

**Minutes of Meeting  
Board of Directors  
Denton County Fresh Water Supply District No. 10  
April 18, 2012**

The Board of Directors (“Board”) of Denton County Fresh Water Supply District No. 10 (“District”), met in regular session, open to the public, on Wednesday, April 18, 2012 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 Director Fritz. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Jeff Williams, P.E. of Graham Associates, Inc.; Mr. Todd Madison of Texas Water Company; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; Mr. Stuart Smith, Mr. Jon TenBroeck, Ms. Kris Russell, and Mr. Ron Anderson, 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 6:07 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, and recognized Mr. TenBroeck, who requested that the District’s election information be placed on the District’s website. After noting that there were no additional members of the public present and desiring to come before the Board, the President closed the public comment session of the meeting.
3. (a) Consideration was next given to the review and approval of the Minutes of the March 15, 2012, Board of Directors Meeting. After discussion on the matter, Director Adams moved that the Board approve the Minutes of the March 15, 2012, 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.
- (b) 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 March 31, 2012, the District’s 2011 tax levy was approximately 98.61% collected. After discussion on the matter, Director Adams

moved that the Board approve the Tax Assessor/Collector's report. Director Ryan seconded said motion, which carried unanimously.

- (c) 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 March 31, 2012, in Savannah 1,536 lots have been prepared for construction; 1,350 lots have been conveyed to builders; 1,306 construction permits have been issued; and 1,249 homes were occupied. He reported that, as of March 31, 2012, in Artesia 448 lots have been prepared for construction; 128 lots have been conveyed to builders; 128 construction permits have been issued; and 128 homes were occupied. After discussion on the matter, Director Adams moved that the Board accept the Developer's Report as presented. Director Ryan seconded said motion, which carried unanimously.
  - (d) 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. Director Ryan seconded said motion, which carried unanimously.
  - (e) Consideration was next given to approval of pay application and change order(s) to construction contracts. The President recognized the engineer, who noted that no pay applications or change orders were to be presented.
4. Consideration was next given to a report from Texas Water Company ("TWC") on the Artesia system operations, and authorizing expenditure of funds for operation and maintenance of water facilities. The President recognized Mr. Madison, who presented a report, a copy of which is attached hereto as **Exhibit "D"**. He noted that water quality within Artesia meets all regulatory requirements, with no complaints from residents. Mr. Madison discussed a leaking flushing valve with the Board. After discussion on the matter, Director Ryan moved that the Board (a) accept the report as presented; (b) authorize Mr. Jameson to provide a set of plans for Artesia Boulevard irrigation system; and (c) authorize engineer to review leaking flushing valve and make a recommendation at the next meeting. Director Lehto seconded said motion, which carried unanimously.
5. Consideration was next given to customer utility service and billing complaints/requests. The President recognized Mr. Crawford, who noted that there were no new or pending requests. After discussion, Director Adams moved that the Board closed the customer utility service and billing complaints/requests session of the meeting. Director Lehto seconded said motion, which carried unanimously.
6. 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 noted that the Savannah HOA annual meeting will be held on April 19, 2012. He noted that he would be attending, as well as Director Lehto, and Director Ryan.

Upon motion duly made by Director Adams, seconded by Director Lehto and unanimously carried, the Board accepted the Homeowners Association Committees Report.

7. Consideration was next given to Public Safety Committee Report; public safety and nuisance issues; and authorizing actions and expenditures as necessary in connection therewith. The President noted that no representative of Blue Line Services was present at the meeting; however Mr. Greg Wilkerson had submitted to the Board an activity/incident report relative to March. He further noted that the Public Safety Committee met with the Denton County Sheriff to discuss the need for Denton County Sheriff network radios and better cooperation between Sheriff's office and District Peace Officers. The President noted that quarterly meetings will be held between Sheriff representatives and District Peace Officer representatives. After discussion, Director Lehto moved that the Board accept the report. Director Adams seconded said motion, which carried unanimously.
8. Consideration was next given to review and acceptance of the Engineer's Report, as presented by Mr. Williams, a copy of which is attached hereto as **Exhibit "E"**. The Board then considered the status of construction projects within the District. Mr. Williams reported that the utilities and paving in Artesia, Phase 4A and 4B, are substantially complete. With regard to Artesia – Harper Road Water Connection, Mr. Williams reported that construction is underway. Mr. Williams noted that (a) preservation of the Reverse Osmosis unit to store is in progress; (b) French drain and sidewalk repairs near Fishtrap Road and 1385 are in progress; (c) ground storage tank repairs for Artesia are awaiting schedule; (d) rehab of water pump no. 1 for Artesia – revised estimate to replace instead of repair pump impeller, but revised estimate is still below amount authorized; and (e) additional proposals for SCADA system have been received and are currently being reviewed.

The Board then considered acceptance of certificate of completion and authorizing final acceptance of projects, including water, sanitary sewer, storm drainage, and paving for Artesia Phase 4A. Mr. Williams presented correspondence from Graham Associates recommending acceptance of grading, utilities and paving of Artesia Phase 4A. After discussion, Director Adams moved that the Board accept the water, sanitary sewer, storm drainage, and paving for Artesia Phase 4A. Director Lehto seconded said motion, which carried unanimously.

The Board then considered the status of non-routine maintenance and repair of District facilities, including i) other minor maintenance project expenditures; ii) median opening on Dogwood Trail to provide access to future model homes; and iii) acceptance of bids for (a) SCADA system for the Artesia water system, and (b) ground storage tank repairs for Artesia. A discussion followed relative to a couple of drainage areas that residents have asked the District to look at, including: (a) the area just east of 14670 Fishtrap Road that drains into the Sea Pines spillway, estimated cost to repair is \$600; (b) maintenance of greenbelt where the disc golf course will be, which estimated cost to maintain is \$1,920; and (3) painting of fire hydrants at estimated cost of \$3,000. After discussion, Director Ryan moved that the Board authorize (a) repair of the area just east of 14670 Fishtrap Road that drains into

- the Sea Pines spillway, at an estimated cost of \$600; (b) maintenance of greenbelt where the disc golf course will be, at an estimated cost of \$1,920; and (3) painting of fire hydrants at an estimated cost of \$3,000. Director Adams seconded said motion, which carried unanimously.
9. Consideration was next given to seeking sponsorship opportunities for the Savannah Disc Golf Course. After discussion on the matter, Director Ryan moved that the Board authorize seeking sponsorship and advertising for the Savannah Disc Golf Course, excluding suppliers of alcohol and tobacco products, and fire arms. Director Lehto seconded said motion, which carried unanimously.
  10. The Board next deferred consideration of discussion and partnership with Savannah's developer and HOA in relation to the Savannah Disc Golf Course.
  11. Consideration was next given to authorizing design of garage/storage facility at Artesia water plant site. After discussion, Director Ryan moved that the Board authorize the engineer to prepare a design and cost estimate for a two (2) car garage at the Artesia water plant site. Director Tague seconded said motion, which carried unanimously.
  12. Consideration was next given to status of 2012 District Directors election and matters relating thereto. Upon motion duly made by Director Adams, seconded by Director Lehto and unanimously carried, the Board determined to allow all candidates the opportunity to submit a statement of 250 words or less to be posted on the District's website.
  13. Consideration was next given to the status of release and settlement agreement with Glenn Thurman, Inc., Moss Construction Inc., and others and release and settlement agreement with Centex Homes and others regarding damage to roads within Artesia Phase I; status of repair of roads within Artesia Phase I; and authorizing necessary and appropriate actions relating thereto. Mr. Crawford reported that all settlement payments have been received.
  14. Consideration was next given to review and approval of acquisition of water line easement and water service agreement with Ms. Cagle. Mr. Williams noted that the water line easement was acquired for \$7,000 and the cost of two (2) water taps, which was within the parameters previously approved by the Board.
  15. Consideration was next given to review of District Operating Fund Budget; Comparison Report and Budget Matters. After a brief discussion on the matter, the President determined to call a special meeting for May 9, 2012, to address revision to maintenance repair project portion of operating fund budget.
  16. The President next deferred consideration of amendment of District Rate Order.
  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 litigation, 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 Adams, seconded by Director Lehto and unanimously carried, the meeting was adjourned at 7:48 p.m.

/s/ Mary Lehto\*\_\_\_\_\_

Mary Lehto

Asst. Secretary

\* Copy of signed original minutes available upon request