

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply District No. 10
July 18, 2013**

The Board of Directors (“Board”) of Denton County Fresh Water Supply District No. 10 (“District”), met in regular session, open to the public, on Thursday, July 18, 2013, 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
Kris Russell	Director

All members of the Board were present, with the exception of Director Moore. Also attending the meeting were the following: Mr. Todd Madison of Texas Water Company; Ms. Lisa Bloomfield of Dye& Bloomfield, LLC; Mr. Greg Wilkerson of Blue Line Services; Mr. Will Walton of Corona Artesia, LLC; and Mr. Clay E. Crawford of Crawford & Jordan LLP.

1. The President called the meeting to order, after determining that a quorum was present at 6:09 p.m.
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. (a) Consideration was next given to the review and approval of the Minutes of the June 18, 2013, Board of Directors Meeting. After discussion on the matter, Director Russell moved that the Board approve the Minutes of the June 18, 2013, Board of Directors meeting as presented, and that the Secretary be authorized to execute the minutes on behalf of the Board and District. Director TenBroeck seconded said motion, which carried unanimously.

Consideration was next given to the review and approval of the Minutes of the June 20, 2013, Board of Directors Meeting. After discussion on the matter, Director Russell moved that the Board approve the Minutes of the June 20, 2013, Board of Directors meeting as presented, and that the Secretary be authorized to execute the minutes on behalf of the Board and District. Director TenBroeck 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 June 30, 2013, the District's 2012 tax levy was approximately 99.13% collected. After discussion on the matter, Director Russell moved that the Board approve the Tax Assessor/Collector's report. Director TenBroeck seconded said motion, which carried unanimously.
 - (c) Consideration was next given to review and acceptance of the Developer's Report, as prepared by Mr. Jameson. A copy of such Report is attached hereto as **Exhibit "B"**. It was noted that, as of June 30, 2013, in Savannah 1,536 lots have been developed; 1,522 lots have been conveyed to builders; 1,492 construction permits have been issued; and 1,384 homes were occupied. It was reported that, as of June 30, 2013, in Artesia 542 lots have been developed; 206 lots have been conveyed to builders; 206 construction permits have been issued; and 171 homes were occupied. After discussion on the matter, Director Russell 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"**. Ms. Bloomfield presented and reviewed with the Board the Bookkeeper's Report. After discussion on the matter, and thorough review of the checks presented, Director Russell moved that the Board approve the Bookkeeper's Report and payment of the checks as listed in such Bookkeeper's Report. Director TenBroeck seconded said motion, which carried unanimously.
 - (e) Consideration was next given to adoption of operating budget for the fiscal year ending July 31, 2014. Ms. Bloomfield presented and reviewed with the Board such operating budget, a copy of which is attached hereto as **Exhibit "D"**. After discussion on the matter, Director Adams moved that the Board adopt the operating budget for the fiscal year ending July 31, 2014, with an amendment to include an additional \$32,120 for law enforcement expense. Director TenBroeck seconded said motion, which carried unanimously.
 - (f) Consideration was next given to adoption of debt service budget for the fiscal year ending July 31, 2014. Ms. Bloomfield presented and reviewed with the Board such debt service budget, a copy of which is attached hereto as **Exhibit "E"**. After discussion on the matter, Director Russell moved that the Board adopt the debt service budget for the fiscal year ending July 31, 2014, as presented. Director TenBroeck seconded said motion, which carried unanimously.
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 "F"**. He reported

good water quality in Artesia, good chlorine residual levels, and reduced system flushing. He noted that there were no other unusual operating issues or maintenance and repair items. Mr. Madison noted that the SCADA system will be operational by mid August. After discussion, Director Russell moved that the Board approve the report and expenditure of funds as presented, and authorize Directors Russell and Adams to participate in the SCADA use instruction and training. Director Tague seconded said motion, which carried unanimously. Director Adams then moved that the Board authorize TWC to acquire a proposal from Double L for construction of a fence at the District's water well. Director Russell seconded said motion, which carried unanimously.

5. 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 recognized Mr. Wilkerson, who presented an activity/incident report relative to June. He noted that patrol services were provided for 29 out of 30 days in June, with no major offenses. Mr. Wilkerson reported relative to incidents of minor theft, mischief, and disturbances. He noted there were a few false alarms. He discussed with the Board a new patrol officer and provided the necessary documentation. After discussion, Director Russell moved that the Board accept the activity/incident report as presented. Director TenBroeck 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. The President recognized Director Russell, who noted that the Artesia HOA had nothing new to report at this time. The President then recognized Director Tague, who noted that the Savannah HOA had nothing new to report at this time.
7. Consideration was next given to review and acceptance of the Engineer's Report, as prepared by Mr. Jim Koehler, a copy of which is attached hereto as **Exhibit "E"**. Upon motion made by Director Russell, seconded by Director Adams and unanimously carried, the Board accepted the Engineer's Report as presented.

The Board then considered approval of construction plans and specifications and advertising for bids for contract(s) for improvement projects. After discussion on the matter, Director Tague moved that the Board defer approval of construction plans and specifications until a special meeting at which time the plans should be present for consideration. Director Adams seconded said motion, which carried unanimously.

The Board then considered approval of construction pay application(s) and change order(s) to construction contracts. Ms. Bloomfield reviewed invoices from Graham Associates, Inc. ("GAI") in the amount of: (i) \$4,779.60 for Artesia Pavement Repair Plans; (ii) \$3,470.00 for Artesia Teel Road Improvements; and (iii) \$165.00 for Artesia Elevated Water Tower, which require approval by the Board as a condition of payment by Corona Artesia. She also reviewed an invoice from GAI in the amount of \$22,584.00 for Artesia- Savannah Manhole Repair. After discussion, Director Adams

moved that the Board approve the invoices as presented. Director Tague seconded said motion, which carried unanimously.

The Board then considered acceptance of certificate(s) of completion and authorizing final acceptance of project(s). Mr. Koehler noted that no certificates of substantial completion were being presented for any project this month.

The Board next considered the approval/status of engineering Task Order(s). With regarding to the engineer's report, it was noted that: (i) with regard to the Artesia Pavement Repair, such project is currently being bid, with bid opening scheduled for July 23, 2013 at GAI office; (ii) with regard to the Artesia Teel Parkway Project, the geometrics for the entire parkway corridor is being established to present to the Town of Prosper; however they are waiting for proposed street alignments north of the creek; (iii) with regard to the Artesia Elevated Water Storage Tank, plans are 90% complete and GAI is verifying water pressure analysis to fill elevated tank; and (iv) with regard to the two release structures on the lakes east of the club house, (a) the northern pond structure has an opening approximately six inches by six inches (6" x 6") in one corner below the rectangular opening in the structure, which opening does not affect the structural integrity of this structure, and a lid is missing which allows access to the inside of the structure; (b) the southern pond is missing a lid to the top of the structure; (c) two fire hydrants adjacent to the pond need to be repainted and a request has been made to contractor regarding same.

The Board next considered the approval of final plats and amendments to plats. The engineer's report noted the recommendation of approval of final plat for Savannah Phase 8B. After discussion on the matter, Director Adams moved that the Board approve the final plat for Savannah Phase 8B. Director Tague seconded said motion, which carried unanimously.

8. Consideration was next given to customer utility service and billing complaints/requests. Mr. Crawford noted that he had no new complaints/requests to present at this time.
9. Consideration was next given to installation of additional stop signs at the intersections of Magnolia Boulevard and Lighthouse Lake and Magnolia Boulevard and Cotton Exchange Drive to create 4-way stop intersections. Director TenBroeck discussed the problem of speeding on Magnolia and the need to convert 2-way stops to 4-way stops at certain intersections. After discussion on the matter, Director TenBroeck moved that the Board approve installation of additional stop signs at the intersections of Magnolia Boulevard and Lighthouse Lake and Magnolia Boulevard and Cotton Exchange Drive to create 4-way stop intersections at a cost not to exceed \$5,000. Director Adams seconded said motion, which carried unanimously.
10. Consideration was next given to approval and execution of Third Amendment to Settlement Agreement and First Amendment to Road Repair and Maintenance Agreement (Artesia Phases 1A, 1B & 1C) with Corona Artesia, LLP. Mr. Crawford

presented and reviewed with the Board such Amendment. After discussion, Director Adams moved that the Board approve the Third Amendment to Settlement Agreement, which must be executed by all parties within 30 days from July 18, 2013. Director TenBroeck seconded said motion, which carried unanimously.

11. Consideration was next given to approval and execution of Professional Services Contract Amendment regarding Teel Road Improvements with GAI. After a brief discussion, Director Russell moved that the Board table the matter until a future meeting. Director Tague seconded said motion, which carried unanimously.
12. Consideration was next given to approval and execution of Non-Standard Service Contract by and between 166 Bryan Road Partners, L.P. and First Amendment to Annexation and Operating Costs and Facilities Reimbursement Agreement between 166 Bryan Road Partners, L.P. and District. Mr. Crawford reviewed the Contract and the Amendment. After discussion, Director Russell moved that the Board defer taking any action at this time. Director Tague seconded said motion, which carried unanimously.
13. Consideration was next given to approval and execution of Wastewater Transportation Agreement with Mustang Special Utility District. After a brief discussion, Director Russell moved that the Board defer taking any action at this time. Director Tague seconded said motion, which carried unanimously.
14. Consideration was next given to approval of proposed revisions to District Water Conservation Plan, and authorizing actions necessary and incidental thereto. After a brief discussion, Director Russell moved that the Board defer taking any action at this time. Director Tague seconded said motion, which carried unanimously.
15. The Board next deferred consideration of Executive Session pursuant to Section 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.
16. After noting that no further business was to come before the Board, upon motion duly made by Director Tague, seconded by Director Russell and unanimously carried, the meeting was adjourned at 7:55 p.m.

Jon TenBroeck
Secretary