

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply
District No. 10, of Denton County, Texas
March 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, March 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. Also attending the meeting were the following: Mr. Barry Jameson of Huffines Communities; Mr. Art Barraza, P.E. of Petitt Barraza LLC; Ms. Lisa Bloomfield of Kathi Dye, CPA, P.C.; Mr. Greg Wilkerson of Blue Line Services; 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 6:10 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 Fritz, seconded by Director Lehto 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 February 17, 2011, Board of Directors Meeting. After discussion on the matter, Director Adams moved that the Board approve the Minutes of the February 17, 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. Ms. Bloomfield presented and reviewed with the Board a report, a copy of which is attached hereto as **Exhibit "A"**. She noted that as of February 28, 2011, the District's 2010 tax levy was approximately 94.94% 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. Jameson. A copy of such Report is attached hereto as **Exhibit "B"**. Mr. Jameson reported that, as of February 28, 2011, in Savannah 1,401 lots have been prepared for construction; 1,253 lots have been conveyed to builders; 1,231 construction permits have been issued; and 1,208 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 presented by Ms. Bloomfield, 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 Lehto seconded said motion, which carried unanimously.
7. Consideration was next given to change orders and pay estimates, as reflected in the Engineer's Report. After discussion on the matter, the Board determined to address this matter in connection with the Engineer's Report later in the meeting.
8. Consideration was next given to a report from Texas Water Company on the Artesia water system operations, including status of Artesia water quality issues, and authorizing expenditure of funds for operation and maintenance of water facilities. Mr. Barraza reported that Todd Madison was working at Artesia and presented the report prepared by Mr. Madison. He noted that the surface water system has been brought online, the ground storage tank is full; and the current flushing chlorine residual tests are good. After discussion on the matter, Director Fritz moved that the Board accept the report presented by Mr. Barraza on behalf of Mr. Madison. Director Lehto seconded said motion, which carried unanimously.
9. Consideration was next given to approval of Order Declaring Personal Property Surplus and Awarding Sale of Personal Property relative to reverse osmosis system. After a brief discussion on the matter, upon motion duly made, seconded and unanimously carried, the Board tabled the matter until the next meeting.
10. Consideration was next given to Homeowners Association Committees Report, and the taking of any action necessary or appropriate in connection therewith. Director Tague noted that the Savannah HOA requests installation of reflectors at Savannah/380 entry and on bike tract. He noted that a Savannah HOA town hall meeting will be held on March 31 to discuss this matter. It was noted that the Artesia HOA had nothing to report at this time. After discussion on the matter, Director Fritz moved that the Board close the Homeowners Association Committees Report session of the meeting. Director Adams seconded said motion, which carried unanimously.

11. 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 February. He noted there were no major crimes and the patrols seemed to be productive. Mr. Wilkerson reported that the car has been properly outfitted, striped and tagged. He noted that new tires were needed for the vehicle at an estimated cost to the District of \$600.00. After discussion on the matter, Director Ryan moved that the Board authorize expenditure of up to \$600 for tires. Director Fritz seconded said motion, which carried unanimously. After additional discussion, Director Adams moved that the Board except the report. Director Lehto seconded said motion, which carried unanimously.
12. The Board next considered Executive Session pursuant to Section 551.076, Texas Government Code, as amended, to deliberate regarding deployment of security devices or personnel. Upon motion by Director Adams, seconded by Director Fritz, the Board voted unanimously to convene into Executive Session at 7:21 p.m. pursuant to Section 551.076, Texas Government Code, to deliberate regarding deployment of security devices or personnel.

Upon motion by Director Adams, seconded by Director Lehto, the Board voted unanimously to reconvene the meeting in open session at 8:05 p.m.

Upon motion duly made, seconded and unanimously carried, the Board directed Mr. Crawford to review District legal options to address legal nuisances.

13. Consideration was next given to approval of contract for regular payment of patrol officers. After a brief discussion on the matter, Director Ryan moved that the Board table the matter until additional research on engaging an independent contract analysis. Director Adams seconded said motion, which carried unanimously.
14. Consideration was next given to review and acceptance of the Engineer's Report, as presented by Mr. Barraza. A copy of the report is attached hereto as **Exhibit "D"**. The Board then considered necessary non-routine maintenance and repair of District streets and facilities. Mr. Barraza reported that the estimated cost to install up to 200 traffic buttons at the Savannah main entrance to delineate median noses is \$2,000. He noted that adding additional buttons at Savannah Boulevard – Dogwood intersection would require an additional 300 buttons or \$3,000. Mr. Barraza then reported relative to investigation of the water leak at the Fishtrap Road – FM 1385 southwest intersection and noted that the estimated cost to dig hole and do water sampling is between \$800 and \$1,200, with the District's share being half or \$400 to \$600. Mr. Barraza requested Board authorization for removal of a dead tree at an estimated cost of \$1,400. He requested authorization to adjust water valve stems at four locations for an estimated cost of \$1,500. After discussion on the matter, Director Tague moved that the Board table the matter of traffic buttons until a future meeting. Director Ryan seconded said motion, which carried unanimously. Director Ryan moved that the Board not investigate the leak at Fishtrap Road and FM 1385 southwest intersection. Director Adams seconded said motion, which carried

unanimously. Director Ryan moved that the Board authorize the directors to remove the dead tree for no charge other than a per diem. Director Fritz seconded said motion, which carried unanimously. Director Lehto moved that the Board authorize adjustment of water valve stems at four locations at an estimated cost of \$1,500. Director Ryan seconded said motion, which carried unanimously.

The Board then considered the status of construction of Artesia water line. Mr. Barraza reported that construction of the Artesia water line is complete and on line. He noted that filling the ground water storage tank and chlorine residual testing are complete. After discussion on the matter, upon motion duly made, seconded and unanimously carried, the Board determined that no action was required on the matter at this time.

The Board then considered approval of Northshore Communities re-plat. Mr. Barraza advised the Board that the District owns the land with the plat and the developer proposes to re-plat at no cost to the District. After discussion on the matter, upon motion duly made by Director Fritz, seconded by Director Ryan and unanimously carried, the Board approved the Northshore Communities re-plat.

The Board then considered approval of Artesia Phase 1 re-plat. Mr. Barraza advised that the County has approved, the District owns the streets, and the re-plat is being done at no cost to the District. After discussion on the matter, upon motion duly made by Director Adams, seconded by Director Ryan and unanimously carried, the Board approved the Artesia Phase 1 re-plat.

15. Consideration was next given to the status of acquisition of easement for the future Artesia metering station, including authorizing land purchase agreement or proceeding with condemnation, if necessary. After discussion on the matter, Director Adams moved that the Board approve items 1, 2 and 4 of the March 17, 2011, letter and make a final offer for acquisition of the easement. Director Tague seconded said motion, which carried unanimously.
16. Consideration was next given to update from Berlin Investments related to the inclusion of an approximately 166-acre tract located next to Comanche Ridge within the District, and engineering report in support thereof. Mr. Barraza reported that representatives of Berlin Investments will be meeting with representatives of the City of Prosper to release the extraterritorial jurisdiction or consent to annexation on Wednesday, March 23, 2011. After discussion, upon motion duly made, seconded and unanimously carried, the Board determined that no action was required at this time.
17. Consideration was next given to review and approval of Joinder to Operating Costs and Facilities Reimbursement Agreement and Sale Tract Assignment among the District, FM 1385 Partners, LP, and Comanche Ridge Properties Associates, LP ("Joinder"). Mr. Crawford presented and reviewed with the Board the Joinder. After discussion on the matter, Director Adams moved that the Board approve the Joinder. Director Lehto seconded said motion, which carried unanimously.

18. Consideration was next given to status of litigation with Centex Homes a Nevada General Partnership, Centex Real Estate Corporation, Nomas Corp., Glenn Thurman, Inc. and Colonial American Casualty and Surety Company; including approval of plans and specifications for road repairs in Artesia; and authorizing advertising for bids for construction of road repairs in Artesia.

The Board next considered Executive Session pursuant to Sections 551.071 and 551.072, Texas Government Code, as amended, to consult with attorney and deliberate real property acquisition. Upon motion by Director Adams, seconded by Director Ryan, the Board voted unanimously to convene into Executive Session at 8:45 p.m. pursuant to Sections 551.071 and 551.072, Texas Government Code, to consult with attorney and deliberate real property acquisition.

Upon motion by Director Adams, seconded by Director Lehto, the Board voted unanimously to reconvene the meeting in open session at 9:36 p.m.

Upon motion duly made, seconded and unanimously carried, Director Ryan moved that the Board approve the plans and specifications for road repair and authorize advertisement for bids for construction of road repairs, and further directed Mr. Crawford to respond to Coats Rose regarding such matter. Director Adams seconded said motion, which carried unanimously.

19. Consideration was next given to establishing an economic development program for Savannah Town Center and other commercial properties, including implementation of a limited purpose annexation/strategic partnership. The Board determined to table the matter until a further meeting.
20. Consideration was next given to granting exemptions from taxation for 2011, and the adoption of a Resolution in connection therewith. Ms. Bloomfield presented an analysis. After discussion on the matter, Director Lehto moved that the Board adopt the Resolution and grant no exemptions from taxation for 2011. Director Tague seconded said motion, which passed with Directors Tague, Adams, Lehto, and Fritz voting in favor of such motion, and Director Ryan voting against such motion.
21. Consideration was next given to customer utility service and billing complaints/requests. The Board noted that no new requests had been received and no action was necessary at this time.
22. Consideration was next given to discussion of long-term website management, updating, and editing opportunities and taking action necessary to identify a preferred method and maximum payment amount. Director Ryan moved that the Board utilize outside management of website to assure day to day management. Director Adams seconded said motion, which carried with three Directors voting in favor of such motion, and two Directors opposed.
23. Consideration was next given to discussion and review of website design bids, and if necessary long-term website management bids, and the taking of any action necessary in connection therewith. Director Lehto reported that several proposals were received

and reviewed. The Website Committee recommended award of the contract to Robert Forsbach at a cost of \$900 for design, \$200 for content management integration, and a monthly maintenance fee of \$80. Director Tague discussed solution to web hosting – Host Monster. After discussion on the matter, Director Adams moved that the Board award design and maintenance of website to Robert Forsbach and utilize Host Monster for web hosting. Director Lehto seconded said motion, which carried unanimously.

24. The Board next considered Executive Session pursuant to Sections 551.071(1)(A) and (B), 551.072, 551.074, and 551.076, Texas Government Code, as amended, to consult with its attorney. It was noted that Executive Sessions were addressed above.
25. After noting that no further business was to come before the Board, upon motion duly made, seconded and unanimously carried, the meeting was adjourned.



Tammy Fritz
Secretary