

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply District No. 10
December 20, 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, December 20, 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 Director Tague, who arrived later as noted below. Also attending the meeting were the following: Mr. Jim Koehler, P.E. of Graham Associates, Inc. (“GAI”); Mr. Todd Madison of Texas Water Company; Mr. Greg Wilkerson of Blue Line Services; Ms. Kathi Dye of Dye & Bloomfield, LLC; Mr. Will Walton representing Corona Artesia, L.L.C.; Mr. Kyle Rhodes, resident; and Mr. Clay E. Crawford of Crawford & Jordan LLP.

1. The President called the meeting to order at 6:08 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. Rhodes, who queried the Board regarding the status of Artesia street repairs. 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 Moore, 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 Russell seconded said motion, which carried unanimously.

Consideration was next given to the review and approval of the Minutes of the November 15, 2012, Board of Directors Meeting. After discussion on the matter, Director Moore moved that the Board approve the Minutes of the November 15, 2012, Board of Directors meeting with correction to paragraph

No. 6, 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 "A"**. It was noted that as of November 30, 2012, the District's 2012 tax levy was approximately 4.85% collected. After discussion on the matter, Director Moore 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 "B"**. It was noted that, as of November 30, 2012, in Savannah 1,536 lots have been developed; 1,452 lots have been conveyed to builders; 1,404 construction permits have been issued; and 1,302 homes were occupied. It was reported that, as of November 30, 2012, in Artesia 542 lots have been developed; 168 lots have been conveyed to builders; 168 construction permits have been issued; and 131 homes were occupied. After discussion on the matter, Director Moore 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 "C"**. Ms. Dye 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 Russell seconded said motion, which carried unanimously.

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

- 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 reported relative to an increased need for flushing, and noted that there were no other unusual operating issues or maintenance and repair items. Mr. Madison noted that 12 meters were set. After discussion, Director Russell moved that the Board accept the report as presented. Director Mitchell 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

November. He noted that 28 of 30 days were covered with no major offenses. He discussed with the Board acquisition of additional communication equipment. After discussion, Director Russell moved that the Board accept the activity/incident report as presented. Director Moore seconded said motion, which carried unanimously. Mr. Wilkerson reported that the Law Enforcement Committee is recommending (1) authorizing preparation and inclusion in Savannah water bill of a questionnaire regarding interest in an additional \$2.50 fee for enhanced security around school and other public areas where children congregate; and (2) authorizing Mr. Wilkerson to contact the appropriate representative of Denton ISD regarding a possible cooperative effort for enhanced security at Savannah Elementary. As noted in paragraph 11 below, the Board convened into executive session. Upon reconvening into open session, upon motion made by Director Adams, seconded by Director TenBroeck, and unanimously carried, the Board approved the recommendations of the Law Enforcement Committee with regard to including a questionnaire in the next Savannah utility billing and contacting Denton ISD regarding a cooperative effort to provide enhanced security. 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. He reported that the Savannah Pavement Repair Project is approximately 90% complete, with pavement removal and replacement complete, and only Plantation Drive Storm Sewer Construction outstanding. Mr. Koehler noted that a final inspection will be made to verify all restoration adjacent to these projects has been completed.

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 bid opening took

place on December 18, 2012, with 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 opening took place on December 18, 2012, with contract award on December 20, 2012. The President noted that no action was required on this matter.

The Board then considered approval of award of construction contract(s). Mr. Koehler noted that GAI received the bid tabulation for Oglethorpe Village Phase 8B. He reported that two (2) bids were received with the low bidder being RKM Utility Services, Inc. of Dallas, Texas with a bid amount of \$1,138,970.45. Mr. Koehler presented correspondence date December 19, 2012, recommending award of contract to RKM Utility Services, Inc. After discussion on the matter, Director TenBroeck moved that the Board award the construction contract for Oglethorpe Village Phase 8B to RKM Utility Services, Inc, in the bid amount of \$1,138,970.45. Director Tague seconded said motion, which carried unanimously. 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 \$1,866.35. Per the Board's request, the work values have been divided into the Homeowner's responsibility (\$1,065.85) and District responsibility (\$800.50), and the Board will approach the Homeowner for shared costs. After discussion, Director Adams moved that the Board authorize inclusion of removal and replacement of curb and gutter at 1705 Mercer Way in Tier I repairs. 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 recommends award of the project to Strip-A-Zone Inc. in the amount of \$14,355.00.

The Board then considered of approval of pay application(s) and change order(s) to construction contracts. Mr. Koehler noted that two pay applications had been received this month. The first pay application is from 2L Construction LLC in the amount of \$41,625.90 for Savannah Pavement work, and the second pay application is for the graffiti removal material requested by the HOA in the amount of \$71.00. He noted that GAI recommends payment of these applications. After discussion, Director Tague moved that the Board authorize payment of the pay applications

presented. Director TenBroeck seconded said motion, which carried unanimously. Mr. Koehler then noted that change order no. 1 for Savannah Pavement Repairs was received resulting in a decrease of \$5,000.00 to the contract for a new total contract amount of \$104,864.00. After discussion, Director Tague moved that the Board approve change order no. 1 for Savannah Pavement Repairs. Director Moore seconded said motion, which carried unanimously.

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 bids for lightning Arrestor System for Artesia well site no. 1. 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 graffiti removal product has been delivered to the HOA.

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 approved by the Board at the last meeting.

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, including request of Mr. Corliss Emery. 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 by Director TenBroeck, seconded by Director Adams and unanimously carried, the Board determine to grant Mr. Emery request for refund/credit in the amount requested.

9. Consideration was next given to amendment to settlement agreement with Corona Artesia, LLC/Corona Land Company, LLC. Mr. Crawford noted that the proposed amendment provides for a additional 60 day extension until March 1, 2013. After discussion, Director Adams moved that the Board approve the amendment to settlement agreement. Director Moore seconded said motion, which carried unanimously.
10. Consideration was next given to approval and execution of landscape maintenance agreement with the Savannah Homeowner's Association. After discussion on the matter, Director Adams moved that the Board approve a six month contract for up to \$40,000/\$6,396.91 per month to expire June 30, 2013. Director TenBroeck seconded said motion, which carried unanimously.
11. 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 6:41 p.m. pursuant to Section 551.076, Texas Government Code, to deliberate regarding security personnel and devices.

Upon motion by Director Tague, seconded by Director Moore, the Board voted unanimously to reconvene the meeting in open session at 7:00 p.m.
12. 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 7:54 p.m.

Jon TenBroeck
Secretary