 homes were occupied. It was reported that, as of July 31, 2013, in Artesia 542 lots have been developed; 206 lots have been conveyed to builders; 206 construction permits have been issued; and 191 homes were occupied. After discussion on the matter, Director Tague moved that the Board accept the Developer's Report as presented. Director Russell 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 "F"**. 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 Tague moved that the Board approve the Bookkeeper's Report and payment of the checks as listed in such Bookkeeper's Report. Director Russell seconded said motion, which carried unanimously.
8. 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 "G"**. He reported good water quality in Artesia, good chlorine residual levels, and reduced system flushing. Mr. Madison reported relative to maintenance and repair items, including: an air conditioner in the well house that needs to be replaced at an estimated cost of \$1,000; and the mechanical water level indicator on the ground storage tank. He then noted that the SCADA system will be operational by the end of next week, and that two meters were set during the month. Mr. Madison then requested guidance with regard to a homeowner that has not dealt with a water leak. After discussion, Director Russell moved that the Board approve the report and expenditure of funds as presented; and authorize Mr. Madison to hang a water leak tag at the residence discussed above. Director Tague seconded said motion, which carried unanimously.

9. 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 July. He noted that patrol services were provided for 31 out of 31 days in July, with additional patrol hours on July 4, 2013. Mr. Wilkerson reported relative to minor fireworks issues, vandalism at Artesia Community Center, and two burglaries in homes under construction. He presented for approval an invoice from Kwik Kar in the amount of \$1,109.07 for State inspection and oil change. After discussion, Director Adams moved that the Board accept the activity/incident report as presented. Director Russell seconded said motion, which carried unanimously. Director Adams then moved that the Board approve payment of the invoice from Kwik Kar in the amount of \$1,109.07. Director TenBroeck seconded said motion, which carried unanimously.
  
10. 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 the Artesia HOA requested the District to remove a pole on Medina and Canyon Ridge. The President then recognized Director Tague, who reported relative to Savannah HOA matters. He noted that the sidewalk on Magnolia needs to be replaced and discussed the need to block the road extension into Savannah Phase 8D until it is completed. He also discussed the need to deactivate amenity cards when residents move out of the District. The President determined that no action was required at this time.
  
11. 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 "H"**. The Board then considered the status of construction projects within the District. In that regard, Mr. Koehler reported relative to developing options and pricing for the proposed garage. He then discussed with the Board the status of installation of additional stop signs at the intersections of Magnolia Boulevard and Lighthouse Lane and Magnolia Boulevard and Cotton Exchange Dr. to create 4-way stops at both intersections. Mr. Koehler reported that Brandon Industries quoted the cost for installation of the stop signs at \$4,624.00 within the parameters set by the Board. He noted that the stop signs have been ordered, but the lead time on materials is six (6) to eight (8) weeks. With regard to the status of crosswalk repainting at Savannah Elementary School, and all other crosswalks and stop bars, Strip-A-Zone has confirmed that its original bid of \$14,355.00 is still valid. After discussion, Director TenBroeck moved that the Board accept the bid of Strip-A-Zone in the amount of \$14,355.00 for repairing of the crosswalk around Savannah Elementary School, and all other crosswalks and stop bars. Director Russell seconded said motion, which carried unanimously. Mr. Koehler reported that Savannah Phase 8B grading, water, sanitary sewer, drainage and paving improvements are complete; Savannah Phases 8D, 9A & 10B paving will start approximately August 22, 2013; and Artesia Phase 4C paving will start approximately August 12, 2013.

The Board then considered approval of construction plans and specifications and advertising for bids for contract(s) for improvement projects, including elevated water storage tank and pumping facilities and utility and paving for Georgia Village II, Savannah Phase 7. Mr. Koehler reported that the improvement plans for the elevated water storage tank at Artesia and the meter station near FM 1385 and Fish Trap Road are complete and recommended proceeding with bid. After discussion on the matter, Director Adams moved that the Board approve the construction plans and specifications and authorize advertising for bids for contract(s) for improvement of elevated water storage tank and pumping facilities. Director Russell seconded said motion, which carried unanimously. Mr. Koehler reported that the improvement plans for the utilities and paving for Georgia Village II, Savannah Phase 7 are complete and recommended proceeding with bid. After discussion on the matter, Director Tague moved that the Board approve the construction plans and specifications and authorize advertising for bids for contract(s) for improvement of utilities and paving for George Village II, Savannah Phase 7. 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. Mr. Koehler reviewed invoice no. 4270 in the amount of \$475.00 from Savannah Fire Hydrant painting. After discussion, Director TenBroeck moved that the Board approve payment of the invoice as presented. Director Tague seconded said motion, which carried unanimously. Mr. Koehler then presented and reviewed pay applications relative to Savannah Phase 8A, Phase 10A, Phase 8B and Phase 10B and recommended Board approval of such pay applications, a copy of the correspondence regarding is same is attached hereto as **Exhibit "I"**. After discussion, Director Adams moved that the Board approve the pay applications relative to Savannah Phase 8A, Phase 10A, Phase 8B, and Phase 10B as set forth in such correspondence. Director TenBroeck 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 utilities and paving. Mr. Koehler presented the Engineer's Certificate of Substantial Completion and recommended acceptance of Savannah Phase 8B utilities and paving project. After discussion, Director Russell moved that the Board accept the Certificate of Substantial Completion and accept the Savannah Phase 8B utilities and paving project. Director Tague seconded said motion, which carried unanimously.

The Board next considered the approval/status of engineering Task Order(s). In that regard, Mr. Koehler reviewed a Teel Parkway Improvement Plan, Tentative Design Schedule, a copy of which is attached hereto as **Exhibit "J"**. The President recognized Mr. Harris, who requested review of phased bidding/construction documentation. The President determined that no action was required at this time.

The Board next considered necessary non-routine maintenance and repair of District facilities. Mr. Koehler reported that the Tier 2 and 4 road repair items will be

- performed in connection with Savannah Phase 8A and Phase 10A construction which will begin in approximately two weeks. Upon motion made by Director Russell, seconded by Director Moore and unanimously carried, the Board accepted the Engineer's Report as presented.
12. Consideration was next given to customer utility service and billing complaints/requests. Mr. Crawford presented and reviewed with the Board a request from Judy Reese for adjustment of billing statement and a request from Bridgett White for payment arrangements for next two bills while injured. After discussion on the matter, Director Adams moved that the Board adjust Ms. Reese bill to \$150 for the month in question. Director TenBroeck seconded said motion, which carried with four directors in favor of such motion and one director opposed. Director Adams then moved that the Board approve the request of Ms. White for payment arrangements for the next two bills. Director Moore seconded said motion, which carried unanimously.
  13. Consideration was next given to acceptance of 2013 Tax Roll as certified by the Denton Central Appraisal District and approval of calculations regarding the District's 2013 Tax Rates. Mr. Crawford presented and reviewed with the Board the 2013 certified tax roll, and the Water District Tax Rate Rollback Worksheet prepared by the Denton County Tax Assessor/Collector, a copy of which is attached hereto as **Exhibit "K"**. After discussion on the matter, Director Russell moved that the Board accept the District's 2013 certified tax roll and tax rate rollback calculations. Director TenBroeck seconded said motion, which carried unanimously.
  14. Consideration was next given to setting public hearing date and authorizing notice of public hearing regarding adoption of the District's 2013 tax rates, as necessary. After discussion on the matter, Director Russell moved that the Board preliminarily approve the proposed 2013 debt service and maintenance tax rates of \$0.87 and \$0.13, respectively; set its public hearing regarding such proposed tax rates for September 19, 2013, at 7:00 p.m.; and authorize publication of notice regarding same. Director Tague seconded said motion, which carried unanimously.
  15. Consideration was next given to approval and execution of Professional Services Contract Amendment regarding Teel Road Improvements with GAI. Mr. Koehler presented the Amendment, and reviewed the change in scope and fees. After discussion, Director Russell moved that the Board approve the Professional Services Contract Amendment regarding Teel Road Improvements with GAI and authorize execution of same. Director Tague seconded said motion, which carried unanimously.
  16. Consideration was next given to approval and execution of Non-Standard Service Contract by and between 166 Bryan Road Partners, L.P. Mr. Crawford reviewed the Contract, with the Board. After discussion, Director Russell moved that the Board approve the Contract and authorize execution of same. Director Tague seconded said motion, which carried unanimously.

17. Consideration was next given to approval and execution of Wastewater Transportation Agreement with Mustang Special Utility District. Mr. Crawford reviewed the Agreement with the Board. After discussion, Director Tague moved that the Board approve the Agreement and authorize execution of same. Director Russell seconded said motion, which carried unanimously.
18. Consideration was next given to review and approval of proposed revisions to District Water Conservation Plan. Director Russell presented and reviewed with the Board a proposed Water Conservation Plan. She noted that the proposed Plan is based on Mustang's form, but includes all Upper Trinity Regional Water District requirements. The Board queried Mr. Boyd regarding enforcement and fines. Mr. Boyd answered questions and noted that Mustang only fines in Stage 3. After discussion on the matter, Director Russell moved that the Board approve the revised Water Conservation Plan as presented. Director TenBroeck seconded said motion, which carried unanimously.
19. Consideration was next given to adoption of Order Adopting the Denton County Fresh Water Supply District No. 10 Water Conservation Plan; Providing a Penalty Clause and Providing a Severability Clause; and the taking of actions necessary for implementing a Water Conservation Plan. Mr. Crawford reviewed such Order with the Board. After discussion, Director Russell moved that the Board adopt the Order Adopting the Denton County Fresh Water Supply District No. 10 Water Conservation Plan; Providing a Penalty Clause and Providing a Severability Clause and authorize execution of same. Director TenBroeck seconded said motion, which carried unanimously.
20. Consideration was next given to proposals relative to renewal of District's general liability, umbrella liability, property, boiler and machinery, director and officer liability, and pollution liability insurance coverage for term expiring October 1, 2013. After a brief discussion, Director Adams moved that the Board defer consideration of proposals relative to renewal of District insurance coverage until the next regular meeting. Director Russell seconded said motion, which carried unanimously.
21. Consideration was next given to authorizing professional services proposal for website. The Board discussed updates to website. After a brief discussion, the President determined that no action was required.
22. The Board next deferred consideration of Executive Session pursuant to Section 551.071(1)(A) and (B), 551.072, and 551.076, Texas Government Code, as amended, to consult with District Counsel, consider real estate matters, and deliberate regarding security.

23. After noting that no further business was to come before the Board, upon motion duly made by Director Tague, seconded by Director Moore and unanimously carried, the meeting was adjourned at 9:04 p.m.

---

Jon TenBroeck  
Secretary