

**MAYOR**

Phillip Howard

**COUNCILMEMBERS**

Susan Darst - Absent

Jennifer Nottingham

Geri Poss

Lynn Tiner

Kimberly Verity

**OTHERS**

Harry Drought

Pat Tiner

Claude Yeager

Jeff English

Kelly Dawley

Kirk Mask

Andrew Friedman

Jeffrey Kuhn

**GREY FOREST UTILITIES BOARD OF TRUSTEES MEETING**

**1. CONSIDERATION AND APPROVAL OF A RESOLUTION BY THE GREY FOREST UTILITIES BOARD OF TRUSTEES OF GREY FOREST, TEXAS RELATING TO THE ISSUANCE AND SALE OF OBLIGATIONS BY THE CITY COUNCIL DESIGNATED AS "CITY OF GREY FOREST, TEXAS GAS SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2018"; AND OTHER MATTERS IN CONNECTION THEREWITH**

Chairperson, Harry Drought called the Grey Forest Utilities Board of Trustees Meeting to order at 6:05 p.m. Jeffrey Kuhn stated he is the Bond Counsel handling the captioned financing. Presented this evening is a resolution requiring approval from the Grey Forest Utilities Board of Trustees that relates to the issuance and sale of obligations. Then City Council will need to convene into a Special Council Meeting to approve a resolution and ordinance consenting to the issuance of the refunded obligations. Jeffrey Kuhn reviewed the documents. Grey Forest Utilities Board member, Pat Tiner made the motion "to approve a Resolution by the Grey Forest Utilities Board of Trustees of Grey Forest, Texas relating to the issuance and sale of obligations by the City Council designated as "City of Grey Forest, Texas Gas System Revenue and Refunding Bonds, Series 2018"; and other matters in connection therewith". The motion was seconded by Grey Forest Utilities Board member, Claude Yeager and passed unanimously.

Jeff English provided City Council a System Wide Construction Needs Analysis Presentation that Kelly Dawley completed. He stated it's an ambitious 5-year construction plan. Jeff English introduced Kirk Mask. He stated Kirk was the auditor for Grey Forest Utilities and was later brought on to do monthly calculations, journal entries and provides the monthly report to the Board. He stated Kirk has done a great job for them and he considers him to be a very strong part of their advancement. Kirk Mask explained that the utility currently has two lines of credit; one that's used for operations and the other is used for large construction equipment purchases. Both lines of credit are being paid off as part of this financing. This does not include any new debt. Andrew Friedman with SAMCO introduced himself. He stated they have worked with Jefferson Bank on this project to refinance the construction loans and lines of credit. He provided City Council a comparison from original proposal to final numbers. They have come up with the most economical and beneficial financing for Grey Forest Utilities. They started at 4.75% maturing in 2031. They were able to negotiate with Jefferson Bank to get down to what is much closer to the market. To have a credit as strong as Grey Forest Utilities, they knew they could do better than 4.75%. and are looking to get to 3.70%. They are very confident that they have the best deal in the market. The contract is set up so next time they can come to the public market, you don't have to but it's an option. One of the benefits of going through this process is that they are cleaning up the old bonds since before 1998. Additionally, three loans that were made to Jefferson that should have never been made will be paid off. Legally the utilities can't borrow without the approval of City Council. Going forward, we all know that we can't do that again which is one item the Texas Attorney General will have to approve. Basically, we've stated that we understand that when this was done, they did what they thought was right and all three lines of credit were used with valid purposes but just were not done correctly. The Securities Exchange Commission now requires every division of the United States to disclose local loans and there will be much more focus on what you're doing at the local level. Once the resolutions and ordinance are approved this evening, it will go to the Texas Attorney General for approval stating

they are paying off the three lines of credit to Jefferson Bank and the new money activity. The second part is to recognize the three loans and that they will be paying them off. The documents put the City's name on them since they were not there originally. They will release and terminate all the liens. Moving forward, the only lien that Jefferson Bank will have is documented in the system. There is a stack of documents that have to be signed to send to the Texas Attorney General. This will fund and close on December 18, 2018.

Chairperson, Harry Drought adjourned the Grey Forest Utilities Board of Trustees Meeting at 6:24 p.m.

**SPECIAL CITY COUNCIL MEETING CALLED TO ORDER**

Mayor Howard called the Special City Council Meeting to order at 6:26 p.m.

The meeting was started with the Pledge of Allegiance. Mayor Howard declared a quorum with Council member Nottingham, Council member Verity, Council member Poss and Council member Tiner present.

**1. CONSIDERATION AND APPROVAL OF A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF GREY FOREST, TEXAS CONSENTING TO (i) THE ISSUANCE OF THE REFUNDED OBLIGATIONS AND (ii) THE RELEASE OF ANY MORTGAGE OR OTHER SECURITY INTERESTS RELATING TO THE REFUNDED OBLIGATIONS; AND OTHER MATTERS IN CONNECTION THEREWITH**

Mayor Howard asked for a motion. Council member Poss made the motion "to approve a resolution by the City Council of the City of Grey Forest, Texas consenting to (i) the issuance of the refunded obligations and (ii) the release of any mortgage or other security interests relating to the refunded obligations; and other matters in connection therewith". The motion was seconded by Council member Nottingham and passed unanimously.

**2. CONSIDERATION AND APPROVAL OF AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF GREY FOREST, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF GREY FOREST, TEXAS GAS SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2018"; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS, TOGETHER WITH CERTAIN CURRENTLY OUTSTANDING PRIOR LIEN OBLIGATIONS, BY A PRIOR AND FIRST LIEN ON AND PLEDGE OF THE NET REVENUES OF THE CITY'S NATURAL GAS SYSTEM ON A PARITY WITH CERTAIN CURRENTLY OUTSTANDING OBLIGATIONS; PROVIDING THE TERMS AND CONDITIONS OF SUCH BONDS AND RESOLVING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SUCH BONDS; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, AN ESCROW DEPOSIT LETTER, AND A PURCHASE AND INVESTMENT LETTER; COMPLYING WITH THE LETTER OF REPRESENTATIONS WITH THE DEPOSITORY TRUST COMPANY; AUTHORIZING THE EXECUTION OF ANY NECESSARY ENGAGEMENT AGREEMENTS WITH THE CITY'S FINANCIAL ADVISORS AND/OR BOND COUNSEL; AND PROVIDING AN EFFECTIVE DATE**

Mayor Howard asked for a motion. Council member Poss made a motion "to approve an ordinance by the City Council of the City of Grey Forest authorizing the issuance of "City of Grey Forest, Texas Gas System Revenue and Refunding Bonds, Series 2018"; providing for the payment of the principal of and interest on the bonds, together with certain currently outstanding prior lien obligations, by a prior and first lien on and pledge of the net revenues of the City's Natural Gas System on a parity with certain currently outstanding obligations; providing the terms and conditions of such bonds and resolving other matters incident and relating to the issuance, payment, security, sale, and delivery of such bonds; authorizing the execution of a paying agent/registrar agreement, an escrow deposit letter and a purchase and interest letter; complying with the letter of representations with the depository trust company; authorizing the execution of any necessary engagement agreements with the City's financial advisors and/or bond counsel; and providing an effective date". The motion was seconded by Council member Nottingham and passed unanimously.

There was no further business. Mayor Howard asked for a motion to adjourn. Council member Verity made a to adjourn. The motion was seconded by Council member Tiner and the Special City Council Meeting was adjourned at 6:31 p.m.

These minutes were written/recorded by Shamuan Kinoley.

These minutes were approved as ~~written~~ amended on the 26th day of February, 2019.

Signed:

Phillip A. Howard  
Phillip A. Howard, Mayor