

Approval of Minutes from
November 11, 2021
Special Board Meeting

**SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF THE
LUMBERTON MUNICIPAL UTILITY DISTRICT**

The special meeting of the Board of Directors of the Lumberton Municipal Utility District was held on Thursday, November 11, 2021, at 6:00 p.m. at the offices of the District pursuant to notice duly posted in accordance with the law. The following members of the Board were present:

David Desormeaux

Roger Smith

Nick Carter

Jimmy Burk

David Pitchford

Also present were Robb Starr, Benny Lewis and Carla Belt as employees of the District and Guy Goodson of Germer PLLC as legal counsel for the District.

Agenda Item No. 1: Prayer and Pledge. A quorum being present, the meeting was called to order where the prayer and pledge were both led by President Carter.

Agenda Item No. 2: Public Comments on Agenda Items. None.

Agenda Item No. 3: Order to Canvass the Returns and Declaring Results of the 2021 Bond Election. The Board recognized legal counsel who began by thanking the Board for reconvening as from the planned session on Monday, November 8, 2021. Legal counsel noted Hardin County had canvassed the returns and declared the results of the election at its court session on Tuesday, November 9, 2021, and based upon the official canvass in the order of the Commissioners Court, the District could now proceed to consider its Order to Canvass the Returns and Declaring Results of the election. Questions followed from the Board, and President Carter noted he appreciated the services of the District's staff and members in attempting to ensure residents of the District were aware of the

election and the bond issue proposal, but was disappointed with the total election turnout. After discussion and upon motion duly made by Director Burk and seconded by Director Desormeaux, the Board unanimously approved the Order to Canvass the Returns and Declaring Results of the 2021 bond election.

Agenda Item No. 4: Resolution 2021-11 Requesting Financial Assistance from Texas Water Development Board; Authorizing the Filing of an Application for Assistance; and making certain findings in connection therewith (\$44,000,000 Lumberton Municipal Utility District Project, PIF 13976). The Board again recognized legal counsel who indicated in order to proceed with the Application for Financing of \$44,000,000 through the Texas Water Development Board Clean Water State Revolving Fund Program, the District had opened and needed to complete a Public Information Form 13976 Online Application. An explanation of the Application process followed. The Board questioned the timetable for a possible funding of a Clean Water State Revolving Fund bond issue, and legal counsel reviewed that along with a possible filing of an application to the Texas Commission on Environmental Quality for \$30.275 million to complete the wastewater project financing in accordance with the ballot proposition which had been presented to the voters. Legal counsel noted currently it was anticipated the funding of both the Texas Water Development Board and the Texas Commission on Environmental Quality public market sale would occur in mid-year 2022. After further discussion and upon motion duly made by Director Burk and seconded by Director Smith, the Board unanimously approved the adoption of Resolution 2021-11 Requesting Financial Assistance from the Texas Water Development Board Authorizing; Authorizing the Filing of an Application for Assistance; and making certain findings in connection therewith.

The Board then considered a supplemental item under Agenda Item No. 4 which was the determination of proceeding with the Texas Water Development Board Financing Application under

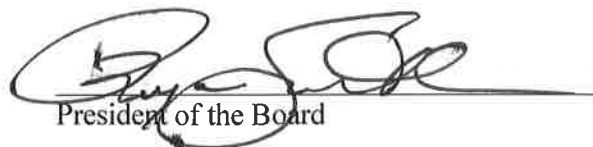
the equivalency or non-equivalency rules for Clean Water State Revolving Fund. Legal counsel, its engineers and the District Manager reviewed the procedures to be followed under an equivalency of bond application and those to be followed under a non-equivalency application. Legal counsel noted based upon the current interest rates in the Clean Water State Revolving Fund, the interest rate for equivalency would be 1.84%, and the interest for the non-equivalency would be 1.99%. President Carter asked questions concerning the volatility of the current market and the likelihood of whether those interest rates would be applicable at the time this issue closed, and legal counsel stated the interest rates would be those in effect on the Texas Water Development Board interest rate scales at the time the closing was authorized and would not necessarily be those presented. Legal counsel further noted their financial advisor had indicated the bond interest rate for both bond issues should match the interest rate outlined in the Voter Information Form of 2.5%. Legal counsel went on to advise this was based upon the District's financial status and credit rating through Standard & Poor's and Moody's.

Executive Session: Pursuant to §551.074, Texas Government Code, the Board moved into executive session at 6:18 p.m. to discuss the equivalency/non-equivalency contractual obligation decision.

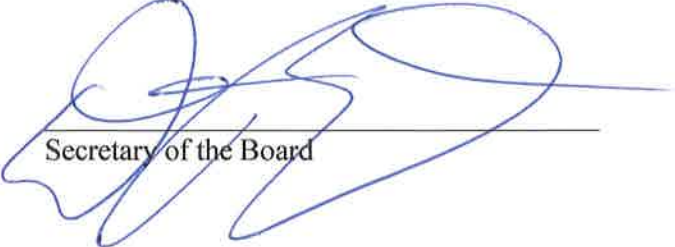
Action of Executive Session. The Board reconvened from executive session at 6:22 p.m. After discussion and upon motion duly made by Director Burk and seconded by Director Pitchford, the Board unanimously directed Mr. Starr and consultants to proceed with filing the Texas Water Development Board Application for Financial Assistance on the Non-Equivalency Program.

Agenda Item No. 5: Public Comments. None.

Agenda Item No. 6: Adjournment. There being no further business, the meeting was adjourned at 6:32 p.m.


President of the Board

ATTEST



Secretary of the Board