

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply District No. 10**

June 23, 2015

The Board of Directors (“Board”) of Denton County Fresh Water Supply District No. 10 (“District”), met in special session, open to the public, on Tuesday, June 23, 2015, at 6:30 p.m., at the Prairie House Restaurant, 10001 Highway 380E, Cross Roads, Texas 76227, outside 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:

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| Rob Adams | President |
| Jon TenBroeck | Vice President |
| Robert Tague | Secretary |
| Kris Russell | Asst. Secretary |
| Kurt W. Moore | Director |

All members of the Board were present. Also attending the meeting were the following: Mr. Jim Koehler, P.E. of Graham Associates, Inc.; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Mr. John Gillum, Ms. Christine McClusky, Mr. David Wortham, Ms. Anna Wortham, and various other members of the public. Mr. Jonathan Finke of Crawford & Jordan LLP entered the meeting during the public comments.

1. The President called the meeting to order, after determining that a quorum was present at 6:36 p.m.

2. Consideration was first given to public comments. The President opened the meeting to public comment. He recognized Ms. McClusky, who noted that she is a resident of Artesia and wished to address the Board regarding agenda item no. 5, the proposed agreement with Arcadia Water Management, LLC. Ms. McClusky requested that the Board carefully consider the need to bring on a third billing company within six months, noting that Mustang Special Utility District (“Mustang”) seems to be a competent and accessible billing company to Savannah. Director Adams reported that due to unacceptable contract terms required by Mustang, the Board will not be contracting with Mustang for Artesia, and further noted that the proposed agreement with Arcadia Water Management will be addressed later in the meeting. The President then recognized the Worthams, who noted that they are Artesia residents and concurred with Ms. McClusky’s comments and expressed concern on another change in Artesia’s billing company. The President then recognized Mr. Gillum, who noted that he is an Artesia resident and agrees with the concerns expressed by the Worthams and Ms. McClusky and is additionally concerned that billing and customer service issues will continue to be an issue. After noting that there were no additional members of the public present and desiring to speak before the Board, upon motion duly made by

Director Moore, seconded by Director Russell and unanimously carried, the President closed the public comment session of the meeting.

3. Consideration was next given to approval and execution of Professional Services Agreement with Arcadia Water Management LLC for Artesia utility system. Mr. Finke reviewed the Arcadia Water Management LLC Agreement and answered questions queried by Board regarding terms of contract, ADR provisions, rate for services, comparison of fees to previous fees, and scope of service. Upon motion by Director Russell, seconded by Director Moore, the Board voted unanimously to convene into Executive Session at 7:13 p.m. pursuant to Section 551.071 and 551.072, Texas Government Code, to consult with District Counsel and requested that Ms. Bloomfield remain.

Upon motion by Director Russell, seconded by Director Moore, the Board voted unanimously to reconvene the meeting in open session at 7:19 p.m.

After reconvening into regular session, Director Moore moved that the Board approve the Professional Services Agreement with Arcadia Water Management LLC for Artesia utility system, subject to receipt of information regarding operator's license information and non-material contract refinement. Such motion was seconded by Director TenBroeck, and carried with Directors Adams, TenBroeck, Tague and Moore voting in favor of such motion, and Director Russell abstaining.

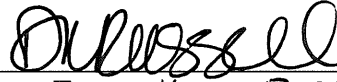
Mr. Finke, Ms. Wortham, and Mr. Wortham exited the meeting.

4. Consideration was next given to approval of final plats for Artesia North, Phases 1A and 1B. Mr. Koehler reviewed the final plats for Artesia North, Phases 1A and 1B and recommended approval of same. After discussion on the matter, Director Russell moved that the Board approve the final plats for Artesia North, Phases 1A and 1B. Director Moore seconded said motion, which carried unanimously.

Mr. Gillum exited the meeting at 7:30 p.m.

5. Consideration was next given to review and discussion of proposed operating budget for the fiscal year ending July 31, 2016. Ms. Bloomfield and Mr. Koehler discussed with the Board the draft operating budget with a detailed focus on peace officer services, engineer's list of prioritized repairs, maintenance and non-development construction items, and recreational facilities. Ms. Bloomfield discussed the forecasted cash flow, including general fund operating funds balance, and tax and utility rates impact on revenues. The President determined that no action was required at this time.
6. Consideration was next given to review and discussion of proposed debt service budget for the fiscal year ending July 31, 2016. The President deferred consideration of this item until closer to property tax value certification.

7. 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 9:06 p.m.



Robert Tague Kristin Russell

Asst. Secretary