

MINUTES OF MEETING  
OF THE  
BOARD OF DIRECTORS

THE STATE OF TEXAS §  
COUNTY OF HAYS §  
HAYS COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1 §

The Board of Directors (the "Board") of Hays County Water Control and Improvement District No. 1 (sometimes referred to herein as the "District") met in special session on the 23<sup>rd</sup> day of July, 2020, at Belterra Centre, 151 Trinity Hills Drive, Austin, Texas, within the District. To mitigate the spread of COVID-19 and pursuant to the guidance provided by the Office of the Attorney General of the State of Texas, the meeting was open to the public by telephonic conference. The roll was called of the members of the Board of Directors, (herein referred to as the "Board") to-wit:

Douglas L. Botts	President
Paul Kelly	Vice President
Daniel B. Robison	Secretary
Bill Dally	Treasurer/Asst. Secretary
Rick Lucas	Assistant Secretary

All members of the Board were present at the commencement of the meeting. All directors present when votes were taken voted on all matters unless an abstention is set out in any such item. In addition, joining via telephonic conference were Matt Kutac of the law offices of Matthew B. Kutac, PLLC, Andy Barrett of Andy Barrett & Associates, Lauren Barzilla with CMA Engineering ("CMA"), the District's engineers, Nancy Hagquist, attorney and Judy McAngus, paralegal with Winstead PC ("Winstead"), bond counsel for the District, and Chris Lane with SAMCO Capital Markets, Inc., financial advisor for the District.

Matt Kutac explained a few guidelines for the telephonic conference meeting regarding a request that each Board member confirm their name prior to making any motion or voting on such matters to insure that the public record of the meeting would be heard and accurately recorded. Notification to the public was given that the meeting was being recorded. The meeting was then called to order, and evidence was presented that public notice of such meeting had been given as required by law.

1. Matt Kutac called for public communications and comments from any person, including any persons tied in the meeting via audio. There being no persons participating in the meeting who wished to address the Board under this item, the Board proceeded to the next item of business.

2. It was noted that Chris Lane had provided a summary chart detailing the bids received in connection with the sale of District's \$6,380,000 in Unlimited Tax Bonds, Series 2020 ("Series 2020 Bonds"), which detailed and summarized the three (3) bids received and included various bid options from each of the bidders and the estimated cost of issuance of the two lowest bidders and resulting estimated savings between the two bids, as attached hereto as **EXHIBIT "A"**. Ms. Lane noted that the difference between the proposed 10 and 15 maturity options as bid resulted in a difference with the lower 10 year bid coming in at a savings of \$448,997.77 over the lowest 15 year bid. Also, she noted that she had visited with Allen Douthitt and confirmed that even though the annual debt service payments would be higher with the 10 year maturity, the 10 year maturity would fit in the current proposed budget. Also, she noted that even though the 10 year low bid has a call option, she feels there is no risk of a call since the bonds are being issued at such a low rate.

In addition, Nancy Hagquist with Winstead noted that the low bidder, Truist Bank, requested yield adjustment language that would change the interest rate in the event the Bonds become taxable, either due to the District issuing more than \$10 million in tax-exempt bonds during 2020, failure to comply with federal tax law, or changes in federal tax law. Ms. Hagquist stated that this type of language has been used often in private placements, and that the only risk that would not be within the control of the District is a change in tax law. But should the federal government change the tax law, the legislation would have to be retroactive to cause the Series 2020 Bonds to be taxable, and such retroactive legislation is rare. Also she noted that should the District not comply with federal tax law (i.e., with respect to calculations or payment of arbitrage rebate or selling all or part of the System to a private party) that could be an issue; however, it was noted that with respect to arbitrage compliance, the District has engaged Arbitrage Compliance Specialists, Inc. on an on-going basis to conduct annual arbitrage reviews of all their outstanding debt, including the Series 2020 Bonds, so that possibility would not appear to be a concern. She further stated that Winstead, as bond counsel, would advise the District with respect to any sale or other disposition of the System to avoid any action that might result in the Series 2020 Bonds becoming taxable. Though Ms. Hagquist noted that she could not guarantee that any such action will not occur, the chances are very minimal. Following a full discussion, Chris Lane recommended that the Board accept the low bid from Truist Bank with the lowest net effective interest rate of 1.68% with a 10 year maturity. Ms. Hagquist confirmed that Winstead concurred with the recommendation.

Ms. Lane noted that her initial savings calculations, which would need to be verified by the District's auditor as part of their preparation of the Agreed Upon Procedures Report, reflected a \$343,707 savings (mainly in the form of reduced issuance costs which included a savings of approximately \$153,813 in developer's interest costs alone). Director Dally recapped the discussions concerning the minor risk and benefit in savings that the Truist Bank low bid offers. Following further discussion and upon motion by Director Dally, seconded by Director Botts and unanimously carried, the Board awarded the sale to Truist Bank in accordance with the Bid Form, attached hereto as **EXHIBIT "B"** and the Private Placement Letter, attached hereto as **EXHIBIT "C"**.

3. Nancy Hagquist next reviewed the contents of an Order Authorizing the Issuance of the \$6,380,000 Hays County Water Control and Improvement District No. 1 Unlimited Tax Bonds, Series 2020; Prescribing the Terms and Provisions thereof; Making Provision for the Payment of the Interest thereon and the Principal thereof; Authorizing the Sale thereof; Entering into a Paying Agent/Registrar Agreement, and Containing other Provisions Relating to the Subject. Following a full review and discussion of such Order, upon motion by Director Botts seconded by Director Lucas and unanimously carried, the Board approved and authorized the execution of said order, a copy of which is attached hereto as **EXHIBIT "D"**.

4. Ms. Hagquist noted that Truist Bank would be acting as paying agent/registrar for the Series 2020 Bonds. Ms. Hagquist next reviewed the form of a Paying Agent/Registrar Agreement between the District and Truist Bank. Following a review of such document, upon motion by Director Dally, seconded by Director Robison and unanimously carried, the Board approved said agreement, a General and No-Litigation Certificate and other bond-related certificates, affidavits and letters authorizing the filing and processing of the Transcript of Proceedings for the Series 2020 Bonds with the Attorney General and subsequent registration of the bonds with the State Comptroller. A tentative Board meeting was slated for August 6, 2020 at 4:00 p.m. whereat, among other things, the Board would approve a final Closing Statement and an Agreed Upon Procedures Report relating to reimbursements that will be funded from the proceeds of the Series 2020 Bonds. Ms. Hagquist excused herself from the meeting at this point.

5. With respect to item 5 on the agenda, it was confirmed that Allen Douthitt with Bott & Douthitt had concurred that they had opened a TexPool Capital Projects account and that no additional new accounts are needed in connection with the sale and closing of the Series 2020 Bonds.

6. The Board next reviewed the Minutes of the Board's June 4, 2020 Special meeting. Following a motion by Director Robison, seconded by Director Dally and unanimously carried, the Board approved said Minutes.

7. The Board next reviewed the Minutes of the Board's June 25, 2020 Special meeting. Following a motion by Director Lucas, seconded by Director Botts and unanimously carried, the Board approved said Minutes.

There being no further business to conduct, Director Botts moved that the meeting be adjourned, which motion was seconded by Director Robison and unanimously approved, and the Board adjourned until further call.

APPROVED AND ADOPTED this 3<sup>rd</sup> day of September, 2020.



  
Daniel B. Robison, Secretary