

**Minutes of Meeting  
Board of Directors  
Denton County Fresh Water Supply  
District No. 10, of Denton County, Texas  
June 16, 2011**

The Board of Directors (“Board”) of Denton County Fresh Water Supply District No. 10, of Denton County, Texas (“District”), met in regular session, open to the public, on Thursday, June 16, 2011 at 6:00 p.m., at the Artesia Clubhouse, 1401 Candler Drive, Prosper, 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:

Robert Tague	President
Rob Adams	Vice President
Tammy Fritz	Secretary
Mary Lehto	Asst. Secretary
Michael Ryan	Director

All members of the Board were present. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Jeff Williams, P.E. of Graham Associates, Inc.; Ms. Lisa Bloomfield of Kathi Dye, CPA, P.C.; Peace Officer Chad Barfknecht; Mr. Jon TenBroeck and Ms. Kris Russell, District residents; Mr. Clay E. Crawford of Crawford & Jordan LLP; and additional District residents and other members of the general public.

1. The President called the meeting to order at 6:14 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. After noting that there were no members of the public present and desiring to come before the Board, upon motion duly made by Director Adams, seconded by Director Fritz and unanimously carried, the President closed the public comment session of the meeting.
3. Consideration was next given to the review and approval of the Minutes of the May 19, 2011, Board of Directors Meeting. After discussion on the matter, Director Adams moved that the Board approve the Minutes of the May 19, 2011, Board of Directors meeting as presented, and that the Secretary be authorized to execute the minutes on behalf of the Board and District. Director Fritz seconded said motion, which carried unanimously.

Consideration was next given to the review and approval of the Minutes of the June 1, 2011, Board of Directors Meeting. After discussion on the matter, Director Adams moved that the Board approve the Minutes of the June 1, 2011, Board of Directors meeting as presented, and that the Secretary be authorized to execute the minutes on behalf of the Board and District. Director Fritz seconded said motion, which carried unanimously.

4. 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. Ms. Bloomfield presented and reviewed with the Board a report, a copy of which is attached hereto as **Exhibit "A"**. She noted that as of May 31, 2011, the District's 2010 tax levy was approximately 98.89% collected. After discussion on the matter, Director Adams moved that the Board approve the Tax Assessor/Collector's report. Director Fritz seconded said motion, which carried unanimously.
5. 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"**. Mr. Jameson reported that, as of May 31, 2011, in Savannah 1,401 lots have been prepared for construction; 1,267 lots have been conveyed to builders; 1,245 construction permits have been issued; and 1,216 homes were occupied. After discussion on the matter, Director Adams moved that the Board accept the Developer's Report as presented. Director Fritz seconded said motion, which carried unanimously.
6. Consideration was next given to the review and approval of the Bookkeeper's Report presented by Ms. Bloomfield, a copy of which is attached hereto as **Exhibit "C"**. After discussion on the matter, and thorough review of the checks presented, Director Adams moved that the Board approve the Bookkeeper's Report and payment of the checks as listed in such Bookkeeper's Report. Director Fritz seconded said motion, which carried unanimously.
7. Consideration was next given to a report from Texas Water Company on the Artesia water system operations, including status of Artesia water quality, and authorizing expenditure of funds for operation and maintenance of water facilities. The President recognized Mr. Jameson, who reported on behalf of Mr. Madison from Texas Water Company that the Artesia water plant had passed Texas Commission on Environmental Quality inspection. After discussion on the matter, Director Fritz moved that the Board accept the report as presented. Director Lehto seconded said motion, which carried unanimously.
8. Consideration was next given to customer utility service and billing complaints/requests. It was noted that no new requests had been received. After discussion on the matter, Director Leho moved that the Board close this session of the meeting. Director Adams seconded said motion, which carried unanimously.
9. Consideration was next given to Homeowners Association Committees Report, and the taking of any action necessary or appropriate in connection therewith. Ms. Russell noted that the Artesia HOA had nothing to report at this time. Director Tague reported that the Savannah HOA is establishing a fireworks fine structure and District peace officers will note violations and report them to the HOA. Mr. Jameson requested that the District peace officers report street lights that are out of service and/or are in need of repair. Director Ryan requested a report regarding fines issued for fireworks violations. After discussion on the matter, Director Adams moved that

the Board close the Homeowners Association Committees Report session of the meeting. Director Fritz seconded said motion, which carried unanimously.

10. Consideration was next given to report for improving the City of Aubrey's ISO Public Protection Classification and the taking of any action necessary or appropriate in connection therewith. Mr. Crawford presented the report to the Board for review. After discussion, upon motion duly made, seconded and unanimously carried, the Board tabled the matter until a future meeting and requested that Mr. Crawford request a review of Artesia's classification.
11. Consideration was next given to Law Enforcement Committee Report; public safety and nuisance issue; and authorizing actions and expenditures as necessary in connection therewith. The President recognized Peace Officer Barfknecht, who presented and reviewed with the Board an activity/incident report relative to May. He reported relative to a Law Enforcement Committee meeting with Peace Officers and certain residents regarding protocol and communication process for reporting possible criminal activities. Peace Officer Barfknecht reported that the light bulb at Brownwood and Creekwood was replaced. After discussion, Director Lehto then moved that the Board accept the report. Director Fritz seconded said motion, which carried unanimously.
12. Consideration was next given to review and acceptance of the Engineer's Report, as presented by Mr. Williams. The Board then considered necessary non-routine maintenance and repair of District facilities. After considerable discussion on the Report presented, Director Adams moved that the Board: i) table the matter of authorizing installation of traffic buttons; ii) table the matter of authorizing street repair within Savannah; iii) table the matter of inspection report on infrastructure construction projects; iv) table the matter of approval of pay applications until a future meeting; and v) authorize preparation of plans and specifications and solicitation of proposals for SCADA system. Director Ryan seconded said motion, which carried unanimously.
13. Consideration was next given to authorization of Magnolia Boulevard Right-of-Way landscaping improvements by Developer. Mr. Jameson proposed to remove old dead plantings and make new plantings within such right-of-way at an estimated cost of \$40,000 and that the District would be under no obligation to reimburse the developer for such expenditures. After discussion on the matter, Director Ryan moved that the Board authorize the landscaping improvements, with no reimbursement by District. Director Adams seconded said motion, which carried unanimously.
14. Consideration was next given to adoption of rules regarding use of District easements and property and/or agreement with Town of Little Elm to enforce municipal ordinances regarding nuisance control and abatement. Director Ryan reported on his discussions with Little Elm. He noted that the Town is receptive, but will require changes in Town policy. After discussion, Director Ryan moved that the Board table the matter until a future meeting. Director Fritz seconded said motion, which carried unanimously.

15. Consideration was next given to approval of funding acquisition/subsorption of mobile website application for District. Director Lehto addressed the Board regarding such matter. After discussion, upon motion by Director Ryan, seconded by Director Adams and unanimously carried, the Board disapproved funding for acquisition/subsorption of mobile website application for District.
16. Consideration was next given to annual District consultant performance reviews. After discussion, upon motion duly made by Director Adams, seconded by Director Ryan and unanimously carried, the Board found the performance of Crawford & Jordan LLP, Kathi Dye CPA, P.C., and Graham & Associates, Inc. over the past year to be more than satisfactory and expressed its appreciation.
17. Consideration was next given to status of establishing an economic development program for Savannah Town Center and other commercial properties, including implementation of a limited purpose annexation/strategic partnership with Town of Little Elm. After discussion, Director Ryan moved that the Board table the matter until after the next meeting with the Town of Little Elm representatives. Director Adams seconded said motion, which carried unanimously.
18. Consideration was next given to proposal from Corona Artesia LLC for alternation of soil condition for lots within Artesia Phase 1A, 1B, and 1C. After a brief discussion, it was noted that no proposal had been received and no action was required at this time.
19. The Board next considered Executive Session pursuant to Sections 551.071 and 551.072, Texas Government Code, as amended, to consult with attorney and deliberate real property acquisition. Upon motion by Director Adams, seconded by Director Ryan, the Board voted unanimously to convene into Executive Session at 7:37 p.m. pursuant to Sections 551.071 and 551.072, Texas Government Code, to deliberate regarding security.

Upon motion by Director Ryan, seconded by Director Fritz, the Board voted unanimously to reconvene the meeting in open session at 7:53 p.m.

Director Ryan moved that the Board authorize Director Adams to lead negotiations to expedite settlement of the Centex litigation and implementation of road repairs in Artesia. Director Lehto seconded said motion, which carried unanimously.

20. After noting that no further business was to come before the Board, upon motion duly made by Director Adams, seconded by Director Lehto and unanimously carried, the meeting was adjourned.

/s/ Tammy Fritz  
Tammy Fritz  
Secretary