

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply District No. 10
June 21, 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, June 21, 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:

Rob Adams	President
Robert Tague	Vice President
Jon TenBroeck	Secretary
Kurt W. Moore	Asst. Secretary
Michael Ryan	Director

All members of the Board were present, with the exception of Directors Tague and Ryan. Director Tague entered later as noted below. Also attending the meeting were the following: Mr. Barry Jameson representing Huffines Communities; Mr. Jeff Williams, P.E. and Mr. Brian Avirett, P.E. of Graham Associates, Inc. ("GAI"); Mr. Todd Madison of Texas Water Company; Officer Chris True representing Blue Line Services; Ms. Lisa Bloomfield of Dye & Bloomfield, 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. The 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 President opened the meeting to public comment, and recognized Ms. Russell, who submitted an application to be considered for appointment to fill vacancy on Board. After noting that there were no additional members of the public present and desiring to come before the Board, upon motion by Director Moore, seconded by Director TenBroeck, the Board voted unanimously to close the public comment session of the meeting.
3. (a) Consideration was next given to the review and approval of the Minutes of the May 9, 2012, and May 17, 2012, Board of Directors Meetings. After discussion on the matter, Director TenBroeck moved that the Board approve the Minutes of the May 9, 2012, and May 17, 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 Moore 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 May 31, 2012, the District's 2011 tax levy was approximately 99.28% collected. After discussion on the matter, Director TenBroeck moved that the Board approve the Tax Assessor/Collector's report. Director Moore 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 May 31, 2012, in Savannah 1,536 lots have been prepared for construction; 1,382 lots have been conveyed to builders; 1,336 construction permits have been issued; and 1,260 homes were occupied. He reported that, as of May 31, 2012, in Artesia 542 lots have been prepared for construction; 222 lots have been conveyed to builders; 129 construction permits have been issued; and 128 homes were occupied. After discussion on the matter, Director Moore moved that the Board accept the Developer's Report as presented. Director TenBroeck 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 Moore 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. 5390, in the amount of \$70.00, to Dye Bloomfield LLC. Director TenBroeck seconded said motion, which carried unanimously.
4. 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 "D". The Board then considered the status of construction projects within the District. Mr. Williams noted that Artesia, Phases 4A and 4B have been accepted by the Board; however both projects are awaiting all testing data, copies of Maintenance Bonds and record drawings. He reported that, with regard to the Artesia – Harper Road Water Main, the water line improvements have been completed, the two water meters have been installed on the Cagle Property, and a pay application has been received for release of the 10% retainage. Mr. Williams noted that the maintenance bond has been sent to the District and a letter will be sent to the Cagle's stating that all work has been completed, including services to their property.

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

The Board then considered authorizing preparation of construction plans and specifications, including water, sewer, drainage, and paving for Artesia, Phase 4C. Mr. Williams noted that GAI has prepared a proposal for engineering and surveying for design of Field Road/Teal Road and a proposal for engineering and bid documents for Savannah paving repairs. Upon motion by Director TenBroeck, seconded by Director Tague, the Board authorized preparation of construction plans and specifications for water, sewer, drainage, and paving for Artesia, Phase 4C.

The Board then considered approval of construction plans and specifications and advertising for bids for contract(s) for improvement projects, including Savannah

Road repairs. Mr. Williams discussed four tiers of Savannah Road repairs. After discussion, Director Tague moved that the Board approve the construction plans and specifications and advertising for bids for contract(s) for improvement projects, including Savannah Road repairs for all four Tiers. Director Moore seconded said motion, which carried unanimously.

The Board then considered approval of pay application(s) and change order(s) to construction contracts. The President recognized Mr. Williams, who reviewed with the Board pay applications received from (i) Metro-Plex Underground L.P. for Harper Road Water Main Construction release of retainage, in the amount of \$8,862.96 + \$194.00; and (ii) S.D. Peterson Construction for Savannah fire hydrant painting in the amount of \$6,776.00. After discussion on the matter, Director Tague moved that the Board approve the pay applications to construction contracts as reflected in the Engineer's Report. Director Moore seconded said motion, which carried unanimously.

The Board then considered acceptance of certificate(s) of completion and authorizing final acceptance of project(s). Mr. Williams presented a certificate of substantial completion for the Harper Road Water Line. After discussion, upon motion duly made by Director Moore, seconded by Director Tague and unanimously carried, the Board accepted certificate of completion for Harper Road Water Line and authorized acceptance of the project.

The Board then considered approval of replat for name change of Savannah Phase 10A to Isabella Village at Savannah. After discussion on the matter, upon motion duly made by Director Tague, seconded by Director Moore and unanimously carried, the Board approved replat of Savannah Phase 10A to change name to Isabella Village at Savannah.

The Board then considered approval/status of engineering Task Order(s). Mr. Williams discussed with the Board (i) engineer's cost estimate for construction of Field Road/Teal Road; (ii) location and site evaluation of Elevated Water Storage Tank; (iii) evaluation of improvements to Water Pump Station; (iv) evaluation of warning sirens for Artesia and Savannah; (v) capacity and demand analysis for Artesia water system; (vi) periodic clearing of vegetation on side of slopes of ditch at the end of Adams Place where a storm sewer discharges into the ditch; (vii) painting of fire hydrants at Artesia Subdivision; and (viii) speed study for Highway 380 which was requested by Town of Little Elm on May 18, 2012. After discussion on the matter, Director Tague moved that the Board approve the engineering Task Orders set forth above and in the Engineer's Report. Director Moore 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; and ii) acceptance of bids for (a) SCADA system for the Artesia water system, and (b) ground storage tank repairs for Artesia. Mr. Williams discussed with the Board (i) a proposal for cutting and clearing of the ditch at the end of Adams Place in Artesia; and (ii) a proposal for painting of the 54 fire hydrants in Artesia at an

estimated cost of \$3,700. After discussion, Director Tague moved that the Board (i) authorize a proposal for cutting and clearing of ditch at the end of Adams Place; and (ii) accept the proposal for painting of Fire Hydrants in Artesia at an estimated cost of \$3,700. Director Moore seconded said motion, which carried unanimously. Mr. Williams then discussed repairs of various District facilities, including i) three proposals received for providing SCADA System. He noted that GAI reviewed the bids, and although RLC Controls, Inc. was the lowest bidder at \$33,936.70, the bid was a nonresponsive bid, and recommended award of contract for SCADA System to second lowest bidder, WHECO in the bid amount of \$41,910.00. After discussion on the matter, Director Moore moved that the Board award the contract for the SCADA System to WHECO in the bid amount of \$41,910.00. Director TenBroeck seconded said motion, which carried unanimously.

5. 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 "E". He discussed with the Board a storm event on May 30, 2012, and lightning damage to electrical panel at water pump house in Artesia water plant. Mr. Madison noted that water pump no. 2 has a leaking seal. After discussion, Director Tague moved that the Board (i) authorize Mr. Madison to secure several bids for repair of water pump no. 2; and (ii) accept the report as presented. Director TenBroeck seconded said motion, which carried unanimously. After additional discussion, Director Tague moved that the Board authorize GAI to perform a lightning protection survey of the Artesia water plant to determine any improvements needed. Director TenBroeck seconded said motion, which carried unanimously.
6. Consideration was next given to review of Consumer Confidence Reports (Savannah and Artesia) and ratification of distribution to consumers. Mr. Crawford presented and reviewed with the Board the Consumer Confidence Reports for Savannah and Artesia, copies of which are attached hereto as Exhibits "F" and "G", respectively. After discussion, Director Moore moved that the Board approve the Consumer Confidence Reports as presented and ratify in all respects distribution to consumers. Director Tague seconded said motion, which carried unanimously.
7. 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 had nothing to report at this time. Upon motion duly made by Director Moore, seconded by Director TenBroeck and unanimously carried, the Board accepted the Homeowners Association Committees Report.
8. Consideration was next given to Public Safety Committee Report; public safety and nuisance issues; and authorizing actions and expenditures as necessary in connection therewith, including approval and execution of Agreement for Independent Contractor Services (Security Patrolman). The President recognized Officer True, who presented an activity/incident report relative to May. He discussed the Committee meeting with the Savannah HOA regarding new protocol for use of

facilities at Savannah Amenity Center. He also discussed numerous juvenile mischief and vandalism; patrol maintenance issues; and noted that there was no violent crime. Officer True then presented and reviewed with the Board Agreements for Independent Contractor Services (Security Patrolman) for Cliff Holliefield and Andrew Mitchell. After discussion, Director Moore moved that the Board approve the Agreements for Independent Contractor Services (Security Patrolman) with Cliff Holliefield and Andrew Mitchell. Director TenBroeck seconded said motion, which carried unanimously. Director TenBroeck then moved that the Board accept the activity/incident report as presented. Director Tague seconded said motion, which carried unanimously.

9. Consideration was next given to authorizing response to Corona Artesia request to District to proceed with construction of District infrastructure, including an elevated water tank, water pumping station, and Field Road extension. Mr. Crawford indicated that a meeting with Corona Artesia was set for June 25 to discuss its request. After a brief discussion, upon motion duly made, seconded, and unanimously carried, the Board determined that no action was required at this time.
10. Consideration was next given to customer utility service and billing complaints/requests. It was noted that none had been received. After a brief discussion, the President determined that no action was required at this time.
11. Consideration was next given to amending protocol with Mustang Special Utility District for processing customer requests, complaints, and inquiries and administration of Rate Order requirements. After a brief discussion, upon motion duly made, seconded, and unanimously carried, the Board tabled taking any action on the matter at this time.
12. Consideration was next given to report on plans for development of Town Center and authorizing negotiation with Developer for economic development. It was noted that none had been received. After a brief discussion, the President deferred taking any action on the matter at this time.
13. Consideration was next given to authorizing actions necessary for development of Savannah Disc Golf Course. After a brief discussion, upon motion duly made, seconded, and unanimously carried, the Board tabled taking any action on the matter at this time.
14. Consideration was next given to acceptance of resignation of director. The President noted that no letter of resignation had been received.
15. The Board next deferred consideration of appointment of director to fill vacancy on Board of Directors.
16. The Board next deferred consideration of acceptance of Statement of Appointed/Elected Officer, Oath of Office, Affidavit of Current Director, and Election Not to Disclose Certain Information for Director newly appointed.

17. The Board next deferred consideration of authorizing preparation of Director Registration Form to reflect elected directors and their terms of office.
18. Consideration was next given to approving design of garage/storage facility at Artesia water plant site and solicitation of construction proposals. Mr. Williams presented an estimate from S.D. Peterson in the amount of \$28,700 to construction a metal building. After a brief discussion, upon motion duly made, seconded, and unanimously carried, the Board tabled action on this matter.
19. Consideration was next given to amendment of District Rate Order. After a brief discussion, the President noted that there was no need for any action on the matter at this time.
20. Consideration was next given to establishing agenda items for next Board meeting. After discussion, Director Tague moved that the Board include (1) establishment of Committee for Recreational Activities; and (2) re-form Website/Communications Committee. Director Adams seconded said motion, which carried unanimously. Director Adams then moved that items 11, 12, and 14 through 17 from today's agenda, be included on the next regular monthly agenda. Director Tague seconded said motion, which carried unanimously.
21. 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.
22. After noting that no further business was to come before the Board, upon motion duly made by Director Moore, seconded by Director TenBroeck and unanimously carried, the meeting was adjourned at 8:05 p.m.

Jon TenBroeck
Secretary