

**Minutes of Meeting
Board of Directors
Denton County Fresh Water Supply District No. 7
September 15, 2020**

The Board of Directors ("Board") of Denton County Fresh Water Supply District No. 7 ("District") met in regular session, open to the public, on Tuesday, September 15, 2020, at 4:00 p.m., via video/audio conferencing, for which notice was given pursuant to Chapter 551, Texas Government Code, Chapters 49 and 51, Texas Water Code, and action taken by the Governor of the State of Texas under Section 418.016, Texas Government Code.

The roll was called of the members of the Board, to wit:

William Randall Fogle	President
David J. Ware	Vice President
Stephen D. Spence	Secretary
Todd Beggs	Treasurer
Lynne Thompson	Assistant Secretary

All members of the Board were present for the meeting either via video or audio conference, except Director Ware, thus constituting a quorum. Director Thompson joined the meeting later as noted below. Also attending the meeting via either video or audio conference were the following: Mr. Richard Harned, District Controller; Mr. Kevin Mercer, General Manager; Mr. Kevin Carlson, P.E. of Huitt-Zollars, Inc.; Mr. Dan Martinez and Mr. Marc Druck of Winstead PC; Mr. Adam LanCarte of Hilltop Securities, Inc.; Ms. Megan Bradley of Triton Consulting Group; Mr. Mark Norton of Lantana Community Association ("LCA"); Ms. Ashley Whinnery of AT&T; Mr. Mark Stern and Ms. Diane Wetherbee, District residents; and Mr. Jonathan H. Finke of Crawford & Jordan LLP.

1. The President called the meeting to Order at 4:00 p.m.
2. Consideration was next given to public comments. In that regard, the President recognized Mr. Mark Stern, a District resident, who advised that when he purchased his home he was told that nothing would be built where the Lantana RV Village development is proposed, and further expressed concerns in connection with same. After noting that there were no members of the public participating in the meeting desiring to speak, and upon motion made by Director Spence, seconded by Director Beggs and carried unanimously, the President closed the public comment session of the meeting.
3. Consideration was next given to conducting a public hearing on proposed levy of the District's 2020 debt service, maintenance, and contract tax rates. Upon motion by Director Beggs, seconded by Director Spence, the Board opened the public hearing. It was noted that no one from the public desired to speak at the public hearing and no written public comment had been received regarding the District's proposed 2020 tax rate. After discussion on the matter, Director Beggs moved that the Board close the hearing. Director Spence seconded said motion, which carried unanimously.
4. Consideration was next given to the adoption of a 2020 Order Levying Taxes. In that regard, Mr. Finke reviewed the proposed Order with the Board, and advised that the proposed rates were as follows: a maintenance tax of \$0.15618 per \$100 of assessed valuation; utility debt service tax of \$0.26810 per \$100 of assessed valuation; and road debt service tax of \$0.43572

per \$100 of assessed valuation for a total tax rate for 2020 of \$0.86 per \$100 assessed valuation. Mr. Finke next presented to the Board a Memorandum from the District's financial advisor recommending that the Board adopt such proposed rates as referenced above. A copy of such Memorandum is attached hereto. After discussion on the matter, Director Beggs moved that the Board adopt the 2020 Order Levying Taxes as presented. Director Spence seconded said motion, which carried unanimously.

5. Consideration was next given to review and approval of amendment to District Information Form. In that regard, Mr. Finke reported to the Board that the District Information Form had been amended to reflect the reduction in tax rate in the Notice to Purchaser. After discussion, Director Beggs moved that the Board approve the amendment to District Information Form and Notice to Purchaser. Director Spence seconded said motion, which carried unanimously.
6. The Board next considered review, discussion and acknowledgement of disclosures required to be provided by the Financial Advisor under Municipal Securities Rulemaking Board Rule G-42 regarding the Unlimited Tax Road Refunding Bonds, Series 2020 (the "Refunding Bonds"), and the taking of related action. Messrs. LanCarte and Finke presented to and discussed with the Board correspondence from Hilltop Securities, Inc. entitled "Regulatory Disclosure Regarding Municipal Advisory Agreement". Director Beggs queried Mr. LanCarte as to whether there had been any changes. Mr. LanCarte noted that there had been one disciplinary action in 2011. After discussion on the matter, Director Spence moved that the Board acknowledge receipt of such disclosures as requested by the Financial Advisor. Director Beggs seconded said motion, which carried unanimously.
7. Consideration was next given to approval of an Order Authorizing The Issuance Of "Denton County Fresh Water Supply District No. 7 Unlimited Tax Road Refunding Bonds, Series 2020"; Delegating The Authority To Certain District Officials To Execute Certain Documents Related To The Sale Of The Bonds; Entering Into An Escrow Agreement, A Purchase Contract, And A Paying Agent/Registrar Agreement; And Other Matters Related Thereto. Mr. LanCarte presented and reviewed the terms of the transaction, including the cash flow and debt reduction, and the Preliminary Official Statement with the Board. Mr. Martinez then presented to the Board the Bond Order and explained the terms and conditions of same. Director Beggs queried Mr. Finke as to the choice of underwriter. After discussion on the matter, Director Fogle moved that the Board approve said Financing Plan, Preliminary Official Statement and adoption of related Resolution, and adoption of Order Authorizing The Issuance Of "Denton County Fresh Water Supply District No. 7 Unlimited Tax Road Refunding Bonds, Series 2020"; Delegating The Authority To Certain District Officials To Execute Certain Documents Related To The Sale Of The Bonds; Entering Into An Escrow Agreement, A Purchase Contract, And A Paying Agent/Registrar Agreement; And Other Matters Related Thereto. Director Beggs seconded said motion, which carried unanimously.
8. Consideration was next given to the approval of the minutes of the August 18, 2020, Board of Directors Meeting. After discussion on the matter, Director Spence moved that the minutes of the August 18, 2020, Board of Directors Meeting be approved as written. Director Fogle seconded the motion, which carried unanimously.
9. Consideration was next given to the review and approval of the General Manager's Report, as presented by Mr. Mercer. In that regard, Mr. Mercer reported to the Board concerning the proposed Lantana RV Park's request for service and responded to various questions posed by the Board. Director Thompson queried Mr. Mercer regarding the status of follow-up with

County Judge Eads regarding the update COVID-19 numbers in Denton County. After discussion on the matter, Director Spence moved that the General Manager's Report be approved, as presented. Director Beggs seconded said motion, which carried unanimously.

10. Consideration was next given to an amendment to District Rate Order, and the taking of any action necessary or appropriate in connection therewith. In that regard, Mr. Mercer presented and reviewed with the Board such amendment. Mr. Mercer reported that the following increases were necessary: Base fee increased from \$30.00 to \$30.50 per month; Volume charge increased by \$0.10 each; and Solid Waste charge increased from \$21.00 to \$22.00 per month. Director Spence confirmed with Mr. Mercer that the increases were necessary to allow the District to break even. After discussion on the matter, Director Spence moved that the Board approve such amendment to District Rate Order, as presented. Director Beggs seconded said motion, which carried unanimously.
11. Consideration was next given to the review and acceptance of Lantana Community Association ("LCA") Report. In that regard, Mr. Norton reported that the remodel of the North Amenity Center was being moved up from the Spring of 2021, and provided the Board with an update on the Lantana Monster Mile. After discussion on the matter, Director Beggs moved that the Board accept the LCA report as presented by Mr. Norton. Director Spence seconded said motion, which carried unanimously.
12. The Board next considered review and acceptance of Engineering Report. In that regard, Mr. Mercer presented said report to the Board. After discussion, the President noted that no formal Board action was necessary at this time.
13. Consideration was next given to status of a new cellular antenna lease for elevated storage tank, and the taking of any action necessary or appropriate in connection therewith. In that regard Ms. Whinnery presented said contract to the Board and answered various questions. She stressed to the Board the importance of allowing AT&T to have the lease on the tower, and noted that the reviewing engineer had no contractual relationship with AT&T. Director Beggs queried Ms. Whinnery as to the term of the lease. She advised that it was for a 25-year period, with the option of 13 additional 5-year terms unless the Board decided otherwise. Messrs. Finke and Carlson then recommended that the Board proceed with negotiations. After discussion, Director Fogle moved that the Board proceed with negotiations of the contract with AT&T. Director Beggs seconded said motion, which carried with Directors Fogle, Spence and Beggs voting "aye", and Director Thompson voting "no".
14. Consideration was next given to the Controller's Report presented by Mr. Harned. In that regard, Mr. Harned presented and reviewed his report with the Board. After discussion on the matter, and thorough review of the report(s) and questions in connection therewith, Director Beggs moved that the Board approve said Controller's Report, as presented. Director Spence seconded said motion, which carried unanimously.
15. Consideration was next given to the review of proposed operating budget for the District's fiscal year ending September 30, 2021. In that regard, Mr. Harned presented and reviewed with the Board a draft of the preliminary budget and assumptions. Mr. Harned advised that Board that it was his recommendation that the Board approve the budget as presented. After a lengthy discussion on the matter, Director Spence moved that the Board adopt the budget as presented and adopt the Order in connection therewith. Director Beggs seconded said motion, which carried unanimously.

16. Consideration was next given to authorizing McCall Gibson Swedlund and Barfoot PLLC (“McCall Gibson”) to proceed with preparation of the District’s audit report for fiscal year ended September 30, 2020. In that regard, Mr. Finke reviewed with the Board the scope of services and fee structure in connection with same. After discussion on the matter, Director Fogle moved that the Board authorize McCall Gibson to proceed with preparation of the District’s audit report for fiscal year ended September 30, 2020. Director Spence seconded said motion, which carried unanimously.
17. Consideration was next given to the review and acceptance of the tax assessor-collector’s report. In that regard, Mr. Harned presented said report to the Board. He reported that as of August 31, 2020, the collection rate of the District’s 2019 tax levy was at 99.79%. After discussion on the matter, Director Spence moved that the Board approve the tax assessor-collector’s report as presented. Director Beggs seconded said motion, which carried unanimously.
18. Consideration was next given to review and approval of sewer request for Lantana RV Village. In order to ensure that residents’ concerns are addressed, Director Fogle suggested that the Board hold a Town Hall style forum and invite District residents to participate. After discussion, Director Fogle moved that the Board hold a public forum and invite the residents to inform the residents of the facts and allow them to ask questions to the developer. Director Fogle further motioned that Director Thompson work with Mr. Mercer to set up the forum. Director Thompson seconded said motion, which carried unanimously.
19. The Board next deferred a discussion regarding golf cart use on public roads within Lantana.
20. The Board next deferred consideration of the status of appointment of directors to the Board of Denton County Development District No. 4 (“DCDD No. 4”).
21. Consideration was next given to a discussion regarding maintenance of golf course tunnels, and the taking of any action necessary or appropriate in connection therewith. In that regard, Director Fogle reported that he had spoken with Mr. Rob Larkin, the General Manager of the Golf Course, who advised that they would be contacting DCDD No 4 for funds needed for such maintenance of the tunnels. After discussion on the matter, the President noted that no formal Board action was necessary at this time.
22. Consideration was next given to a discussion regarding updates to the District’s website, and the taking of any action necessary or appropriate in connection therewith. In that regard, Mr. Harned provided the Board with the statistics concerning the number of visits per page of the website. Director Thompson queried the Board as to whether the audio recordings of the meetings should be added to the District website. After discussion on the matter, the President noted that no formal Board action was necessary at this time.
23. The next deferred review and approval of compensation pool for employees for fiscal year 2020-2021, as it was noted that this matter would be addressed at the Joint Meeting.
24. The Board next deferred consideration of entering closed session, as may be necessary or appropriate, pursuant to Chapter 551, Subchapter D, Texas Government Code, in particular Sections 551.071, 551.072, 551.074, and/or 551.076 Texas Government Code, regarding any

of the matters described in the notice, including consultation with District legal counsel as may be applicable.

25. Consideration was next given to establishing future agenda items. At this time Director Fogle thanked Director Spence for his years of public service to the District and community.
26. There being no further business to come before the Board, upon motion duly made by Director Spence and seconded by Director Thompson, the meeting was adjourned at 5:55 p.m.

Secretary/Assistant Secretary