

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply
District No. 10, of Denton County, Texas
June 1, 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 Wednesday, June 1, 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 Michael Ryan, who 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. Will Walton of Corona Artesia LLC; 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 6:10 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 review of draft Consumer Confidence Reports and authorizing distribution to consumers. A copy of the Consumer Confidence Report for Savannah is attached as Exhibit “A”, and a copy of the Consumer Confidence Report for Artesia is attached as Exhibit “B”. After discussion on the matter, Director Adams moved that the Board approve the draft Consumer Confidence Reports with revisions acceptable to counsel to the District, and authorize distribution of same. Director Lehto seconded said motion, which carried unanimously.
4. Consideration was next given to status of litigation with Centex Homes a Nevada General Partnership, Centex Real Estate Corporation, Nomas Corp., Glenn Thurman, Inc. and Colonial American Casualty and Surety Company; and taking of necessary and appropriate action relating thereto, including consideration of settlement agreement with Glenn Thurman, Inc. and Colonial American Casualty and Surety

Company. Mr. Crawford addressed the Board regarding such matter. The Board determined to consider this matter in executive session as noted in paragraph No. 7 below. After reconvening into open session, and after discussion, Director Adams moved that the Board approve the settlement agreement, a copy of which is attached hereto as Exhibit "C". Director Lehto seconded said motion, which carried unanimously.

5. Consideration was next given to report and recommendations by Graham Associates, Inc. regarding pending construction and maintenance projects, and the taking of necessary and appropriate action relating thereto, including authorizing implementation of recommendations and expenditure of funds. Mr. Williams made a presentation to the Board, a copy of which is attached hereto as Exhibit "D". A lengthy discussion followed relative to various engineering matters, including road repairs, drainage issues, and construction projects underway. After discussion on the matter, Director Adams moved that the Board accept the report from Graham Associates, Inc. Director Lehto seconded said motion, which carried unanimously.

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

6. Consideration was next given to current and proposed strategic partnership agreements with Town of Little Elm, and the taking of necessary and appropriate action relating thereto, including authorizing negotiations. The Board determined it was necessary to renew its obligations under various contractual agreements regarding a previous limited purpose annexation by the Town of Little Elm. The Board determined to consider this matter in executive session as noted in paragraph No. 7 below. After reconvening into open session, and after discussion on the matter, Director Adams moved that the Board defer the matter until a future meeting, but requested that the bookkeeper provide an economic analysis. Director Fritz seconded said motion, which carried unanimously.
7. 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 6:56 p.m. pursuant to Section 551.071, Texas Government Code, to consult with attorney.

Upon motion by Director Adams, seconded by Director Fritz, the Board voted unanimously to reconvene the meeting in open session at 7:32 p.m.

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

/s/ Tammy Fritz _____
Tammy Fritz
Secretary