

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply
District No. 10, of Denton County, Texas
October 21, 2010**

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, October 21, 2010 at 6:00 p.m., at the Artesia Clubhouse, 1401 Candler Drive, Prosper, 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; Mr. Todd Madison of Texas Water Company; Ms. Lisa Bloomfield of Kathi Dye, CPA, P.C.; Mr. Will Walton of Corona Artesia; Ms. Kris Russell and Mrs. Drew Russell, 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 6:19 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. Walton and Ms. Kris Russell, who thanked the Board for fixing certain problem areas on Artesia Boulevard and initiating construction of the Artesia waterline. The President then recognized Mrs. Drew Russell, who represented the Savannah HOA and discussed the need to regulate golf cart and ATV's use of District roads and open space. After noting that there were no additional members of the public present and desiring to come before the Board, upon motion duly made by Director Fritz, seconded by Director Adams 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 September 16, 2010, Board of Directors Meeting. After discussion on the matter, Director Adams moved that the Board approve the Minutes of the September 16, 2010, 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.

4. Consideration was next given to a report from Texas Water Company on the Artesia water system operations. Mr. Madison recommended that the Board approve the purchase of a standby motor for the Reverse Osmosis System at an estimated cost to the District of \$7,200. After discussion, the Board requested that Mr. Madison determine whether the Board would be able to return the motor for a refund if the motor was not used before the Artesia waterline became operational. Mr. Madison and Mr. Barraza reported that they are beginning to review changes needed in the chlorination process and equipment due to the change to Upper Trinity Regional Water District surface water. They confirmed that once the Artesia waterline is operational, it would not impact the water pressure in Savannah. After discussion on the matter, Director Adams moved that the Board accept the report presented by Mr. Madison. Director Lehto seconded said motion, which carried unanimously.
5. Consideration was next given to discussion on constructing trail connector, and the taking of any action necessary or appropriate in connection therewith. After discussion on the matter, Director Ryan moved that the Board authorize connection paving of existing sidewalk on Sea Pine Drive to walking trail at cost of \$3,955, and proposed sharing the cost with the developer on a 50/50 basis. Director Tague seconded said motion, which carried unanimously.
6. Consideration was next given to discussion on fire hydrant maintenance, and the taking of any action necessary or appropriate in connection therewith. After discussion, Director Ryan moved that the Board (a) table the discussion on fire hydrant maintenance, but (b) authorize adjusting height of seven (7) water valves in Savannah at an estimated cost of \$3,645. Director Adams seconded said motion, which carried unanimously.
7. Consideration was next given to Homeowners Association Subcommittee report, and the taking of any action necessary or appropriate in connection therewith. It was noted that the Artesia HOA has expressed concern of low ISO rating for Artesia due to distance from Navo Road Fire Station. After discussion, the Board determined to consult with the Aubrey Fire Department Chief regarding such matter. It was noted that the Savannah HOA has expressed concern with motorcycles, golf carts, and ATV's on HOA and District parks and open spaces. After discussion on the matter, upon motion made by Director Fritz, seconded by Director Ryan and unanimously carried, the Board accepted the Homeowners Association Subcommittee report.

Director Fritz exited the meeting.

8. Consideration was next given to Law Enforcement Committee Report, including status of Interlocal Cooperation Agreement for Peace Officer Services with the Town of Little Elm and authorize proposal for (a) peace officer/law enforcement patrol services; and (b) acquisition of surplus police vehicle from Town of Flower Mound. Director Adams reported that he has received three (3) proposals for supplemental services from the Town of Prosper, Blueline Services, and Professional Protective Services. He reviewed each and confirmed that the Committee recommended Blueline Services. However, concerns were expressed regarding the contractual structure proposed by Blueline, and direct pay to peace officers. After discussion on

the matter, Director Adams moved that the Board table the matter until a future meeting. Director Lehto seconded said motion, which carried unanimously.

9. Consideration was next given to discussion on establishing and holding an annual Board of Directors strategic planning retreat to identify and address long-term District priorities, including law enforcement, a commercial tax increment reinvestment and maintenance zone, sales tax collection opportunities, etc. After discussion on the matter, upon motion made by Director Ryan, seconded by Director Adams and unanimously carried, the Board determined to schedule the retreat for a Saturday in January 2011 at the Prairie House in the back conference room.

Director Lehto exited the meeting.

10. 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 "A". The Board then considered necessary non-routine maintenance and repair of District streets and facilities. Mr. Barraza discussed standing water on Caudle Lane, including recommending testing by Uretek; requesting property owners to reduce water schedules; and recommending pavement repairs by Uretek at an estimated cost to the District of \$10,450. After discussion, upon motion by Director Adams, seconded by Director Ryan and unanimously carried, the Board authorized a TV inspection of the sanitary sewer line at the Caudle Lane location. After discussion, Director Ryan moved that the Board authorize the engineer to prepare legal descriptions for the following parks: Jasmine Park, Upper Sea Pines Park, and Lower Sea Pines Park. Director Tague seconded said motion, which carried unanimously. The Board then considered status of construction of Artesia water line. Mr. Barraza reported that the project is proceeding within budget and on schedule and should be completed by December 31, 2010. He presented and reviewed with the Board proposed Change Order No. 1 to protect line (a) adding cement treated bore at Artesia bridge and at two (2) water crossings, and (b) boring, for an estimated increase of \$35,000. After discussion on the matter, Director Ryan moved that the Board approve Change Order No. 1 to Artesia water line project at an estimated cost to the District of \$35,000. Director Adams seconded said motion, which carried unanimously.

The Board then considered approval of pay estimates for: (i) final cost estimate for Northshore Communities project to Metroplex Underground Inc. in the amount of \$28,209.90; (ii) pay estimate no. 1 for Artesia Water Line to W. R. Hodgson, Inc. in the amount of \$445,641.75; (iii) pay estimate no. 1 for Artesia Water Line silt fence to Meade Servicing Group, Inc. in the amount of \$8,782.20; and (iv) pay estimate for SWPPP management in the amount of \$1,605.00. After discussion on the pay estimates presented, Director Ryan moved that the Board approve all four payments as presented. Director Adams seconded said motion, which carried unanimously.

The Board then considered the acceptance of certificate of completion and authorizing final acceptance of Northshore Communities utility contract. After discussion on the matter, Director Adams moved that the Board authorize acceptance

of certificate of completion and final acceptance of Northshore Communities utility contract. Director Ryan seconded said motion, which carried unanimously.

11. Consideration was next given to authorizing maintenance and repair of road improvements and acquisition and installation of traffic control improvements. It was noted that a Board recommendation is not ready. Director Tague presented a pictorial analysis of the maintenance and repair needs. After a brief discussion, upon motion duly made by Director Ryan, seconded by Director Adams and unanimously carried, the Board authorized the engineer to (a) prepare an estimate for work needed to address the problems and an exhibit marking streets and signage needed, other than speed control signs; and (b) determine the number and location of "No Trespassing" signs for open space and obtain pricing not to exceed \$2,000.
12. Consideration was next given to authorizing actions necessary to acquire easements for Artesia water line. Mr. Crawford and Mr. Barraza reported relative to request for interim water service to 2-acre tract in connection with granting of easement for the Artesia metering station. After discussion on the matter, Director Ryan moved that the Board authorized preparation of a tri-party agreement to provide interim water service to a 2-acre tract in return for receipt of grant of easement. Director Adams seconded said motion, which carried unanimously.
13. 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. Mr. Crawford noted that as of September 30, 2010, the District's 2009 tax levy was approximately 99.17% 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.
14. 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 September 30, 2010, in Savannah 1,401 lots have been prepared for construction; 1,250 lots have been conveyed to builders; 1,238 construction permits have been issued; and 1,197 homes were occupied. He noted that there have been 11 home starts in 2010. Mr. Jameson reported that the developer protested the Brazos Transmission Line route through Savannah and it appears that it will be located outside of the project. 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.
15. 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 and investments per bookkeeper's recommendation. Director Ryan seconded said motion, which carried unanimously.

16. Consideration was next given to customer utility service and billing complaints/requests. It was noted there were no additional requests to consider at this time.
17. Consideration was next given to proposals for District website updating, including logo. Director Tague distributed several concepts. After considerable discussion on the matter, Director Ryan moved that the Board approve concept no. 1, a copy of which is attached as Exhibit "D", and authorize Director Tague to design website. Director Adams seconded said motion, which carried unanimously.
18. Consideration was next given to discussion of proposed District logo and mission statement. After discussion on the matter, Director Ryan moved that the Board approve District logo and mission statement, a copy of which is attached as Exhibit "D". Director Adams seconded said motion, which carried unanimously.
19. Consideration was next given to annual review of District consultants. After a brief discussion on the matter, upon motion duly made by Director Ryan, seconded by Director Adams and unanimously carried, the Board tabled the matter until a future meeting.
20. Consideration was next given to Executive Session pursuant to Section 551.071 (1)(A) and (B), Section 551.072, and Section 551.074, Texas Government Code, as amended, to consult with District Counsel and consider personnel matters. After a brief discussion, it was noted that Executive Session was not required.
21. After noting that no further business was to come before the Board, upon motion duly made by Director Adams, seconded by Director Ryan and unanimously carried, the meeting was adjourned.



Tammy Fritz
Secretary