

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF  
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE  
HELD ON THE 1ST DAY OF NOVEMBER, 1977 AT 10:00 A. M.

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The call of the roll disclosed the presence or absence of Directors as follows:

PRESENT

Wayne E. Newton  
Clyde A. Penry  
J. Oliver Shannon  
C. Victor Thornton

Also present were Messrs. John M. Scott, General Counsel for the District; R. M. Doby, Manager of Fiscal Affairs for the District; representatives of First Southwest Company, Financial Advisor; McCall, Parkhurst and Horton, Consultants for the District and Ben Hickey, General Manager of the District.

Director Newton acted in his capacity as President and Director Shannon acted in his capacity as Secretary, whereupon proceedings were had and done as follows:

1.

On motion duly made and seconded, the minutes of the meeting held October 12, 1977 were read and approved by the Directors and it was accordingly ordered that such minutes be placed in the permanent files of the District.

2.

President Newton stated that the purpose of this meeting was to review the Preliminary Official Statement as prepared by the First Southwest Company - financial advisors to the District for a proposed \$49,250,000.00 refunding bond issue and called upon Mr. Frank Medanich who reviewed in detail and at length the preliminary official

statement now presented the Directors for their consideration; and during the review by Mr. Medanich one question, among many asked by the Directors, was for a detailed explanation of use of the proceeds of the refunding bonds in regard to same becoming arbitrage bonds; whereon Mr. Medanich explained the many factors involved in the detailed accounting that is exhibited in the official statement relating to proceeds received from the refunding bond issue. A discussion was requested among the members of the Board, its staff and Counsel, to be held without the presence of the representatives of the First Southwest Company, in order that any questions which the Directors might want to bring up privately could be reviewed. Accordingly, the representatives of the First Southwest Company left the meeting. Thereupon the following occurred:

Director Thornton expressed some concern about the details of the refunding, stating that he was not completely satisfied about the subject and would prefer not to have it determined by vote at this meeting. The other Directors present expressed the review that unless all of the Directors concurred in proceeding with the refunding of the bonds, that such refunding should not be done, and that accordingly the concerns of Mr. Thornton were of interest and the answer to them would be beneficial to the Directors. The representatives of First Southwest Company were then invited to return to the meeting.

Upon their return, Mr. Thornton explained to them certain points in the presentation of the proposed refunding which were not clear to him. These points were discussed by Mr. Medanich, of First Southwest Company, and at the conclusion of the whole discussion Mr.

Thornton expressed the view that his understanding of the several points discussed was not clear.

Mr. Scott, General Counsel for the District, stated to Mr. Medanich and to Mr. Paul Horton of bond Counsel, that the underwriting agreement which had been proposed to the District in connection with the refunding required the District to indemnify the underwriters from any errors or misstatements in the official statement; that the District had not prepared the official statement and that it relied entirely upon the expertise of First Southwest Company and of bonds Counsel. Mr. Medanich relied that he so understood, and that First Southwest Company without any doubt would be a defendant in any suit which might be filed and which involved errors or omissions in the official statement.

Mr. Scott than asked Mr. Medanich to state, in behalf of the First Southwest Company, that it would not receive any funds directly or indirectly as a result of the refunding except the fee paid by the District to the First Southwest Company for its services. Mr. Medanich unhesitatingly affirmed that this was correct.

3.

There being no further business before the Board of Directors, the meeting adjourned.

  
Secretary

  
President