

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply District No. 7
June 14, 2012**

The Board of Directors (“Board”) of Denton County Fresh Water Supply District No. 7 (the “District”), met in regular session, open to the public, on June 14, 2012, at 4:00 p.m., at 2650 FM 407E, Suite 125, Bartonville, Texas, 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 members of the Board, to wit:

David J. Ware	President
Andrew Kloser	Vice President
Jim Lieber	Secretary
Steven Martini	Assistant Secretary
Todd Beggs	Assistant Secretary

All members of the Board were present, thus constituting a quorum. Also attending the meeting were the following: Mr. Mark Wagner, Mr. Jake Wagner, Mr. Tim McKnight and Ms. Nicole Hale, of Republic Property Group, Ltd.; Mr. Richard Harned, Controller; Mr. Kevin Mercer, General Manager; Mr. Bruce Crawford of the Lantana HOA; Mr. Kevin Carlson, P.E. of Huitt-Zollars, Inc.; Ms. Laura Alexander of FirstSouthwest; Mr. Jim VanVickle of Denton County Fresh Water District No. 6; and Mr. Clay E. Crawford of Crawford & Jordan LLP.

1. The President called the meeting to Order at 4:03 p.m.
2. The President conducted the Pledge of Allegiance.
3. Consideration was next given to public comments. The President opened the meeting to public comments. After noting that there were no members of the public in attendance at the meeting and desiring to speak, and upon motion made by Director Kloser, seconded by Director Martini and carried unanimously, the President closed the public comment session of the meeting.
4. Consideration was next given to the approval of the Minutes of the Board of Directors Meetings of May 10, 2012 and May 15, 2012. After discussion on the matter, Director Lieber moved that the minutes of the Meetings of May 10, 2012 and May 15, 2012, be approved as written. Director Kloser seconded said motion, which carried unanimously.
5. Consideration was next given to the General Manager’s Report as presented by Mr. Mercer, a copy of which is attached hereto as Exhibit "A". In that regard, Mr. Mercer discussed with the Board the status of various pending District projects and answered questions in connection with same, including water use restrictions. Mr. Mercer then presented and reviewed with the Board a proposal from Cummins South Plains, LLC for full service maintenance on generator pump mount for a cost of \$2,046 annually, a copy of which is

attached hereto as Exhibit "B". After discussion on the matter, Director Kloser moved that the Board approve the General Manager's Report and approve such pump maintenance repair for the generator as specified above for an annual cost of \$2,046.00. Director Beggs seconded said motion, which carried unanimously.

6. Consideration was next given to a discussion regarding a plan for additional irrigation of road right-of-way landscaping at entries to Lantana, and the taking of any actions necessary or appropriate in connection therewith. In that regard, Director Kloser discussed the need to upgrade the irrigation system. Mr. Mercer then presented a plan in connection with same that would be of no additional cost to the District, as it was part of the annual landscape maintenance services. Upon motion made and seconded, the Board table action on this matter.
7. Consideration was next given to the review and approval of a Consumer Confidence Report for review by the Board of Directors. In that regard, Mr. Mercer reported that only minor revisions had been made to the form previously approved by the Board at its last meeting, so no action was required at this time.
8. Consideration was next given to approval of various Assignments of Right-Way Agreements, dated September 17, 2009, between the District and Hondo Pipeline, Inc. Upon motion made and seconded, the Board tabled action on this matter.
9. Consideration was next given to acceptance of the developer's report on lot and homes sales and move-ins and Homeowners Association activities, a copy of which is attached hereto as Exhibit "C". In that regard, Ms. Hale reviewed such developer's report with the Board and answered questions regarding same. Mr. Bruce Crawford then reported to the Board regarding the upcoming Homeowners Association activities. After a brief discussion, the President determined that no formal action was needed at this time.
10. Consideration was next given to the Engineer's Report, a copy of which is attached hereto as Exhibit "D". In that regard, Mr. Carlson reported to the Board regarding the status of various pending District construction projects. He reported that the Bellaire project was ready for cable to be pulled, but that CoServ was running short on cable, therefore, CoServ would inform the Owner and Engineer at the weekly construction meetings as to when cable would be available. Mr. Carlson further reported that Bellaire was close to substantial completion. After discussion on the matter, Mr. Carlson reported that no formal action was necessary at this time.

The Board next considered authorizing the preparation of construction plans for grading, utility and paving improvements for Juniper Addition (Parcel 42A) and for grading, utility and paving improvements Kendall Addition, Phase 2A (Parcel 15-B), as specified in Section B of the Engineering Report attached hereto. After discussion on the matter, Director Kloser moved that the Board approve authorizing the preparation of construction plans for grading, utility and paving improvements for Juniper Addition (Parcel 42A) and grading, utility and paving improvements Kendall Addition, Phase 2A (Parcel 15-B), as specified in Section B of

the Engineering Report attached hereto. Director Beggs seconded said motion, which carried unanimously.

Consideration was next given to approval/ratification of award of construction contract for Bellaire Addition, Phase C (Parcel 25C) Public Hardscape Improvements. In that regard, Mr. Carlson presented and reviewed with the Board the four (4) bids received in connection with said construction, a copy of which is attached to the Engineer's Report. Mr. Carlson reported that the low bidder was Summit Stone & Masonry, LLC having a low bid of \$48,411.00, and further advised that it was his recommendation that the contract be awarded to Summit Stone & Masonry, LLC. After discussion on the matter, Director Lieber moved that the Board award the contract for Bellaire Addition, Phase C (Parcel 25C) Public Hardscape Improvements to Summit Stone & Masonry, LLC being the lowest bidder, with a bid of \$48,411.00. Director Kloser seconded said motion, which carried unanimously.

Consideration was next given to approval/ratification of award of construction contract for Bellaire Addition, Phase C (Parcel 25C) Public Landscape Improvements. In that regard, Mr. Carlson presented and reviewed with the Board the five (5) bids received in connection with said construction, a copy of which is attached to the Engineer's Report. Mr. Carlson reported that the low bidder was All Around Lawn Care, Inc. having a low bid of \$44,409.75, and further advised that it was his recommendation that the contract be awarded to All Around Lawn Care, Inc. After discussion on the matter, Director Lieber moved that the Board award the contract for Bellaire Addition, Phase C (Parcel 25C) Public Landscape Improvements to All Around Lawn Care, Inc. being the lowest bidder, with a bid of \$44,409.75. Director Kloser seconded said motion, which carried unanimously.

Consideration was next given to approval/ratification of change order(s) to construction contracts. In that regard, Mr. Carlson presented Change Order No. 4 for the Bellaire Addition, Phase C (Parcel 25C) for an increase of \$20,368.26 in contract price. Total contract after change order is now \$862,986.07, as specified in Section F of the Engineering Report attached hereto. After discussion on the Change Order, as presented, Director Lieber moved that the Board approve said engineering Change Order No. 43 for the Bellaire Addition, Phase C (Parcel 25C), as presented. Director Beggs seconded said motion, which carried unanimously.

Consideration was next given to approval/ratification of change order(s) to construction contracts. In that regard, Mr. Carlson presented Change Order No. 1 for the Palmetto Addition (Parcel 12, Phase B) for Landscape Public Bid Package for an increase of \$12,165.00 in contract price. Total contract after change order is now \$84,213.00, as specified in Section F of the Engineering Report attached hereto. After discussion on the Change Order, as presented, Director Lieber moved that the Board approve said engineering Change Order No. 1 for Palmetto Addition (Parcel 12, Phase B) for Landscape Public Bid Package, as presented. Director Beggs seconded said motion, which carried unanimously.

Consideration was next given to approval/ratification of change order(s) to construction contracts. In that regard, Mr. Carlson presented Change Order No. 1 for the Palmetto Addition (Parcel 12, Phase B) for Hardscape Public Bid Package for an increase of \$2,161.00

in contract price. Total contract after change order is now \$110,917.00, as specified in Section F of the Engineering Report attached hereto. After discussion on the Change Order, as presented, Director Lieber moved that the Board approve said engineering Change Order No. 1 for Palmetto Addition (Parcel 12, Phase B) for Hardscape Public Bid Package, as presented. Director Beggs seconded said motion, which carried unanimously.

The Board next considered the approval/ratification of engineering Task Order No. 68. Mr. Carlson presented and reviewed with the Board the Engineering Task Order No. 68 in the amount of \$371,084.75 for professional fees related to the Juniper Addition, Phase A (Parcel 42A) grading, utility, and paving improvements. After discussion on the task order presented, Director Lieber moved that the Board approve said engineering task order. Director Beggs seconded said motion, which carried unanimously.

The Board next considered the approval/ratification of engineering Task Order No. 69. Mr. Carlson presented and reviewed with the Board the Engineering Task Order No. 69 in the amount of \$246,902.25 for professional fees related to the Kendall Addition, Phase 2A (Parcel 15B) grading, utility, and paving improvements. After discussion on the task order presented, Director Lieber moved that the Board approve said engineering task order. Director Beggs seconded said motion, which carried unanimously.

Consideration was next give to a plan for the extension of the hike & bike trail from Stacee Lane to Lantana Trail. In that regard, Mr. Carlson reported to the Board that a draft plan had been presented to the Developer and was currently under review. He noted that after such review, the draft plan would then be presented to the Board. After a brief discussion, the President determined that no action was required at this time.

11. Consideration was next given to the review and acceptance of the tax assessor-collector's report, a copy of which is attached hereto as Exhibit "E". In that regard, Mr. Harned presented said report to the Board. He reported that as of May 31, 2012 the District's 2011 tax collection rate was at 99.10%. After discussion on the matter, Director Kloser moved that the Board approve said report as presented. Director Beggs seconded said motion, which carried unanimously.
12. Consideration was next given to authorizing the delinquent tax collection attorney to pursue the collection of delinquent taxes for 2011 and prior years, including the filing of lawsuits regarding same, as necessary. Mr. Crawford discussed such matter with the Board. Director Kloser moved that the Board authorize the delinquent tax collection attorney to pursue collection of delinquent taxes for 2011 and prior years, including the filing of lawsuits, as necessary. Director Lieber seconded said motion, which carried unanimously.
13. Consideration was next given to the Controller's Report presented by Mr. Harned, a copy of which is attached hereto as Exhibit "F". After discussion on the matter, and thorough review of the report and questions in connection therewith, Director Kloser moved that the Board approve said Controller's Report, as presented by Mr. Harned, and authorize payment of checks and investment of District fund, as specified in said Report. Director Lieber seconded said motion, which carried unanimously.

14. Consideration was next given to the approval of developer advances for the month of June 2012. In that regard, Mr. Harned reported that three (3) developer advances had been submitted for reimbursement. A copy of the reports relative to the eligible expenses is attached hereto as Exhibits “G”, “H”, and “I”. After discussion of the developer advances, Director Kloser moved that the Board approve such advance from Palmetto/Lantana, L.P. in the amount of \$65,104.84; such advance from Bellaire/Lantana II, L.P. in the amount of \$92,843.30; and such advance from Bellaire/Lantana II, L.P. in the amount of \$399,357.81, as presented in said reports. Director Martini seconded said motion, which carried unanimously.
15. Consideration was next given to establishing committees, including committee assignments and recommendations in connection therewith; and authorize plan for implementation. Upon motion made and seconded, the Board deferred acting on this matter.
16. Consideration was next given to the status of school zone and other signage on Stacey Lane, and authorize necessary action in connection therewith. Upon motion made and seconded, the Board deferred acting on this matter.
17. Consideration was next given to status of Denton County enforcement of traffic rules to District roads. In that regard, Mr. Mercer reported that all deputies had now been briefed and that effective June 1st they were actively writing citations within Lantana.
18. Consideration was next given to approval of an Order Authorizing Application to the Texas Commission on Environmental Quality for approval of Engineering projects and Issuance of Bonds in an amount not to exceed \$5,250,000, and the taking of any action necessary or appropriate in connection therewith. In that regard, Ms. Alexander reviewed with the Board a Projected Growth Cash Flow Analysis in connection therewith, a copy of which is attached hereto as Exhibit “J”. It was further noted that a copy of the Engineering Report for such application had been previously distributed to the Board. After discussion on the matter, Director Kloser moved that the Board approve such Order Authorizing Application to the Texas Commission on Environmental Quality for approval of Engineering projects and Issuance of Bonds in an amount not to exceed \$5,250,000, and that the Board President and Secretary be authorized to execute same. Director Beggs seconded said motion, which carried unanimously.
19. Consideration was next given to authorizing the preparation of an Unclaimed Property Report as of June 30, 2012. In that regard, Mr. Harned advised the Board that such report was not necessary as the District had no unclaimed property.
20. Consideration was next given to the review and approval of an Interlocal Cooperation Agreement – Tax Collection for collection of the District’s 2012 tax levy with Steve Mossman, Denton County Tax Assessor Collector. In that regard, Mr. Crawford presented and reviewed said Agreement with the Board. Mr. Crawford described the scope of services and basis of compensation set out in the Agreement. After discussion on the matter, Director

Kloser moved that the Board approve the Interlocal Cooperation Agreement as presented. Director Martini seconded said motion, which carried unanimously.

Director Lieber exited the meeting at this time.

21. Consideration was next given to the review and approval of Third Amendment to Joint Utility Contract between Denton County Fresh Water Supply District No. 6 and Denton County Fresh Water Supply District No. 7. In that regard, Mr. Crawford presented and reviewed with the Board such amendment. He reported that there was a need for such amendment to accommodate the District's increased usage in wastewater capacity, noting that same would now be 430,020 GPD of committed capacity. After discussion on the matter, Director Kloser moved that the Board approve such Third Amendment to Joint Utility Contract between Denton County Fresh Water Supply District No. 6 and Denton County Fresh Water Supply District No. 7, as presented. Director Beggs seconded said motion, which carried unanimously.
22. The Board next deferred consideration of Executive Session pursuant to Chapter 551, Subchapter D, Texas Government Code, after noting that no Executive Session was required.
23. There being no further business to come before the Board, the meeting was adjourned.

Jim Lieber, Secretary