

**Minutes of Meeting  
Board of Directors  
Denton County Fresh Water Supply  
District No. 10, of Denton County, Texas  
December 15, 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, December 15, 2011 at 6:00 p.m., at the Artesia Clubhouse, 1401 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:

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

All members of the Board were present, with the exception of Directors Fritz and Tague. Director Tague entered later as noted below. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Jeff Winkler, P.E. of Graham Associates, Inc.; Mr. Todd Madison of Texas Water Company; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Mr. Greg Wilkerson of Blue Line Services; 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 Vice President called the meeting to order at 6:09 p.m., after determining that a quorum was present.
2. Consideration was first given to public comments. The Vice 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 Lehto, seconded by Director Ryan and unanimously carried, the Vice President closed the public comment session of the meeting.
3. Consideration was next given to the review and approval of the Minutes of the November 17, 2011, Board of Directors Meeting. After discussion on the matter, Director Lehto moved that the Board approve the Minutes of the November 17, 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 Ryan 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. A copy of such report is attached hereto as **Exhibit “A”**. It was noted that as of November 30, 2011, the District’s 2011 tax levy was

approximately 3.54% collected. After discussion on the matter, Director Lehto moved that the Board approve the Tax Assessor/Collector's report. Director Ryan 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"**. He noted that, as of November 30, 2011, in Savannah 1,536 lots have been prepared for construction; 1,312 lots have been conveyed to builders; 1,280 construction permits have been issued; and 1,234 homes were occupied. After discussion on the matter, Director Lehto moved that the Board accept the Developer's Report as presented. Director Ryan seconded said motion, which carried unanimously.
6. Consideration was next given to the review and approval of the Bookkeeper's Report, a copy of which is attached hereto as **Exhibit "C"**. After discussion on the matter, and thorough review of the checks presented, Director Lehto moved that the Board approve the Bookkeeper's Report and payment of the checks as listed in such Bookkeeper's Report. Director Ryan seconded said motion, which carried unanimously.
7. Consideration was next given to approval of pay application and change order(s) to construction contracts. The President noted that no pay applications and/or change orders were being presented for consideration.

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

8. Consideration was next given to a report from Texas Water Company on the Artesia water system operations, and authorizing expenditure of funds for operation and maintenance of water facilities. The President recognized Mr. Madison, who reported that water quality within Artesia meets all regulatory requirements. He discussed with the Board uses being developed for flushing water and proposed installation of SCADA system. After discussion on the matter, Director Ryan moved that the Board accept the report as presented. Director Lehto seconded said motion, which carried unanimously.
9. Consideration was next given to customer utility service and billing complaints/requests. The President recognized Mr. Crawford, who reviewed with the Board a request from Jennifer Vasquez at 1152 Appalachian Lane for adjustment of water billing and investigation of possible leak. After discussion, upon motion duly made by Director Adams, seconded by Director Ryan and unanimously carried, the Board determined to turn on water service to such residence, investigate possible leak; and evaluate such adjustment.
10. Consideration was next given to Homeowners Association Committees Report, and the taking of any action necessary or appropriate in connection therewith. The President recognized Ms. Russell, who noted that she had nothing new to report for Artesia HOA. Director Tague discussed the Savannah HOA and request from residents to paint addresses on street curb. He noted that the Savannah HOA does not have a policy regarding this. After discussion, Director Adams moved that the Board

President provide uniform specifications to the Savannah HOA, and delegate to the HOA approval and enforcement of painting street address on curb. Director Ryan seconded said motion, which carried unanimously.

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 Mr. Wilkerson, who presented and reviewed with the Board an activity/incident report relative to November. He noted that two (2) officers have resigned from the rotation, and there are currently eight (8) officers, which will meet the needs of the District. He noted that there were no major/violent or notable crimes during the month; and that he continues to coordinate with the District Crime Watch Committee. After discussion, Director Adams moved that the Board accept the report, and extend coverage on New Year's Eve to 10 hours. Director Lehto seconded said motion, which carried unanimously.
12. Consideration was next given to review and acceptance of the Engineer's Report, as presented by Mr. Winkler, a copy of which is attached hereto as **Exhibit "D"**. The Board then considered the status of construction projects within the District. Mr. Winkler reported that utility installation operations in Artesia, Phase 4A and 4B, are currently in progress and anticipated to be complete in January 2012.

The Board then considered authorizing preparation of construction plans and specifications. Mr. Winkler noted that Ms. Bloomfield provided the Board's current 2011-2012 budget and the status of funds available for engineering projects within the District. He discussed with the Board several projects that have previously been identified and discussed with the Board to occur over the next two years, and items budgeted for this year. Mr. Winkler noted that there have been several unplanned minor infrastructure repair items each month, and recommended budgeting approximately \$4,000 per month for miscellaneous unknown expenses. He then identified additional projects to be considered for the following year.

The Board then deferred consideration of approval of construction plans and specifications and advertising for bids for contract(s) for improvement projects, after Mr. Winkler noted that there were no plans being presented for approval at this time.

The Board then considered the approval of award of construction contract(s), including Harper Water Line Connection. Mr. Winkler reported that bids had been received, opened and tabulated for the Harper Water Line Connection. He noted that five (5) bids were received. Mr. Winkler reported that the low bid was submitted by Metro-Plex Underground in the amount of \$88,629.60 and was found to be complete, with no errors. He noted that the low bid is \$13,629.60 over the previously estimated budget of \$75,000, or approximately 18.2% higher. Mr. Winkler noted that unit prices for construction materials are increasing and future bid amounts would likely be higher. He noted that the low bidder, Metro-Plex Underground, is the utility contractor installing the utilities for Artesia, Phase 4A & 4B, and that is likely the reason their bid was so low. After consideration discussion on the matter, Director Adams moved that the Board authorize Mr. Crawford to forward a letter to Metro-Plex Underground regarding retracting their current contract for utilities for Artesia,

Phase 4A & 4B and submitting a new contract to include the Harper Water Line Connection. Director Tague seconded said motion, which carried unanimously.

The Board then considered approval/status of engineering Task Order(s). Mr. Winkler discussed improvements along the S.H. 380 corridor, and meeting with Mr. Jason Laumer, Engineer for Town of Little Elm. After discussion, Director Adams moved that the Board authorize (a) preparation of correspondence to Texas Department of Transportation (“TxDOT”), and (b) meeting with Town of Little Elm to address lights on U.S. 380 at Magnolia, enhanced lighting and other improvements. Director Lehto seconded said motion, which carried unanimously.

The Board then deferred consideration of acceptance of certificate of completion and authorize final acceptance of projects, after Mr. Winkler noted there were no projects ready for final acceptance or completion certificates at this time.

The Board then considered the status of non-routine maintenance and repair of District facilities, including i) sidewalk repair at Stone Mountain/Forsyth intersection; and ii) other minor maintenance project expenditures. Mr. Winkler reported that last month there was some miscommunication with regard to the pricing quote submitted by Double L Environmental in the amount of \$2,490.00. He noted that it was not made clear that the price included some work areas which were not previously performed by Double L, but that also require repairs. Mr. Winkler advised that it included two additional sidewalk panels at the Stone Mountain/Forsythe location (total of 4) and the reconstruction of a barrier free ramp on the northwest corner of the same intersection, which has not previously been replaced by Double L. He noted that the other areas still requiring repairs are 1401-1405 Pinehurst (total of 3 areas). Mr. Winkler noted that Double L explained that there is a minimum charge for concrete work based on a minimum allowable quantity, and for the small amount of work required at these locations, Double L would not be able to lower their price quote. He noted that the Board would likely see better pricing for these repairs if they were combined with other concrete work, including the relocation of the median island at the entrance of Savannah, Phase 10A, and some additional drainage repairs within Savannah involving another area of sidewalk/trail and a small portion of alley. After discussion, the Board authorized Mr. Winkler to aggregate the concrete repairs for sidewalks with other projects and presentation of bids at next meeting. Mr. Winkler then reported relative to other minor maintenance project expenditures. He noted that the graffiti removal material has been purchased and delivered to Mr. Jameson this evening to be provided to the HOA. Mr. Winkler noted that the quote from Lawns of Dallas in the amount of \$324.75 for a one-time maintenance of the green belt area, did not include the entire limits. After discussion, the Board requested that Mr. Winkler obtain a bid for work of clean out of green belt from Magnolia to sidewalk and cattails throughout District.

13. Consideration was next given to the amendment of District Rate Order. Mr. Crawford discussed with the Board proposed amendment to the District’s Rate Order. After discussion on the matter, Director Ryan moved that the Board approve amendment of District Rate Order to increase tap fees in Artesia from \$850 to \$1,015,

consistent with tap fees in Savannah, and that the Board revoke all prior rate orders. Director Adams seconded said motion, which carried unanimously.

14. Consideration was next given to request by Berlin Interests for annexation of 166 acres and authorizing actions relating thereto, including consideration of Annexation and Operating Costs and Facilities Reimbursement Agreement with 166 Bryan Road Partners, L.P. and Agreement for the Reduction of the Extraterritorial Jurisdiction of the Town of Prosper, Texas, and limited purpose annexation agreement with 166 Bryan Road Partners, L.P., FM 1385 Bryant Road Partners, and Town of Prosper. Mr. Crawford presented and reviewed with the Board the agreements noted above. After discussion on the matter, Director Ryan moved that the Board approve the Annexation and Operation Costs and Facilities Reimbursement Agreement with 166 Bryan Road Partners, L.P. and the Agreement for the Reduction of the Extraterritorial Jurisdiction of the Town of Prosper, Texas, and limited purpose annexation agreement with 166 Bryan Road Partners, L.P., FM 1385 Bryant Road Partners, and Town of Prosper and authorize execution of same. Director Lehto seconded said motion, which carried unanimously.
15. Consideration was next given to purchase and installation of bulletin boards at Savannah and Artesia. After discussion on the matter, Director Ryan moved that the Board authorize purchase and installation of bulletin boards at Savannah and Artesia in an amount not to exceed \$500. Director Adams seconded said motion, which carried unanimously.
16. Consideration was next given to discussion regarding possibility of installing a disc golf course on District property within Savannah. After discussion on the Board, Director Ryan moved that he be authorized to submit a proposal for development of a nine (9) hole disc golf course with input from HOA, developer and dedicate \$5,000 for such purpose. Director Adams seconded said motion, which carried unanimously.
17. The Board next deferred consideration of 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 real estate matters, and deliberate regarding security.
18. After noting that no further business was to come before the Board, upon motion duly made by Director Lehto, seconded by Director Adams and unanimously carried, the meeting was adjourned at 9:11 p.m.

/s/ Mary Lehto \*  
Asst. Secretary

\*Copy of signed original available upon request