

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply District No. 10
November 15, 2012**

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, November 15, 2012 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 TenBroeck and Tague, who arrived later as noted below. Also attending the meeting were the following: Mr. Barry Jameson representing Huffines Communities; Mr. Jim Koehler, P.E. of Graham Associates, Inc. (“GAI”); Mr. Todd Madison of Texas Water Company; Mr. Mark Steelman of Severn Trent Environmental Services; Mr. Greg Wilkerson of Blue Line Services; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Mr. Will Walton and Mr. Scott Harris representing Corona Artesia, L.L.C.; Mr. Claude Attaway and Mr. R. C. Holliefield, residents; Mr. Greg Hugie of Providence Village Water Control and Improvement District of Denton County; 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.

Directors TenBroeck and Tague entered and participated in the remainder of the meeting.

2. Consideration was first given to public comments. The President opened the meeting to public comment, and recognized Mr. Hugie, who made a presentation regarding Upper Trinity Regional Water District billing model and resulting water rate disparities. The President then recognized Mr. Attaway regarding a storm sewer drain on Mercer Way. Mr. Jameson responded that the project is to be included in Tier II of the District’s street repair projects, which Tier has not yet been scheduled. After noting that there were no additional members of the public present and desiring to come before the Board, upon motion by Director Russell, seconded by Director TenBroeck, the Board voted unanimously to close the public comment session 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 Moore moved that the Board defer consideration of approval of the Minutes of the September 5, 2012, Board of Directors meeting until the next meeting. Director TenBroeck seconded said motion, which carried unanimously.

Consideration was next given to the review and approval of the Minutes of the October 18, 2012, Board of Directors Meeting. After discussion on the matter, Director Moore moved that the Board approve the Minutes of the October 18, 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 TenBroeck 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 October 31, 2012, the District's 2012 tax levy was approximately 1.89% collected. After discussion on the matter, Director Moore moved that the Board approve the Tax Assessor/Collector's report. Director TenBroeck seconded said motion, which carried unanimously.
 - (c) Consideration was next given to review and acceptance of the Developer's Report, as presented by Mr. Jameson. A copy of such Report is attached hereto as **Exhibit "B"**. He noted that, as of October 31, 2012, in Savannah 1,536 lots have been developed; 1,425 lots have been conveyed to builders; 1,393 construction permits have been issued; and 1,295 homes were occupied. He reported that, as of October 31, 2012, in Artesia 542 lots have been developed; 161 lots have been conveyed to builders; 161 construction permits have been issued; and 128 homes were occupied. After discussion on the matter, Director Moore moved that the Board accept the Developer's Report as presented. Director TenBroeck 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 the Bookkeeper's Report and payment of the checks as listed in such Bookkeeper's Report. Director TenBroeck seconded said motion, which carried unanimously.
4. 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 "D"**. He noted that an electrical problem caused a fuse to blow, resulting in a power outage and water pressure loss. Mr. Madison also reported that the City of Prosper expressed interest in reviewing cooperative efforts regarding use of a District water line. After discussion, Director Moore moved that the Board accept the report as presented. Director Russell seconded said motion, which carried unanimously.

5. 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 October. He reported that there were no major offenses. After discussion, Director TenBroeck moved that the Board accept the activity/incident report as presented. Director Russell seconded said motion, which carried unanimously. Mr. Wilkerson then reported that the Law Enforcement Committee is recommending no supplemental security for Christmas Eve and Christmas Day, but is recommending two (2) officers be on duty New Year's Eve. After discussion, Director Adams moved that the Board approve the recommendations of the Law Enforcement Committee with regarding to supplemental security for holidays. Director Russell seconded said motion, which carried unanimously. Mr. Wilkerson then requested that the Board integrate a holiday pay schedule into the new forms of contract and corrected rate of \$35 per hour. After discussion on the matter, Director Adams moved that the Board include the new rate of \$35 per hour, and approve the following six (6) days to be paid at special rate of \$50 per hour: Christmas Eve, Christmas Day, New Year's Eve, Fourth of July, Memorial Day and Labor Day. Director TenBroeck seconded said motion, which carried unanimously.

6. Consideration was next given to review and acceptance of the Engineer's Report, as presented by Mr. Koehler, a copy of which is attached hereto as **Exhibit "E"**. The Board then considered the status of construction projects within the District. Mr. Koehler 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.

The Board then considered authorizing preparation of construction plans and specifications. Mr. Koehler 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, including water, sewer, drainage, and paving for Artesia, Phase 4C; and new sub-phases in Phases 8 and 10 in Savannah. Mr. Koehler noted that the construction plans and specifications for Artesia Phase 4C have been requested from the Design Engineer, but have not been received as of this date. Mr. Koehler reported that the construction plans for Oglethorpe Village at Savannah Phase 8B have been reviewed and have been found to be in substantial conformance with District standards subject to addressing the review comments listed in correspondence attached to Engineer's Report. He noted that this Phase is comprised of 49 single family lots, and noted that upon approval by the Board, bid documents will be prepared with bid opening on December 18, 2012, and contract award on December 20, 2012. Mr. Koehler further reported that the construction plans for Oglethorpe Village at Savannah Phase 8D have been reviewed

and have been found to be in substantial conformance with District standards subject to addressing the review comments listed in correspondence attached to Engineer's Report. He noted that this Phase is comprised of 57 single family lots, and noted that upon approval by the Board, bid documents will be prepared with bid opening on December 18, 2012, and contract award on December 20, 2012. 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 projects, including water, sewer, drainage, and paving for new sub-phases 8B and 8D in Savannah, subject to engineering comments discussed above. Director TenBroeck seconded said motion, which carried unanimously.

The Board then considered approval of award of construction contract(s). Mr. Koehler noted that a pre-construction meeting for Savannah Tier 1 Pavement Improvements was held on November 1, 2012, and a start date of December 3, 2012, was established. He presented a schedule for performing work, a copy of which is attached to the Engineer's Report. Mr. Koehler then discussed a repair estimate received from 2L Construction to remove and replace the sidewalk at 1705 Mercer Way, which work includes removal and replacement of curb and gutter at an estimated cost of \$2,786.35, which could be included in the current contract with 2L Construction via a change order. After discussion, Director Adams moved that the Board authorize inclusion of removal and replacement of curb and gutter at 1705 Mercer Way at estimated cost of \$2,786.35. Director TenBroeck seconded said motion, which carried unanimously. Mr. Koehler reported that bids have been received for the Trunk Line Manhole repairs at Savannah and Artesia Subdivisions. He noted that two bids were received, the first from Krapff-Reynolds Construction in Oklahoma City, OK in the amount of \$22,583.00, and the second from Magnum Manhole and Underground Co., Garland, TX in the amount of \$33,000.00. He noted that GAI is checking references for these companies and will make a recommendation for contract award once completed. Mr. Koehler reported that bids have been received for street crosswalk and stop bar replacement at Savannah Subdivision. He noted that two bids were received, the first from Strip-A-Zone, Inc. in Grand Prairie, TX in the amount of \$14,355.00, and the second from S.D. Peterson Construction for \$15,790.00. He noted that GAI is checking references for these companies and will make a recommendation for contract award once completed.

The Board then considered approval of pay application(s) and change order(s) to construction contracts. Mr. Koehler noted that no pay applications or change orders had been received this month.

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

The Board then considered approval/status of engineering Task Order(s). Mr. Koehler reported to the Board with respect to: (i) bids for lightning Arrestor System for Artesia well site no. 1; and (ii) Aubrey Fire Department request for Atlas Maps showing street locations and fire hydrant locations for Artesia. He updated the Board regarding each matter.

The Board then considered the status of non-routine maintenance and repair of District facilities, including i) other minor maintenance project expenditures; and ii) acceptance of bids for (a) SCADA system for the Artesia water system, and (b) ground storage tank repairs for Artesia. Mr. Koehler noted that work on the SCADA system and ground storage tank repairs for Artesia are currently on hold. He then noted that the HOA has requested a graffiti removal product which GAI had obtained for them last year, which can be obtained at an estimated cost of \$70.00. After discussion, Director Adams moved that the Board authorize the purchase of the additional graffiti removal product at an estimated cost of \$70.00. Director Moore seconded said motion, which carried unanimously.

The Board then considered approval of final plats and amendments to plats. Mr. Koehler 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 were acceptable and recommended approval by the Board. After discussion, Director Russell moved that the Board approve the final plats for Oglethorpe Village at Savannah Phase 8B and Oglethorpe Village at Savannah Phase 8D be approved. Director TenBroeck seconded said motion, which carried unanimously.

The Board then considered the Upper Trinity Regional Water District (“UTRWD”) lift station I & I Task Force Report. Mr. Koehler 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. Koehler 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.

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 noted that the Artesia HOA had nothing to report at this time. The President recognized Director Tague, who noted that the Savannah HOA had nothing to report at this time.
8. Consideration was next given to customer utility service and billing complaints/requests. Mr. Crawford presented and reviewed with the Board a complaint from Corliss Emery and request to waive fees. After discussion on the matter, upon motion duly made, seconded and unanimously carried, the Board determine to review Mr. Emery’s billing history and determine whether any extensions previously granted this year, and to handle a response to Mr. Emery by the next Board meeting.
9. Consideration was next given to request of Mr. David Kreitmeyer for waiver of late fees and disconnection/reconnection fees and complaints regarding termination of utility service to 16048 Crosslake in Artesia and the taking of appropriate action. It was noted that Mr. Kreitmeyer was not present at the meeting. Upon motion duly made, seconded and unanimously carried, the Board determined that no action was required regarding such matter at this time.

10. Consideration was next given to approval and execution of landscape maintenance agreement. As noted in paragraph 14 below, the Board convened into executive session. Upon reconvening into open session, upon motion made by Director Tague, seconded by Director Adams and unanimously carried, the Board determined to defer consideration of landscape maintenance agreement until such proposed agreement is received.
11. Consideration was next given to review and approval of settlement agreement with Corona Artesia LLC/Corona Land Company, LLC regarding issues relating to cost participation in District Infrastructure, valuation of property, and other related disputes, and approval and execution of Road Repair and Maintenance Agreement (Artesia, Phases 1A, 1B & 1C, Denton County, Texas) with Corona Land Company, LLC. Upon motion made by Director Russell, seconded by Director TenBroeck, and unanimously carried, the Board approved the settlement agreement with Corona Artesia LLC/Corona Land Company, LLC regarding issues relating to cost participation in District Infrastructure, valuation of property, and other related disputes, and approval and execution of Road Repair and Maintenance Agreement (Artesia, Phases 1A, 1B & 1C, Denton County, Texas) with Corona Land Company, LLC.
12. Consideration was next given to establishing or renewal of membership with AWBD, and attendance by directors at the AWBD winter 2013 conference. After discussion on the matter, Director Moore moved that the Board authorize Director Moore and Director Russell to attend the AWBD winter 2013 conference. Director TenBroeck seconded said motion, which carried unanimously.
13. Consideration was next given to discussion regarding website matters. After discussion, the Board determined that Directors Russell and Moore will work with Robert Forsbach to prepare a proposal for Board action at a future meeting.
14. 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 8:04 p.m. pursuant to Section 551.071, Texas Government Code, to consult with its general counsel.

Upon motion by Director Adams, seconded by Director TenBroeck, the Board voted unanimously to reconvene the meeting in open session at 8:47 p.m.
15. After noting that no further business was to come before the Board, upon motion duly made by Director Russell, seconded by Director TenBroeck and unanimously carried, the meeting was adjourned.

Jon TenBroeck

Secretary