

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply District No. 7
July 17, 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 July 17, 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 and Ms. Nicole Hale, of Republic Property Group, Ltd.; Mr. Richard Harned, District Controller; Mr. Kevin Mercer, District General Manager; Mr. Bruce Crawford of the Lantana HOA; and Mr. Clay E. Crawford of Crawford & Jordan LLP.

1. The President called the meeting to Order at 4:06 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. In that regard, Director Lieber reported that a rash of vandalism had occurred within the District, as well as theft of skate boards and threats being made to minors. 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 Martini, seconded by Director Beggs 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 Meeting of June 14, 2012. After discussion on the matter, Director Kloser moved that the minutes of the Meeting of June 14, 2012, be approved as written. Director Martini seconded said motion, which carried unanimously.
5. Consideration was next given to approval of various Assignments of Right-Way Agreements, dated September 17, 2009, between the various development entities and Hondo Pipeline, Inc., copies of which are attached hereto as Exhibit “A”. In that regard, Mr. Crawford explained that these easements were located in Bandera, Phase B-1, which is now District Common Areas 1 and 2, and that the Board had no option noting that there were no

reasonable grounds under the original agreement to deny approval of such Assignments. After discussion on the matter, Director Lieber moved that the Board approve such Assignments. Director Martini seconded said motion, which carried unanimously.

6. Consideration was next given to the Engineer's Report, a copy of which is attached hereto as Exhibit "B". In that regard, Mr. Mercer reported to the Board regarding the status of various pending District construction projects. He reported that the Bellaire utility and road project was substantially complete and that the punch list should be complete by the end of the week.

The Board next considered approving construction plans and specifications for the construction of water, sewer, drainage and paving improvements for Kendall Addition, Phase 2A (Parcel 15 Phase B), as specified in Section C of the Engineering Report attached hereto. After discussion on the matter, Director Kloser moved that the Board approve the construction and specifications of water, sewer, drainage and paving improvements for Kendall Addition, Phase 2A (Parcel 15 Phase B), as specified in Section C of the Engineering Report attached hereto. Director Lieber seconded said motion, which carried unanimously.

The Board next considered approval/ratification for advertisement of bids for the construction of water, sewer, drainage and paving improvements for Kendall Addition, Phase 2A (Parcel 15 Phase B), as specified in Section D of the Engineering Report attached hereto. After discussion on the matter, Director Kloser moved that the Board approve advertisement of bids for construction of water, sewer, drainage and paving improvements for Kendall Addition, Phase 2A (Parcel 15 Phase B), as specified in Section D of the Engineering Report attached hereto. Director Lieber seconded said motion, which carried unanimously.

Consideration was next given to approval/ratification of change order(s) to construction contracts. In that regard, Mr. Mercer presented Change Order No. 2 for the Landscape Public Bid Package for Palmetto Addition (Parcel 12B) for an increase of \$1,500.00 in contract price. Total contract after change order is now \$85,713.00, as specified in Section F of the Engineering Report attached hereto. After discussion on the Change Order, as presented, Director Kloser moved that the Board approve said engineering Change Order No. 2 for the Landscape Public Bid Package for Palmetto Addition (Parcel 12B) for an increase of \$1,500.00 in contract price, as presented. Director Lieber seconded said motion, which carried unanimously.

The Board next considered the approval/ratification of engineering Task Order No. 70. Mr. Mercer presented and reviewed with the Board the Engineering Task Order No. 70 in the amount of \$12,500 for engineering services related to District Meetings and Action Lists. After discussion on the task order presented, Director Kloser moved that the Board approve said engineering task order. Director Lieber seconded said motion, which carried unanimously.

The Board next considered acceptance of Certificate of Completion and authorize final facilities for Grading, Paving, and Utilities Improvements for Bellaire Addition, Phase C

(Parcel 25C). In that regard, Mr. Mercer stated that such project was complete and requested that the Board accept same as complete. After discussion on the matter, Director Kloser moved that the Board accept such project as complete. Director Lieber seconded said motion, which carried unanimously.

7. 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 "C". In that regard, Mr. Harned presented said report to the Board. He reported that as of June 30, 2012, the District's 2011 tax collection rate was at 99.41%. After discussion on the matter, Director Kloser moved that the Board approve said report as presented. Director Beggs seconded said motion, which carried unanimously.
8. Consideration was next given to the Controller's Report presented by Mr. Harned, a copy of which is attached hereto as Exhibit "D". After discussion on the matter, and thorough review of the report and questions in connection therewith, Director Beggs 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 Kloser seconded said motion, which carried unanimously.
9. Consideration was next given to the approval of developer advances for the month of July 2012. In that regard, Mr. Harned reported that one (1) developer advance had been submitted for reimbursement. A copy of the report relative to the eligible expenses is attached hereto as Exhibit "E". After discussion of the developer advance, Director Kloser moved that the Board approve such advance from Madison/Lantana III, L.P. in the amount of \$20,073.58, as presented in said report. Director Lieber seconded said motion, which carried unanimously.
10. Consideration was next given to the engagement of auditor for preparation of the District's audit report for fiscal year ending September 30, 2012. Mr. Harned reviewed a proposal submitted by Pingleton, Howard & Company, P.C. and reviewed the scope of services and fee structure. After a brief discussion on the matter, Director Lieber moved that the Board authorize engagement of Pingleton, Howard & Company, P.C. for preparation of the District's audit report for a fee of \$12,500, noting that such fee was the same as that for 2011. Director Beggs seconded said motion, which carried unanimously.
11. Consideration was next given to a discussion regarding a request for acquisition of adjacent District land by residents at 8800 Scarlet Trail, and the taking of any action necessary or appropriate in connection therewith. In that regard, Mr. Mercer reported to the Board that there was a drainage ditch between the two (2) lots in question, therefore the Staff would need to review such request to see if it was possible for the District to give up land without compromising the drainage ability. After discussion on the matter, Director Lieber moved that the Board authorize Staff to proceed with such study and report back to the Board. Director Beggs seconded said motion, which carried unanimously.
12. 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.

13. There being no further business to come before the Board, the meeting was adjourned.

Jim Lieber, Secretary