

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply
District No. 10, of Denton County, Texas
December 16, 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, December 16, 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, with the exception of Director Ryan who entered later as noted below. 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, District resident; Mr. Tim Matheny of Ford Nassen & Baldwin; 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 6:12 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 Lehto, seconded by Director Fritz 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 November 18, 2010, Board of Directors Meeting. After discussion on the matter, Director Fritz moved that the Board approve the Minutes of the November 18, 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 Lehto seconded said motion, which carried unanimously.

Consideration was next given to the review and approval of the Minutes of the December 1, 2010, Board of Directors Meeting. After discussion on the matter, Director Fritz moved that the Board approve the Minutes of the December 1, 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 Lehto seconded said motion, which carried unanimously.

4. 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. Madison reported that the water quality is well within all permitted parameters. He noted that the Reverse Osmosis system has been operating without problems and no water quality complaints were received during the month. Mr. Madison discussed with the Board noted leaks. 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.

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

5. Consideration was next given to discussion on fire hydrant maintenance, and the taking of any action necessary or appropriate in connection therewith. The Board discussed a proposed amendment to Fire Services Protection Agreement to provide funding. After discussion, Director Ryan moved that the Board table the discussion until a future meeting. Director Fritz seconded said motion, which carried unanimously.
6. 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 Savannah HOA has expressed concern regarding dead trees that need to be removed from drainage area/right-of-way. After discussion on the matter, upon motion made by Director Lehto, seconded by Director Fritz and unanimously carried, the Board accepted the Homeowners Association Subcommittee report and authorized the developer to obtain quotes for removal of the dead trees from the drainage area/right-of-way.
7. Consideration was next given to Law Enforcement Committee Report, including authorizing (a) agreements for security patrolman services; and (b) acquisition of surplus police vehicle from Town of Flower Mound. Mr. Crawford presented and reviewed with the Board Revised Premiums for General Liability/Hired & Non-Hired Auto, Umbrella, and Peace Officer Bond, prepared by Anco McDonald Waterworks Insurance, a copy of which is attached hereto as **Exhibit "A"**. He also presented and reviewed with the Board eight (8) Agreements for Independent Contractor Services (Security Patrolman), copies of which are attached hereto as **Exhibit "B"**. After discussion on the matter, Director Ryan moved that the Board approved the Revised Premiums from Anco McDonald and authorize execution of same. Director Adams seconded said motion, which carried unanimously. After further discussion, Director Adams moved that the Board approve the eight (8) Agreements for Independent Contractor Services (Security Patrolman) as presented and authorize execution of same. Director Fritz seconded said motion, which carried with one director abstaining from such vote. The Board then discussed prior authorization to acquire surplus police vehicle from Town of Flower Mound. After further discussion, Director Fritz moved that the Board authorize expenditure of up to \$6,500 for surplus

police vehicle from Town of Flower Mound. Director Lehto seconded said motion, which carried with Director Ryan abstaining.

8. 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 "C"**. The Board then considered necessary non-routine maintenance and repair of District streets and facilities. The President recognized Mr. Matheny, who made a presentation to the Board regarding the status of litigation to repair Artesia roads, including timing and update of survey of project repairs. Mr. Barraza presented and reviewed with the Board a new bid and revised scope of work from Visionary Sales Environments for \$4,653.88 for "No Trespassing" signs since the location and number of signs were revised during the last meeting. After discussion, Director Fritz moved that the Board approve the bid from Visionary Sales Environments and authorize purchase and installation of signs at a cost to the District of \$4,653.88. Director Lehto seconded said motion, which carried unanimously. The Board then considered bids for cleaning out valves/water system and award of contract. Mr. Barraza presented and reviewed with the Board two (2) bids for clean out of 90 sewer valve stacks from Upper Trinity Regional Water District and Magnum Manhole & Underground, Inc. Mr. Madison recommended award of the contract to Magnum Manhole & Underground, Inc. in the amount of \$1,500.00. After discussion on the matter, Director Adams moved that the Board award the contract to Magnum Manhole & Underground, Inc. in the amount of \$1,500.00.

Director Fritz exited the meeting.

The Board then considered status of construction of Artesia water line. Mr. Barraza reported that the project is on schedule and should be open and operational on January 5, 2011. 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 acceptance of facilities and approval of change orders and final pay estimates for: (i) change order no. 2 for Artesia Water Line for W.R. Hodgson, Inc. in the amount of \$16,268.00; (ii) pay request no. 1 for Savannah 8A to Weir Brothers, Inc. in the amount of \$144,782.10; and (iii) pay request for SWPPP management in the amount of \$320.00. After discussion on the pay requests presented, Director Adams moved that the Board approve all payments as presented. Director Lehto seconded said motion, which carried unanimously.

The Board then considered re-plat of Savannah Phase 1 - model homes. After discussion, Director Adams moved that the Board approve re-plat of Savannah Phase 1 - model homes. Director Lehto seconded said motion, which carried unanimously.

The Board then considered re-plat of Savannah Phase 1 - Dogwood model homes. After discussion, Director Adams moved that the Board approve re-plat of Savannah Phase 1 - Dogwood model homes. Director Lehto seconded said motion, which carried unanimously.

The Board then considered amending plat of Savannah Phase 3 – revise lot line lot 23, block 6. After discussion, Director Adams moved that the Board approve re-plat of Savannah Phase 3 – revise lot line lot 23, block 6. Director Lehto seconded said motion, which carried unanimously.

9. Consideration was next given to removal of moratorium on connections to Artesia water system. After considerable discussion on the matter, Director Ryan moved that the Board remove the moratorium on connections to Artesia water system, upon receipt of letter certifying completion of the Artesia Water Line from Petitt Barraza LLC. Director Tague seconded said motion, which carried unanimously.
10. 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 "D"**. She noted that as of November 30, 2010, the District's 2010 tax levy was approximately 2.11% collected. After discussion on the matter, Director Ryan moved that the Board approve the Tax Assessor/Collector's report. Director Adams seconded said motion, which carried unanimously.
11. 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 "E"**. Mr. Jameson reported that, as of November 30, 2010, in Savannah 1,401 lots have been prepared for construction; 1,250 lots have been conveyed to builders; 1,241 construction permits have been issued; and 1,202 homes were occupied. He noted that there have been 13 home starts in 2010. After discussion on the matter, Director Ryan moved that the Board accept the Developer's Report as presented. Director Lehto seconded said motion, which carried unanimously.
12. 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 "F"**. After discussion on the matter, and thorough review of the checks presented, Director Lehto 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 Adams seconded said motion, which carried unanimously.
13. Consideration was next given to District traffic regulation and enforcement authority and authorizing actions as necessary and appropriate in connection therewith. After a brief discussion on the matter, upon motion duly made by Director Ryan, seconded by Director Adams and unanimously carried, the Board determined that no action be taken and that the item be removed from future agendas.
14. 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, special legislation, special district creation, development incentive contracts, and grants. After discussion on the matter, Director Adams moved that the Board authorize Mr. Crawford to outline the process for implementation of a limited purpose annexation/strategic partnership, and to

contact Little Elm to set up a meeting to determine whether Little Elm is interested in proceeding with a limited purpose annexation/strategic partnership. Director Lehto seconded said motion, which carried unanimously.

15. Consideration was next given to customer utility service and billing complaints/requests. Upon motion duly made by Director Adams, seconded by Direct Lehto and unanimously carried, the Board determined that no action was required after noting that there were no additional requests to consider at this time.
16. Consideration was next given to proposals for design of District website. After a brief discussion on the matter, upon motion duly made, seconded and unanimously carried the Board determined to remove from the agenda until a future time.
17. Consideration was next given to adoption of Resolution Establishing District's Regular Monthly Meeting Dates. After considerable discussion on the matter, Director Ryan moved that the Board maintain one monthly meeting on the third Thursday of each month, but create "consent items" on the agenda. Director Adams seconded said motion, which carried unanimously.
18. 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 the April meeting.
19. Consideration was next given to Executive Session pursuant to Section 551.071 (1)(A) and (B), Section 551.072, and Section 551.076, Texas Government Code, as amended, to consult with District Counsel, consider personnel matters, and consider security matters. After a brief discussion, it was noted that Executive Session was not required.
20. 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