

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply District No. 10
May 9, 2012**

The Board of Directors ("Board") of Denton County Fresh Water Supply District No. 10 ("District"), met in special session, open to the public, on Wednesday, May 9, 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. Also attending the meeting were the following: Mr. Jeff Williams, P.E. of Graham Associates, Inc.; Ms. Lisa Bloomfield of Dye & Bloomfield, LLC; and Mr. Jon TenBroeck and Mr. Kurt Moore, District residents.

1. The President called the meeting to order at 6:08 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, the President closed the public comment session of the meeting.
3. Consideration was next given to review and approval of Amended General Fund Operating Budget for the Fiscal Year Ending July 31, 2012. The President recognized Ms. Bloomfield and Mr. Williams, who noted the rearrangement of capital and maintenance projects based on new estimated dates for project completion, which had been provided by Graham Associates, Inc. They discussed with the Board the impact of such changes on the draft amended general fund operating budget for the fiscal year ending July 31, 2012, as well as the draft operating budget for the fiscal year ending July 31, 2013 and the District's financial ability to undertake projects in the next year. The Board then discussed additional items to be included in the operating budget relative to recreational facilities; including the Disc Golf, and the \$5,000 of funding by developer for such project. They also discussed potential advertising dollars and opening a special bank account for maintenance of the recreational facilities. After discussion, Director Ryan moved that the Board include a budget item for recreational facilities, and open a special account for maintenance of recreational facilities. Director Adams seconded said motion, which carried unanimously. The Board then discussed allocation by the District of certain funds received from the Berlin annexation over the next few years to fund a baseball field

- and related items in the future. After discussion, Director Adams moved that the Board allocate certain funds received from the Berlin annexation to fund a baseball field and related items in the District, which funds and budgeted expenditure items should be maintained through the special bank account created for recreational funds and should be reflected by a separate line item in the operating budget. Director Lehto seconded said motion, which carried unanimously. After considerable discussion, Director Adams moved that the Amended General Fund Operating Budget for the Fiscal Year Ending July 31, 2012, a copy of which is attached hereto as Exhibit "A", be approved. Director Fritz seconded said motion, which carried unanimously.
4. Consideration was next given to adopting District Board by-law regarding placement of items on future Board meeting agendas. Director Tague discussed the matter with the Board. After discussion, Director Tague moved that the 1) agenda items for the next upcoming meeting be determined during a standing agenda item at the end of each regular meeting, and inclusion on the next agenda would be subject to Board approval by vote; and 2) that proposed agenda items arising between the regular meeting dates would need to have the President's approval to be placed on the next agenda. Director Adams seconded said motion, which failed with Directors Tague and Adams in favor of such motion, Directors Ryan and Lehto opposed to such motion, and Director Fritz abstaining. After additional discussion, Director Adams moved that 1) agenda items for the next upcoming meeting be determined during a standing agenda item at the end of each regular meeting, and inclusion on the next agenda would be subject to Board approval by vote; and 2) that proposed agenda items arising between the regular meeting dates would need to have the President's or Vice President's approval to be placed on the next agenda. Director Tague seconded said motion, which passed with Directors Tague, Adams, and Fritz voting in favor of such motion, and Directors Ryan and Lehto opposed to such motion.
 5. 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.
 6. After noting that no further business was to come before the Board, upon motion duly made by Director Ryan, seconded by Director Fritz and unanimously carried, the meeting was adjourned.

Jon TenBroeck
Secretary