

MINUTES OF THE MEETING
OF THE
BOARD OF DIRECTORS

THE STATE OF TEXAS §

COUNTY OF HAYS §

HAYS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2 §

The Board of Directors (the "Board") of Hays County Water Control and Improvement District No. 2 (sometimes referred to herein as the "District") met in special session, open to the public, on the 6th day of August, 2020, by Zoom video/audio conference to mitigate the spread of COVID-19 pursuant to the Proclamations issued by the Governor of the State of Texas and guidance provided by the Office of the Attorney General of the State of Texas, and the roll was called of the members of the Board of Directors, (herein referred to as the "Board") to-wit:

Royce Wachsmann	President
Samantha E. Bethke	Vice President
Sean McGillicuddy	Secretary
William Carroll Kelly IV	Treasurer/Asst. Secretary
Bill Harris	Asst. Secretary

All members of the Board participated in the meeting via Zoom video. When the roll of members was called, all were present at the commencement of the meeting with the exception of Director Wachsmann, who joined the meeting via Zoom during the discussion and prior to the vote taken in item 3 herein below. Also participating in the ZOOM meeting were Matt Kutac of the law offices of Matthew B. Kutac, PLLC, Andy Barrett with Andy Barrett & Associates, PLLC, Judy McAngus, paralegal with Winstead PC, Kristi Hester with Inframark, the District's general management and operations contractor, Chris Lane of SAMCO Capital Markets, Inc., the District's financial advisor, and Allen Douthitt with Bott & Douthitt, the District's bookkeepers. In addition, Jimmy Romell with Maxwell, Locke & Ritter PLLC joined in for a portion of the meeting.

Matt Kutac explained a few guidelines for the video/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. The Board first called for public communications and comments. Hearing no comments, the Board moved on to the next item on the agenda.

2. The Board reviewed the Minutes from the June 18, 2020 meeting. Following a review thereof, upon motion by Director McGillicuddy, seconded by Director Harris and unanimously carried, the Board approved said Minutes.

3. A copy of the July 17, 2020 Texas Commission on Environmental Quality Order Approving an Engineering Project and the Issuance of \$6,270,000 in Unlimited Tax Bonds for the District ("TCEQ Order") approving the project and bond issue, which includes a copy of the supporting TCEQ Staff memorandum, was presented to the Board.

Chris Lane with SAMCO confirmed that she felt the Board should proceed with a private placement of the bonds in lieu of a public offering, and had requested that the Board set a sale date for August 20, 2020. Ms. Lane reviewed a copy of a Limited Offering Term Sheet and Bid Form (with 2 separate options) and noted that, pursuant to the TCEQ Order, the District would need to have a rating on the Bonds. She confirmed that she had requested a rating, on behalf of the District, from Moody's and anticipated having that in hand by the following week. It was noted that the State Attorney General's office required that the formal notice of sale be given in the same manner as would be a public sale of such bonds.

The Board discussed the timing of the bond sale and upon motion by Director Wachsmann, seconded by Director Kelly and unanimously carried, the Board formally authorized the publication of a notice of sale and related bid documents in connection with the sale of the District's \$6,270,000 Series 2020 Unlimited Tax Utility Bonds ("Series 2020 Utility Bonds"), such sale date being set for August 20, 2020 as set forth therein

4. With respect to the opening of a Series 2020 Capital Projects Account in connection with the proposed Series 2020 Unlimited Tax Bonds, Allen Douthitt confirmed that no formal action was necessary as Bott & Douthitt, under prior Board direction regarding TexPool accounts, would open a separate TexPool Capital Projects Accounts that would be used for such issue.

5. With regard to the opening of new bookkeeping accounts and other general bookkeeping related bookkeeping matters, Allen Douthitt confirmed that he they were working on the needed updates to the Manager's Account as authorized by the Board at the last meeting and that he would be working with Matt Kuatc with regard to tweaking the existing Sixth Amended and Restated Joint Facilities Agreement. Additionally, with respect to the release of collateral, he noted that Bancorp South had provided him with a form that needed to be signed by the Board's president or other officer in connection with allowing the Bott & Douthitt firm to work with the bank on the needed updates (in this case, reductions) in collateral pledged to the District that is no longer needed. Following a motion by Director Harris, seconded by Director Wachsmann and unanimously carried, the Board authorized the execution of such form and release of any and all unnecessary collateral and managing of such collateral by such firm going forward.

6. The Board reviewed the District's 2020 Certified Estimates of Value as received from the Hays Central Appraisal District on July 24th. Chris Lane noted that she will be working with the Finance Committee with respect to a proposed budget to be presented to the Board for its initial review at the August 20th meeting. She noted at this time she felt the proposed total tax rate would need to remain at \$0.875 for purposes of planning for the upcoming tax rate hearing, but that between the adoption of the proposed tax rate at the Board's August 20th meeting and the formal tax rate at the Board's September 17th meeting there may be room for a slight reduction in the overall tax rate. She noted that the Finance Committee is looking very closely at a possible recommendation that might could reduce the 2020 tax rate to \$0.86 per \$100 valuation depending upon various factors.

7. Jimmy Romell with Maxwell Locke & Ritter, PLLC was recognized and reviewed an engagement letter whereby his firm would prepare the District's annual financials (audit) for the District's fiscal year ending September 30, 2020. He noted that he is estimating the fee under such engagement to be \$16,500, which is the same fee as last year's fee for such engagement. Also Mr. Romell noted that he would propose to have the draft audit completed for the Board's review in time to file the audit on time with the TCEQ within 135 days following the end of the fiscal year. He confirmed there were no new auditing standards that would need to be covered in the upcoming audit, but that they would factor in COVID-19 details into the audit (though he did not expect those to have an impact on the District's current audited financials). Following a full discussion and upon motion by Director Wachsmann, seconded by Director Kelly and unanimously carried, the Board approved such engagement letter, a copy of which is attached hereto as **EXHIBIT "A"**.

8. Matt Kutac reviewed an Order Calling Directors Election - Amended and Revised on August 6, 2020 for 2020 Director Election Postponed to November 3, 2020 ("Election Order") noting that the Governor of the State of Texas had recently extended the early voting period which now commences on October 13, 2020 and that it was necessary to update the existing Order to include the extension of early voting. He also stated that he added a proposed Section 7 to the Order that would cover any other subsequently issued governmental guidance, proclamations, changes or suspensions in law, as detailed in said Order. Following a discussion and motion by Director Harris, seconded by Director McGillicuddy and unanimously carried, the Board adopted said Election Order, as attached hereto as **EXHIBIT "B"**.

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

APPROVED AND ADOPTED this 17th day of September, 2020.




Sean McGillicuddy, Secretary