

**Minutes of Meeting  
Board of Directors  
Denton County Fresh Water Supply  
District No. 10, of Denton County, Texas  
May 19, 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, May 19, 2011 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:

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 Robert Tague and Michael Ryan. Director Ryan entered the meeting later as noted below. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Jeff Williams of Graham Associates, Inc.; Mr. Todd Madison of Texas Water Company; Mr. Greg Wilkerson of Blue Line Services; Ms. Lisa Bloomfield of Kathi Dye, CPA, P.C.; Mr. Will Walton of Corona Artesia LLC; Ms. Kris Russell, District resident; Mr. Clay E. Crawford of Crawford & Jordan LLP; and additional District residents and other members of the general public.

1. In the absence of the, President, the Vice President called the meeting to order at 6:04 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 Fritz, seconded by Director Lehto 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 April 26, 2011, Board of Directors Meeting. After discussion on the matter, Director Lehto moved that the Board approve the Minutes of the April 26, 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 Adams seconded said motion, which carried unanimously.

Consideration was next given to the review and approval of the Minutes of the May 10, 2011, Board of Directors Meeting. After discussion on the matter, Director Lehto moved that the Board approve the Minutes of the May 10, 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 Adams 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 April 30, 2011, the District's 2010 tax levy was approximately 98.42% collected. After discussion on the matter, Director Lehto moved that the Board approve the Tax Assessor/Collector's report. Director Adams 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 April 30, 2011, in Savannah 1,401 lots have been prepared for construction; 1,263 lots have been conveyed to builders; 1,243 construction permits have been issued; and 1,213 homes were occupied. After discussion on the matter, Director Lehto moved that the Board accept the Developer's Report as presented. Director Adams 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 Lehto moved that the Board approve the Bookkeeper's Report and payment of the checks as listed in such Bookkeeper's Report. Director Adams 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 Vice President recognized Mr. Madison, who reported that the surface water system is online delivering water with good water quality. Mr. Madison reported that only one Artesia customer billing complaint was received during the month. After discussion on the matter, Director Fritz moved that the Board accept the report presented by Mr. Madison. Director Lehto seconded said motion, which carried unanimously.

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

8. Consideration was next given to customer utility service and billing complaints/requests. Mr. Madison presented and reviewed with the Board a request for adjustment from Mr. Krietmeyer at 1408 Palestine. After discussion on the matter, Director Adams moved that the Board approve waive the disconnect and reconnect payments in a total amount of \$110. Director Fritz seconded said motion, which carried unanimously.
9. Consideration was next given to presentation of website and providing input as appropriate. Director Lehto addressed the Board regarding the completed website

and requested authorize to launch website. The Board reviewed the website and thanked Director Lehto for a job well done. After discussion, Director Ryan moved that the Board authorize launching the website. Director Adams seconded said motion, which carried unanimously.

10. 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 Adams noted that the Savannah HOA had nothing to report at this time. After discussion on the matter, Director Fritz moved that the Board close the Homeowners Association Committees Report session of the meeting. Director Lehto 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, including amendment of District Rate Order. The Vice President recognized Mr. Wilkerson, who presented and reviewed with the Board an activity/incident report relative to April. He discussed with the Board replacement of the spot light on the patrol vehicle and adjustment of personnel. The Board determined to consider the deployment of security personnel in executive session as noted in paragraph No. 22 below. After convening into open session, and after discussion on the report presented and related matters, Director Ryan moved that the Board approve an additional public safety officer on June 25 for six hours and on July 4 for six hours. Director Fritz seconded said motion, which carried unanimously. Mr. Wilkerson recommended James Wynn to serve additional hours. Upon motion made by Director Ryan, seconded by Director Fritz, and unanimously carried, the Board authorized James Wynn to serve the additional hours of public safety officer coverage on June 25 and July 4. Director Lehto then moved that the Board accept the report. Director Fritz seconded said motion, which carried unanimously.
12. Consideration was next given to approval and execution of contract with Graham Associates, Inc. for engineering services. Mr. Crawford presented and reviewed with the Board the proposed contract with Graham Associates, Inc. After discussion on the matter, Director Ryan moved that the Board approve the contract and authorize execution of same. Director Fritz seconded said motion, which carried unanimously.
13. Consideration was next given to review and acceptance of the Engineer's Report. After a brief discussion on the matter, Director Ryan moved that the Board table the matter until meeting with Mr. Williams. Director Fritz seconded said motion, which carried unanimously.

The Board then considered change orders and pay estimates. After discussion, Director Adams moved that the Board authorize release of last pay application for final contract amount of \$74,438.86 to W.R. Hodgson, Inc. regarding construction of Artesia waterline. Director Ryan seconded said motion, which carried unanimously.

14. Consideration was next given to request from Berlin Investments related to the inclusion of 166-acre tract located next to Comanche Ridge within the District, and

the taking of any action necessary or appropriate in connection therewith including authorizing negotiation of contract with Mustang SUD, and Petition with Town of Prosper. Mr. Crawford discussed the status of such request. After discussion, upon motion duly made, seconded and unanimously carried, the Board determined that no action was required at this time.

15. Consideration was next given to authorization of settlement agreement with W.R. Hodgson, Inc. and surety regarding construction of Artesia waterline. Mr. Crawford addressed the Board regarding such proposed settlement agreement with W.R. Hodgson, Inc. and surety regarding construction of settlement agreement. He indicated that no response had been received to the District's proposal to reduce the final pay application by only \$9,000.
16. Consideration was next given to amendment of Rate Order. After a brief discussion, upon motion duly made, seconded and unanimously carried, the Board deferred consideration until a future meeting.
17. Consideration was next given to employment of part-time District employee. Director Ryan discussed such matter with the Board. After discussion, Director Lehto moved that the Board authorize preparation of a job description and consider in annual budget workshop. Director Ryan seconded said motion, which carried unanimously.

Director Fritz next exited the meeting.

18. 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 subsequent to the seating of the newly elected council members. After discussion, Director Ryan moved that the Board pursue the matter with the Town of Little Elm. Director Lehto seconded said motion, which carried unanimously.
19. Consideration was next given to annual District consultant performance reviews. After a brief discussion, upon motion made by Director Ryan, seconded by Director Lehto and unanimously carried, the Board tabled to matter until a special meeting.
20. 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 neighboring municipalities. After discussion, Director Ryan moved that the Board authorize Director Ryan and Mr. Crawford to meet with the Town of Little Elm regarding the proposed limited purpose annexation of the Valero site. Director Adams seconded said motion, which carried unanimously.
21. 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.

22. The Board next considered Executive Session pursuant to Sections 551.071, 551.072, and 551.076, Texas Government Code, as amended, to consult with attorney, deliberate real property acquisition, and deliberate regarding security. Upon motion by Director Adams, seconded by Director Lehto, the Board voted unanimously to convene into Executive Session at 7:00 p.m. pursuant to Sections 551.076, Texas Government Code, to deliberate regarding security.

Upon motion by Director Adams, seconded by Director Lehto, the Board voted unanimously to reconvene the meeting in open session at 7:31 p.m.

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

/s/ Tammy Fritz  
Tammy Fritz  
Secretary