

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply District No. 10
September 19, 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, September 19, 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 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. Jim Koehler, P.E. of Graham Associates, Inc.; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Mr. Greg Wilkerson of Blue Line Services; Mr. Will Walton of Corona Artesia, LLC; Chief Mike Starr of the Aubrey Fire Department; and Ms. Marlo Gordon, Legal Assistant of Crawford & Jordan LLP.

1. The President called the meeting to order, after determining that a quorum was present 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 come before the Board, upon motion made by Director TenBroeck, seconded by Director Russell and unanimously carried, the President closed the public comment session of the meeting.
3. Consideration was next given to public hearing regarding adoption of proposed 2013 District debt service tax rate and maintenance tax rate. Upon motion by Director Russell, seconded by Director Moore, and unanimously carried, the public hearing was opened. It was noted that no members of the public present desired to address the Board of Directors with regard to the proposed 2013 tax rates. In that regard, Ms. Gordon advised the Board that the Notice of Public Hearing on Tax Rate had been published in the *Denton Record Chronicle* on August 28, 2012, in accordance with the laws of the State of Texas. After discussion on the matter, Director Russell moved that the Board close the hearing. Director Moore seconded said motion, which carried unanimously.

4. Consideration was next given to adoption of order setting 2013 tax rates, a copy of which Order is attached hereto as **Exhibit "A"**. Ms. Gordon then advised that the proposed 2013 debt service tax rate was \$0.87 per \$100 assessed valuation, \$0.34 per \$100 assessed valuation allocated for utility bonds and \$0.53 per \$100 assessed valuation allocated for road bonds, and the proposed maintenance tax rate was \$0.13 per \$100 assessed valuation, for a total 2013 tax rate of \$1.00 per \$100 assessed valuation. After discussion on the matter, Director Moore moved that the Board levy a 2013 debt service tax rate of \$0.87 per \$100 assessed valuation and a maintenance tax rate of \$0.13 per \$100 assessed valuation, and adopt the 2013 Order Levying Taxes as presented. Director Russell seconded said motion, which carried unanimously.

5. (a) Consideration was next given to the review and approval of the Minutes of the August 15, 2013, Board of Directors Meeting. After discussion on the matter, Director Russell moved that the Board approve the Minutes of the August 15, 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 Tague seconded said motion, which carried unanimously.

Consideration was next given to the review and approval of the Minutes of the August 21, 2013, Board of Directors Meeting. After discussion on the matter, Director Russell moved that the Board approve the Minutes of the August 21, 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 Tague seconded said motion, which carried unanimously.

Consideration was next given to the review and approval of the Minutes of the September 9, 2013, Board of Directors Meeting. After discussion on the matter, Director Russell moved that the Board approve the Minutes of the September 9, 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 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 "B"**. It was noted that as of August 31, 2013, the District's 2012 tax levy was approximately 99.52% 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 "C"**. It was noted that, as of August 31, 2013, in Savannah 1,610 lots have been developed; 1,527 lots have been conveyed to builders; 1,508

construction permits have been issued; and 1,418 homes were occupied. It was reported that, as of August 31, 2013, in Artesia 542 lots have been developed; 207 lots have been conveyed to builders; 207 construction permits have been issued; and 194 homes were occupied. After discussion on the matter, Director Russell moved that the Board accept the Developer's Report as presented. Director Tague 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 "D"**. 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 Russell moved that the Board approve the Bookkeeper's Report and payment of the checks as listed in such Bookkeeper's Report. Director Tague seconded said motion, which carried unanimously.
- (e) Consideration was next given to the Aubrey Fire Department budget for the fiscal year ending September 30, 2014, as revised. The President recognized Chief Starr, who advised that the Aubrey Fire Department ISO evaluation has been received and the rating is a 2. He noted that this will result in an 18% savings on homeowner's insurance. The Board requested that Director Moore include this information as a news item on the District's website.

Director Tague entered during the presentation by Chief Starr and participated in the remainder of the meeting.

Chief Starr exited the meeting.

- 6. Consideration was next given to approval of audit relative to the payment of proceeds of the District's \$4,380,000 Unlimited Tax Road Bonds, Series 2013 ("Bonds"), and authorizing disbursement of Bond proceeds in accordance with same and payment of bond issuance costs. In that regard, Director Adams presented and reviewed with the Board a revised Report on Applying Agreed-Upon Procedures to Construction, Engineering and Related Costs Reimbursable to developer(s) from Series 2013 Bond Proceeds," dated September 19, 2013, prepared by McCall Gibson Swedlund Barfoot PLLC, a copy of which is attached hereto as **Exhibit "E"**. After discussion on the documents presented, Director TenBroeck moved that the Board approve the audit report and authorize disbursement of Bond proceeds in accordance with same and payment of bond issuance costs. Director Moore seconded said motion, which carried unanimously.
- 7. Consideration was next given to the approval and execution of Conveyances of Roads and Improvements in Aid Thereof relative to facilities to be purchased with Bond proceeds, including (1) Drainage Facilities and Paving – Continental Congress Village at Savannah, Phase 6A; (2) Grading, Drainage Facilities and Paving – Savannah, Phase 8A; (3) Grading, Drainage Facilities and Paving – Savannah, Phase 8B; (4) Grading – Savannah, Phase 10A; (5) Drainage Facilities and Paving –

- Savannah, Phase 10A ; and (6) Grading and Drainage Facilities – Savannah, Phases 8D, 9A, and 10B. Director Adams presented and reviewed with the Board the Conveyances of Road and Improvements in Aid Thereof as prepared by Crawford & Jordan LLP. Copies of the Conveyances are attached hereto as **Exhibits “F”, “G”, “H”, “I”, “J”, and “K”**. After discussion on the matter, Director Moore moved that the Board approve the Conveyances, authorize execution of such Conveyance, and proceed with recordation of such Conveyances. Director Russell seconded said motion, which carried unanimously.
8. Consideration was next given to the acceptance and execution of Receipt and Releases relative to funds disbursed in connection with Bond proceeds. Director Adams presented and reviewed with the Board the Receipt and Releases as prepared by Crawford & Jordan LLP in accordance with the developer reimbursement audit. Copies of the Receipt and Releases are attached hereto as **Exhibits “L” and “M”**. After discussion on the matter, Director Adams moved that the Board accept the Receipt and Releases and authorize execution of same. Director TenBroeck seconded said motion, which carried unanimously.
 9. Consideration was next given to approval and execution of an amendment to the District’s Information Form relative to the Bonds and the District’s 2013 tax rates and bond indebtedness. Director Adams discussed with the Board the statutory requirement for such Amendment. After discussion, Director Moore moved that the Board authorize execution and recordation of the First Amendment to the Fourth Amended and Restated District Information Form. Director TenBroeck seconded said motion, which carried unanimously.
 10. 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 “N”**. 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 that was cleaned, checked and re-installed. He then noted that the SIM card for the SCADA system has arrived to WHECO and is undergoing testing to make sure the system works correctly. Mr. Madison noted that installation and field testing should be completed the first week of October, and that one meter was set during the month. He noted that the meter reading file coming from Severn-Trent has not happened yet, although he was able to have Beth at Mustang load the route, but the readings were collected about a week late. After discussion, Director Russell moved that the Board approve the report and expenditure of funds as presented. Director Moore seconded said motion, which carried unanimously.
 11. 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 August. He noted that patrol services were provided for 31 out of 31 days in August. Mr. Wilkerson discussed with the Board a new patrol officer, Willie Wallenberg and provided the necessary documentation. Mr. Wilkerson discussed with the Board new legislation allowing districts to enter into an interlocal agreement with the county to enforce traffic regulations. After discussion, Director Russell moved that the Board accept the activity/incident report as presented. Director Moore seconded said motion, which carried unanimously. Director Adams then moved that the Board approve the independent contractor agreement with Willie Wallenberg and authorize execution of same. Director TenBroeck seconded said motion, which carried unanimously.

12. 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. He noted that National Night Out will be observed on October 26. The President determined that no action was required at this time.
13. 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 "O"**. The Board then considered the status of construction projects within the District. In that regard, Mr. Koehler 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. He reported a concrete slab was located under the brick pavers and needs to be cored in order to install the stop signs. Mr. Koehler reported that he will meet with a contractor tomorrow to discuss how to proceed and to get an estimated time frame for completion of the project. A discussion followed relative to orange neon flags to be placed on new signs for approximately 30 days. With regard to the status of crosswalk repainting at Savannah Elementary School, and all other crosswalks and stop bars, he reported that Strip-A-Zone has completed such project. Director Tague noted the terrible quality of the painting. After discussion, Director Tague moved that the Board sign the check for 80% of the Strip-A-Zone contract, but that Ms. Bloomfield hold such check until one of the Board members and Mr. Koehler give approval for release of the check. Director Adams seconded said motion, which carried unanimously.

The Board next considered authorizing preparation of construction plans and specifications for improvement projects, including garage for District peace officer car and District equipment and supplies. Mr. Koehler discussed quotes received. After discussion, upon motion made by Director Adams, seconded by Director Russell, and unanimously carried, the Board determined to table the matter until the next meeting.

The Board then considered approval of award of construction contract(s) for improvement projects, including elevated water storage tank and pumping facilities and water, sewer, and drainage facilities for Savannah Phase 7. Mr. Koehler reported that three (3) bids were received for the elevated water storage tank and pumping facilities with the low bid in the amount of \$942,550.00. He noted that GAI is reviewing additional information on Phoenix Fabricator, the low bidder, prior to making a recommendation. Mr. Koehler then advised that seven (7) bids were received for water, sewer, and drainage facilities for Savannah Phase 7, and presented correspondence from GAI recommending award of the contract to the low bidder RKM Utility Services, Inc. in the amount of \$476,364.80. A discussion followed relative to the SCADA that needs to be updated and a quote received from Richardson Logic Control, Inc. from Mustang Special Utility District. After discussion on the matter, Director Moore moved that the Board (i) table the award of the construction contract for the elevated water storage tank and pumping facilities pending additional review by GAI; (ii) award the construction contract for the water, sewer, and drainage facilities for Savannah Phase 7 to the low bidder RKM Utility Service, Inc. in the bid amount of \$476,364.80; and (iii) request a quote from WHECO for the necessary SCADA system update. 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. Koehler reviewed invoice no. 27179 Rev. in the amount of \$11,484.00 from Stripe-A-Zone for crosswalk painting; invoice no. 130720 in the amount of \$2,160.00 from GAI to be paid by Corona Artesia for Artesia Elevated Water Tower; invoice no. 13072 in the amount of \$5,295.00 from GAI to be paid by Corona Artesia for Artesia pavement repairs; and invoice no. 130722 in the amount of \$2,362.50 from GAI to be paid by Corona Artesia for Artesia Teel Road Improvements. After discussion, Director Adams moved that the Board hold the check for Stripe-A-Zone pending Mr. Koehler's inspection, correction, and approval of 1 Board member. Director Tague seconded said motion, which carried unanimously. After additional discussion, Director Russell moved that the Board approve the remaining three (3) pay applications presented as set forth in the Engineer's Report. Director TenBroeck 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 list of regular maintenance inspections, a copy of which is attached hereto as Engineer's Report. A discussion followed regarding ownership versus easements and right-of-way with regard to plots within District. The President determined that no action was required at this time.

The Board next considered approval of final plats and amendments to plats, including Artesia Phase 4C. Mr. Koehler presented correspondence recommending approval of plat for Artesia Phase 4C. Upon motion made by Director Russell, seconded by Director Tague and unanimously carried, the Board approved the final plat for Artesia Phase 4C.

Upon motion made by Director Russell, seconded by Director Moore and unanimously carried, the Board accepted the Engineer's Report.

14. Consideration was next given to customer utility service and billing complaints/requests. Director Adams presented and reviewed with the Board a request from Aesha Humphrey for waiver of non-payment fee. After discussion on the matter and review of account history, upon motion duly made, seconded, and unanimously carried, the President determined that no action was required.
15. Consideration was next given to review and approval of proposed revisions to District Drought Contingency Plan. The Board discussed ordering water restriction signs and requested Ms. Bloomfield get quotes for same. After discussion, Director Russell moved that the Board approve the Drought Contingency Plan as presented and authorize publication of notice of same. Director TenBroeck seconded said motion, which carried unanimously.
16. Consideration was next given to adoption of Order Adopting the Denton County Fresh Water Supply District No. 10 Drought Contingency Plan; Providing a Penalty Clause and Providing a Severability Clause; and the taking of actions necessary for implementing a Drought Contingency Plan. After discussion, Director Adams moved that the Board adopt the Order Adopting the Denton County Fresh Water Supply District No. 10 Drought Contingency Plan; Providing a Penalty Clause and Providing a Severability Clause and authorize execution of same. Director Moore seconded said motion, which carried unanimously.
17. 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. A copy of the summary page is attached hereto as **Exhibit "P"**. After discussion, Director TenBroeck moved that the Board approve renewal of the District's insurance coverage for the term expiring October 1, 2013. Director Tague seconded said motion, which carried unanimously.
18. Consideration was next given to approval of relocation of disc golf course site. Director Adams proposed that the disc golf course be relocated to the south green belt next to Greenview, near the model homes. After considerable discussion on the matter, Director Tague moved that the Board propose moving the disc golf course site pending a public hearing at the next meeting. Director TenBroeck seconded said motion, which carried unanimously.
19. 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.

20. 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.

Jon TenBroeck
Secretary