

**MINUTES OF THE MEETING  
OF THE  
BOARD OF DIRECTORS**

THE STATE OF TEXAS §

COUNTY OF DENTON §

PRAIRIE OAKS MUNICIPAL UTILITY DISTRICT OF DENTON COUNTY §

The Board of Directors (the "Board") of Prairie Oaks Municipal Utility District of Denton County (the "District") met in special session by open to the public, on Friday, August 25, 2023 at 1:00 pm at 2728 N. Harwood Street, Suite 500, Dallas, Texas 75201, an official meeting place outside the boundaries of the District. The roll was called of the members of the Board, to wit:

Connor Maloney	President
Lindsey Welch	Vice President
Justin McGinnity	Secretary
Nathan Mantz	Assistant Secretary

All members of the Board were present at the commencement of the meeting with the exception of Director McGinnity. Also present were: Mr. Andre Ayala of Hilltop Securities, Inc.; Mr. John Dowdall, developer; Mr. Scott Eidman, attorney and Ms. Genny Lutzell, paralegal of Winstead PC. Ms. Alyssa Saccomen of McCall Gibson Swedlund & Barfoot PLLC participated by phone conference.

1. The meeting was called to order at 1:10 p.m.
2. Consideration was next given to public comments and communications. Hearing none, Director Welch moved to close the public comment session of the meeting. Director Mantz seconded said motion, which carried unanimously.
3. Consideration was next given to the review and approval of the Minutes of the August 2, 2023 Board of Directors meeting. Following a discussion, Director Welch moved that the Board approve same. Director Mantz seconded said motion, which carried unanimously.
4. Consideration was next given to the review and approval of an audit report for the fiscal year ended April 30, 2023. The Board recognized Ms. Saccomen who reviewed with the Board copies of a draft audit report. Following a discussion, Director Welch moved that the Board approve the audit report for the fiscal year ended April 30, 2023, and authorize filing of same with the Texas Commission on Environmental Quality and the Texas State Comptroller. Director Mantz seconded said motion, which carried unanimously.
5. Consideration was next given to a public hearing regarding the District's proposed tax rate for 2023. Director Welch moved that the Board convene a public hearing regarding the District's proposed 2023 tax rate. Director Mantz seconded said motion, which carried unanimously. Mr. Eidman confirmed publication of the tax rate hearing notice, and confirmed the

recommendation from the District's financial advisor to levy a maintenance and operations tax rate of \$1.00 per \$100 assessed valuation. Hearing no public comments on the matter, Director Welch moved that the Board close the public hearing. Director Mantz seconded said motion, which carried unanimously.

6. Consideration was next given to the review and approval of an Order Setting Tax Rate for 2023, a copy of which is attached hereto as Exhibit "A". Following a discussion, Director Maloney moved that the Board adopt the Order Setting Tax Rate of \$1.00 on each \$100.00 of taxable property within the District. Director Mantz seconded said motion, which carried unanimously.

7. Consideration was next given to the financial advisor report. Mr. Ayala reviewed with the Board the status of the application to the Texas Commission on Environmental Quality for issuance of utility bonds. Next, Mr. Ayala discuss timing of the issuance of road bonds, and proposed meeting dates through year end. Following a discussion, Director Mantz moved that the Board approve said report. Director Maloney seconded said motion, which carried unanimously.

8. Consideration was next given to the engineer's report. No formal report was heard.

9. Consideration was next given to the bookkeeper's report, a copy of which is attached hereto as Exhibit "B". Following a discussion, Director Welch moved that the Board (i) approve the bookkeeping report; and (ii) authorize the payment of bills listed thereon. Director Maloney seconded said motion, which carried unanimously.

10. Consideration was next given to a developer's report. No formal action was taken by the Board.

11. Consideration was next given to the review and adoption of a Resolution Adopting Policies for Capitalization and Depreciation of District Assets, a copy of which is attached hereto as Exhibit "C". Following a discussion, Director Welch moved that the Board adopt said Resolution. Director Maloney seconded said motion, which carried unanimously.

There being no further business to conduct, Director Welch moved that the meeting be adjourned at 1:25 p.m. Director Maloney seconded said motion, which carried unanimously. The Board adjourned until further call.

APPROVED AND ADOPTED this 19<sup>th</sup> day of October, 2023.



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Secretary  
Board of Directors

**ORDER SETTING TAX RATE  
FOR 2023**

THE STATE OF TEXAS §

COUNTY OF DENTON §

PRAIRIE OAKS MUNICIPAL UTILITY DISTRICT OF DENTON COUNTY §

The Board of Directors of Prairie Oaks Municipal Utility District of Denton County (the "District") met in special session, open to the public, after due notice, at the District's office outside the District, on the date hereinafter set out; whereupon the roll was called of the members of the Board of Directors, to-wit:

Connor Maloney	President
Lindsey Welch	Vice President
Justin McGinnity	Secretary
Nathan Mantz	Assistant Secretary

WHEREUPON, among other business conducted by the Board, Director \_\_\_\_ introduced the Order set out below and moved its adoption, which motion was seconded by Director \_\_\_\_ after a full discussion and the question being put to the Board of Directors, said motion was carried by the following vote:

"Aye": \_\_\_\_; "No": \_\_.

The Order thus adopted is as follows:

WHEREAS, the District may levy a maintenance tax on all taxable property in the District to provide for payment of expenses as set out in Section 49.107, Texas Water Code;

NOW THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF PRAIRIE OAKS MUNICIPAL UTILITY DISTRICT OF DENTON COUNTY THAT:

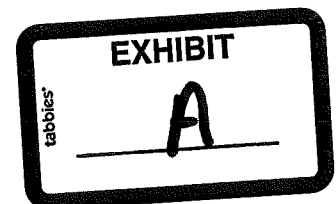
Section 1. There is hereby levied an ad valorem tax of \$1.00 on each \$100.00 of taxable property within the District in order to provide for payment of the District's expenses of operations, and maintenance.

Section 2. The Denton County Tax Assessor-Collector, is hereby authorized to assess and collect the taxes of the District employing the above tax rate.

Section 3. The taxes levied hereby are due presently, and shall be delinquent if not paid by January 31, 2024.

Section 4. This Order Setting Tax Rate shall be effective from and after its adoption.

Section 5. The President or Vice President is authorized to execute, and the Secretary or any Assistant Secretary to attest, this order on behalf of the Board of Directors.



WITNESS OUR HANDS AND SEAL OF THE DISTRICT this 25th day of August, 2023.

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Connor Maloney, President

ATTEST:

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Secretary

(DISTRICT SEAL)

THE STATE OF TEXAS §  
COUNTY OF DENTON §  
PRAIRIE OAKS MUNICIPAL UTILITY DISTRICT OF DENTON COUNTY §

I, the undersigned Secretary of the Board of Directors of Prairie Oaks Municipal Utility District of Denton County, certify that the attached and foregoing is a true and correct copy of the Order Setting Tax Rate for 2023; and the original of said order and an excerpt of the Minutes of the meeting of the Board of Directors showing adoption and passage thereof is on file in the District's office.

WITNESS MY HAND AND OFFICIAL SEAL OF THE DISTRICT this 25th day of August, 2023.

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Secretary  
Board of Directors

(DISTRICT SEAL)

Prairie Oaks MUD  
Cash Analysis  
August 25, 2023

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GENERAL OPERATING ACCOUNT - Central Bank

Ending Balance from last meeting	\$	(6,928.74)
Add in voided check #1084 written to Director Mantz	+	138.53
<u>Receipts</u>		
Developer Advance	+	10,000.00
<u>Withdrawals</u>		
United States Treasury, payroll taxes for previous meetings	-	68.87
Checks presented for signatures August 25, 2023		
1091 - Connor Maloney, director fee for 8/25/23 - \$150.00, less taxes	-	138.52
1092 - Nathan Mantz, director fee for 8/25/23 - \$150.00, less taxes	-	138.53
1093 - Justin McGinnity, director fee for 8/25/23 - \$150.00, less taxes	-	138.53
1094 - Lindsey Welch, director fee for 8/25/23 - \$150.00, less taxes	-	138.53
1095 - Winstead, P.C., legal fees through June	-	3,976.90
Total Disbursements	\$	4,599.88
Ending Balance at August 25, 2023	\$	(1,390.09)

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RESOLUTION ADOPTING POLICIES FOR CAPITALIZATION AND  
DEPRECIATION OF DISTRICT ASSETS

THE STATE OF TEXAS           §  
  §  
COUNTY OF DENTON           §

WHEREAS, the Governmental Accounting Standards Board has released Statement No. 34 (“GASB-34”);

WHEREAS, the Texas Commission on Environmental Quality (the “TCEQ”) has indicated its intention to require that districts with revenues of less than \$10 million implement GASB-34 for fiscal years beginning after June 15, 2003;

WHEREAS, Prairie Oaks Municipal Utility District of Denton County (the “District”) is a political subdivision of the State of Texas, operating as a municipal utility district pursuant to Chapters 49 and 54 of the Texas Water Code, and subject to the continuing supervision of the TCEQ;

WHEREAS, GASB-34 requires that all capital assets, including infrastructure assets, be reported in a statement of net assets at historical costs, including ancillary charges, net of accumulated depreciation;

WHEREAS, accumulated depreciation for general fixed assets was not reported under the previous reporting model, and it is necessary for the District to adopt policies for capitalization and depreciation of District assets in order to enable compliance with GASB-34;

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF PRAIRIE OAKS MUNICIPAL UTILITY DISTRICT OF DENTON COUNTY THAT:

I.

Except as otherwise provided in this Resolution, all District infrastructure assets with a useful life of at least two (2) years and a total cost of Ten Thousand and no/100 Dollars (\$10,000.00) and other capital assets with a total cost of Ten Thousand and no/100 Dollars (\$10,000.00) or more (including installation costs, if any, and associated professional fees) shall be capitalized and depreciated using no salvage value and the straight line method of depreciation based on the estimated useful life of the asset in question as reflected on **Exhibit “A”** to this Resolution.

II.

Expenditures that extend the useful lives of capital assets beyond their initial estimated useful lives (preservation costs) or that improve their efficiencies (improvements) or increase their capacity (additions) shall be capitalized in accordance with these policies unless, in the opinion of the District’s engineer, a different useful life is appropriate.





III.

This Resolution shall be effective immediately. The President or Vice President and the Secretary or Assistant Secretary are authorized to do all things necessary and proper to evidence the Board's adoption of this Resolution and to carry out the intent hereof.

PASSED AND ADOPTED THIS 25TH DAY OF AUGUST, 2023.

\_\_\_\_\_  
President, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

(DISTRICT SEAL)

EXHIBIT A: DEPRECIATION YEARS

Capital Asset Classifications	Depreciation Years
<u>Administrative Facilities and Equipment</u>	
Land	0
Buildings	
Office	40
Storage	40
Warehouse	40
Furniture	5
Equipment	
Communication	5
Computers	3
Construction	15
Generators	20
Office	5
Software	3
Vehicles	5
Other	As required
<u>Infrastructure Assets</u>	
<u>Distribution/Collection Lines by Section</u>	
Clearing and grubbing	45
Water distribution	45
Sewer collection	45
Stormwater collection	45
<u>Water Production</u>	
Land	0
Buildings	40
Electrical package	
Controls	20
Generators	20
Chemical system	10
Wells	20

Booster pumps	20
Pressure tanks	20
Storage tanks	
Ground	40
Elevated	40
Yard piping	45
Lift Stations	
Structure	45
Electrical controls	20
Yard piping	45
Pumps	20
Fences	25
Sanitary Sewer Trunk Lines	
Lines	45
Pumps	20
Wastewater Treatment Plants	
Land	0
Buildings	40
Structures	40
Electrical package	
Controls	20
Generators	20
Equipment	
Bar screens	20
Blowers	20
Chemical system	10
Clarifiers	20
Pumps	20
Yard piping	45
Fences	25
Stormwater Pumping Facilities	
Land	0
Buildings	40
Pumps	20
Electrical package	
Controls	20

Generators	20
Stormwater Collection System (not in Sections)	
Land (including detention ponds and channels)	0
Clearing and grubbing	0
Land improvements (excavation and earth moving)	0
Equipment	20
Roads	
Dirt	10
Gravel	15
Concrete	30
Asphaltic concrete	20
Brick or Stone	50