

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply
District No. 10, of Denton County, Texas
November 17, 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, November 17, 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 Directors Fritz and Ryan. Director Ryan entered later as noted below. Also attending the meeting were the following: Mr. Jeff Winkler, P.E. of Graham Associates, Inc.; Mr. Todd Madison of Texas Water Company; Ms. Lisa Bloomfield of Kathi Dye, CPA, P.C.; Mr. Greg Wilkerson of Blue Line Services; Chief Michael Starr of Aubrey Fire Department; Mr. Brian Tolden of McCall Gibson Swedlund Barfoot PLLC; Mr. Jon TenBroeck, District resident; 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 6:05 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 Lehto, seconded by Director Adams 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 October 20, 2011, Board of Directors Meeting. After discussion on the matter, Director Adams moved that the Board approve the Minutes of the October 20, 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 Lehto 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 October 31, 2011, the District’s 2011 tax levy was approximately

- 0.80% collected. After discussion on the matter, Director Adams moved that the Board approve the Tax Assessor/Collector's report. Director Lehto seconded said motion, which carried unanimously.
5. Consideration was next given to review and acceptance of the Developer's Report, as presented by Mr. Crawford on behalf of Mr. Barry Jameson. A copy of such Report is attached hereto as **Exhibit "B"**. It was noted that, as of September 30, 2011, in Savannah 1,536 lots have been prepared for construction; 1,289 lots have been conveyed to builders; 1,279 construction permits have been issued; and 1,232 homes were occupied. After discussion on the matter, Director Adams moved that the Board accept the Developer's Report as presented. Director Lehto 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 Adams moved that the Board approve the Bookkeeper's Report and payment of the checks as listed in such Bookkeeper's Report, plus additional check no. 4819 to Graham & Associates, Inc. in the amount of \$9,661.25. Director Lehto 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.
 8. Consideration was next given to approval of Aubrey Fire Department Budget for Fiscal Year Ending 2012, status of ISO rating activities and update on fire hydrant painting. The President recognized Chief Starr, who reviewed the Fire Department audit and answered questions from the Board. He noted that the reserve fire engine was involved in an accident and that the City of Aubrey Fire Department is reviewing options for repair or replacement. Chief Starr reported on the status of ISO rating improvement effort. He responded to all questions posed by Ms. Bloomfield. Ms. Bloomfield noted that she recommends approval of overall expenditure increase of 1.86%, since most of the increase relates to efforts to achieve improvement of ISO rating. After discussion, Director Adams moved that the Board approve the Aubrey Fire Department Budget for the Fiscal Year Ending 2012. Director Lehto seconded said motion, which carried unanimously.
 9. Consideration was next given to approval of an audit report for the fiscal year ended July 31, 2011, and filing of audit report and annual filing affidavit with the Texas Commission on Environmental Quality. Mr. Tolden presented and reviewed with the Board the draft audit report for the fiscal year ended July 31, 2011. After discussion on the report presented, Director Adams moved that the Board approve the audit report as presented, authorize execution of the annual filing affidavit, and authorize the filing of the audit report and filing affidavit with the Texas Commission on Environmental Quality. Director Lehto seconded said motion, which carried unanimously.

10. 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 has been good and no maintenance and operations issues have arisen. The Board discussed with Mr. Madison the need for continued water flushing, and options to conserve water. After discussion on the matter, Director Adams moved that the Board accept the report as presented, and authorize Mr. Madison to find a way to use the flushing water. Director Lehto seconded said motion, which carried unanimously.

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

11. 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 Joe DeLeon for adjustment of water billing. After discussion, upon motion duly made by Director Adams, seconded by Director Ryan and unanimously carried, the Board determined to evaluate such adjustment request after a minimum of two months to get an accurate usage for determining adjustment. The President then recognized Ms. Bloomfield, who discussed David Kreitmeyer's account. Upon motion duly made by Director Ryan, seconded by Director Adams and unanimously carried, the Board determined to credit the Kreitmeyer account \$112.89. Mr. Crawford and Ms. Bloomfield then addressed the Board regarding the Pat Coviello account. The President determined that no additional action was required at this time.
12. Consideration was next given to Homeowners Association Committees Report, and the taking of any action necessary or appropriate in connection therewith. The President noted that no representative from Artesia HOA was present. Director Tague discussed the Savannah HOA management company change; and the HOA request to provide the District's Peace Officer on duty with a key to the amenity center for purposes of inspection and security. After discussion, Director Adams moved that the Board accept the report as presented. Director Lehto seconded said motion, which carried unanimously.
13. 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 October. He noted that there were no major/violent or notable crimes during the month; and only one burglary. After discussion, Director Lehto moved that the Board accept the report. Director Ryan seconded said motion, which carried unanimously.
14. 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 near the end of the year. Mr. Winkler then addressed the Board regarding authorizing preparation of

construction plans and specifications. He reported on the status of design of Harper Road Water Connection and Artesia elevated water storage tank.

The Board then considered the approval of construction plans and specifications and advertising for bids for contract(s) for improvement projects. Mr. Winkler noted that the plans for Harper Road Water Line, previously approved, have been completed and requested Board authorization to advertise for bids. Upon motion made by Director Adams, seconded by Director Lehto and unanimously carried, the Board authorized the engineer to proceed with advertising for bids for construction improvements known as Harper Road Water Line.

The Board then considered the approval of award of construction contract(s), including paving for Artesia, Phases 4A and 4B. Mr. Winkler reported that bids had been received, opened and tabulated for the paving for Artesia, Phase 4A and 4B. He noted that three (3) bids were received. Mr. Winkler reported that the low bid was submitted by Glenn Thurman, Inc. in the amount of \$475,914.25 and was found to be complete, with no errors. He noted that Graham & Associates recommends award of the contract for paving for Artesia Phases 4A and 4B to Glenn Thurman, Inc. at a low bid price of \$475,914.25. After discussion, Director Adams moved that the Board award the contract in the amount of \$475,914.25 to Glenn Thurman, Inc. Director Lehto seconded said motion, which carried unanimously.

The Board then considered approval/status of engineering Task Order(s), including status of preparation of modeling and analysis of water system for Artesia/Savannah. Mr. Winkler reported that the water analysis for Artesia/ Savannah has been completed and verified to be functioning at acceptable pressures/flows. He noted that the addition of the Harper Road water connection will provide additional safety for the Artesia system. The Board then considered acceptance of certificate of completion and authorizing final acceptance of projects, including grading, utilities and paving for Savannah, Phase 10A. Mr. Winkler presented a certificate of substantial completion and recommendation of acceptance by Graham & Associates. He discussed with the Board relocation of the island at the intersection of Magnolia and Isabella. After discussion, upon motion duly made by Director Adams, seconded by Director Tague and unanimously carried, the Board accepted the certificate of substantial completion.

The Board then considered necessary 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 at the request of the Board he has visited each of the nine (9) locations where the sidewalk repairs have been made in October 2010 and March 2011 by Double L Environmental. He noted that seven (7) of the nine (9) locations remain intact and are in a safe condition. However; two (2) of the locations have valve stack risers that protrude above the sidewalk and pose a tripping hazard. Mr. Winkler recommended that these locations be repaired to elevate the sidewalk "dips" back up to a flush elevation with the valve stack risers. He noted that Graham & Associates feels the contractor is at fault; however, Double L disagrees and provided a quote to repair both locations at a cost to the District of \$2,490.00. After discussion, the Board

requested that Mr. Jameson handle getting the repairs accomplished. Mr. Winkler then discussed with the Board purchase of graffiti removal material. After discussion, Director Adams moved that the Board authorize the purchase of one (1) gallon of graffiti removal material. Director Lehto seconded said motion, which carried unanimously. Mr. Winkler discussed with the Board the greenbelt maintenance along US 380 frontage. He noted that the developer secured a quote from Lawns of Dallas in the amount of \$324.75 for a one-time maintenance of the green belt area. Upon motion duly made by Director Adams, seconded by Director Lehto, the Board tabled the matter of the greenbelt maintenance until a future meeting. After discussion, upon motion duly made by Director Adams, seconded by Director Lehto and unanimously carried, the Board approved the Engineer's Report.

Director Ryan exited the meeting.

15. Consideration was next given to approval of Corona Land Company, LLC proposal for water injection of lots within Artesia 1A, 1B, and 1C and matters relating thereto; including Road Repair and Maintenance Agreement with Corona Land Company, LLC and amendment to Operating Costs and Reimbursement Agreement with Corona Land Company, LLC and Suncrest Properties, L.P. Mr. Crawford reported relative to the status of negotiations and indicated that he had not received the amendment to the agreement among developers regarding assignment of reimbursement rights to Corona Land Company, LLC. After discussion, the Board determined to table the matter until a future meeting.
16. 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 explained the status of negotiations. After discussion, the Board determined to table the matter until a future meeting.
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. The Board next deferred consideration of discussion regarding possibility of installing a disc golf course somewhere on District property within Savannah.
19. After noting that no further business was to come before the Board, upon motion duly made by Director Tague, seconded by Director Adams and unanimously carried, the meeting was adjourned at 8:16 p.m.

/s/ Mary Lehto *
Asst. Secretary

*Copy of signed original available upon request