

RESOLUTION REGARDING THE ISSUANCE OF CAPITAL APPRECIATION BONDS IN CONNECTION WITH THE PEASTER INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2018A AND UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2018B

WHEREAS, at an election in the Peaster Independent School District (the "Issuer") held on May 5, 2018 (the "Election"), the voters of the Issuer approved the issuance of unlimited tax bonds by the Issuer in the aggregate principal amount of \$5,950,000, pursuant to the following proposition:

“Shall the Board of Trustees of the Peaster Independent School District be authorized to issue the bonds of the District, in one or more series, in the aggregate principal amount of \$5,950,000 or the purpose of acquiring, constructing, renovating and equipping school facilities within the District and the purchase of school buses; with the bonds to mature, bear interest, and be issued and sold in accordance with law at the time of issuance; and shall the Board of Trustees be authorized to levy and pledge, and cause to be assessed and collected, annual ad valorem taxes, on all taxable property in the District, sufficient, without limit as to rate or amount, to pay the principal of and interest on the bonds and the cost of any credit agreements executed in connection with the bonds?”

WHEREAS, since the date of the Election, interest rates in the municipal bond market have risen; and

WHEREAS, in order to issue the Bonds within constraints established by Texas law, particularly Section 45.0031, Texas Education Code, the District determines that it is in the best interest to issue a portion of the Bonds as bonds that accrue and compound interest from their date of delivery, the interest on which by its terms is payable only upon maturity or prior redemption (“Capital Appreciation Bonds”); and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE PEASTER INDEPENDENT SCHOOL DISTRICT:

Section 1. This Resolution is passed and approved by the Board of Trustees (the “Board”) of the Issuer pursuant to Section 1201.0245, Texas Government Code, as amended. This Resolution relates to the issuance of its Unlimited Tax School Building Bonds, Series 2018A (the “2018 Bonds”) and Unlimited Tax School Building Bonds, Series 2018B (the “2018B Bonds”). The 2018A Bonds and 2018B Bonds are collectively referred to herein as the Bonds.

Section 2. The Board hereby makes approves the following findings in connection with the issuance of a portion of the Bonds as Capital Appreciation Bonds:

- A. the 2018A Capital Appreciation Bonds have a scheduled maturity date of August 15, 2024 through August 15, 2027 and the 2018B Capital Appreciation Bonds

have a scheduled maturity date of August 15, 2028 through August 15, 2036, which is not later than twenty years after the date of issuance;

B. the Board has received a written estimate of the cost of the issuance, as follows:

- i. the amount of principal and interest to be paid until maturity of the 2018A Bonds is \$4,409,720.83, and the amount of principal and interest to be paid until maturity of the 2018A Capital Appreciation Bonds is \$1,850,000.00;
- ii. the amount of principal and interest to be paid until maturity of the 2018B Bonds is \$3,843,943.27, and the amount of principal and interest to be paid until maturity of the 2018B Capital Appreciation Bonds is \$1,638,243.27
- iii. at the time of this Resolution, the amount of fees to be paid to outside vendors, including vendors who sell products to be financed by the bond issuance are as follows:
 - a. Architect: Huckabee Architects \$120,000
 - b. Construction Manager: WB Kilber \$1,500,000
 - c. DBJD Bleachers \$150,000
 - d. CPR Group \$230,000
 - e. Schneider Electric \$3,000,000
- iv. the amount of fees to be paid to each financing team member are as follows:
 - a. George K. Baum & Company (Financial Advisor to the Issuer): \$106,221.08 , one-time fee
 - b. McCall, Parkhurst & Horton, L.L.P. (Bond Counsel to the Issuer): \$35,761.29 , one-time fee
 - c. RBC Capital Markets, LLC (Underwriter): \$17,911.48, one-time fee
 - d. Frost Bank (Underwriter): \$11,940.98, one-time fee
 - e. Kelly Hart & Hallman LLP (counsel the Underwriter): \$3,449.85, one-time fee paid for by the underwriter
 - f. UMB Bank (Paying Agent/Registrar):\$800, annually for the life of the Bonds

- g. Standard & Poor's Rating Services (Rating Agency): \$7,759/26 , one-time fee
 - h. Clements Printing Company (Official Statement printing): \$443.39 , one-time fee
 - i. Texas Education Agency (Permanent School Fund Guarantee): \$3,000, one-time fee
 - j. Ken Paxton, Texas Attorney General): \$5,916.29 , one-time fee
- v. the projected tax impact of the bonds and the assumptions on which the calculation of the projected tax impact is based is as follows:

Assessed Valuation: Not less than \$341,972,619

Percentage of Tax Collections: 98%

Projected I&S Tax Rate Required for ALL Bond Debt:

Current Tax Rate: \$0.4721 per \$100 assessed valuation

Projected Maximum Tax Rate: \$0.498 per \$100 assessed valuation
(2018-2019 F/Y)

Projected Tax Rate Required for Years When CABs Mature:

CAB Maturing 8-15	Total Projected I&S Tax Rate
2024	\$0.4125
2025	\$0.3966
2026	\$0.3797
2027	\$0.3736
2028	\$0.3329
2029	\$0.3314
2030	\$0.3286
2031	\$0.3365
2032	\$0.3032
2033	\$0.3041
2034	\$0.3047
2035	\$0.1941
2036	\$0.0602

C. The Board hereby determines that there is no personal or financial relationship existing between the members of the Board and the Issuer's financial advisor,

bond counsel, underwriter, or other professional associated with the bond issuance listed in Section 2(B)(iii) above;

- D. the Board hereby acknowledges and agrees that it has posted prominently on the District's Internet website and hereby enters this Resolution, in its entirety, in the minutes of the Board at which this Resolution is approved, the following:
- i. the total amount of the 2018A Bonds is \$3,699,428.8 and the total amount of the 2018B Bonds is \$2,177,877.15;
 - ii. the length of maturity of the 2018A Bonds is 9 years and the length of maturity of the 2018B Bonds is 25 years;
 - iii. the projects to be financed with the Bond proceeds are the following projects approved by the voters at the Election: constructing a new fieldhouse and weight room; constructing new athletic lighting and track surface; band equipment; constructing a C&C lab; air conditioning for the AG shop; expanding the elementary cafeteria and renovating restrooms; purchasing busses; security and tech upgrades; HVAC upgrades at all three campuses.
 - iv. the intended use of bond proceeds not spent after completion of the projects identified in 2(D)(iii) above shall be spent for the construction, acquisition, renovation and equipping of other school facilities in the District, as approved by voters in the Election;
 - v. the total amount of the Issuer's outstanding bonded indebtedness at the time of the Election, including the amount of principal and interest to be paid on existing bond indebtedness until maturity is \$24,984,125;
 - vi. the total amount of the Issuer's outstanding bonded indebtedness, which includes the Bonds is \$23,128,243.27, and the amount of principal and interest to be paid until maturity is \$31,484,851.60;
 - vii. the information received under Section 2(B) above and determined under Section 2(C).

Section 3. The Board that has determined that no personal or financial relationship described by Section 2(C) and therefore has not been required to submit any determination to the Texas Ethics Commission.

Section 4. The Board shall regularly update the debt information posted on the Issuer's Internet website under Section 2(D)(vi) to ensure that the information is current and accurate.

Section 5. Proceeds from the portion of Bonds issued as Capital Appreciation Bonds are not being expended to purchase any of the following items: items more regularly considered maintenance items, including replacement HVAC units, upgraded plumbing, or similar items; or transportation-related items, including buses nor to purchase any item with an expected useful

life, determined based on the depreciable life of the asset under the Internal Revenue Code of 1986, that is less than the bond maturity date.

Section 6. The Board acknowledges and agrees that proceeds from the Capital Appreciation Bonds unspent after completion of the projects identified as the proceeds' intended use may be used only for a use identified on the political subdivision's website under Section 2(D)(iv), unless another use is approved by the voters of the Issuer at an election held for that purpose.


Section 7. The total amount of the Capital Appreciation Bonds does not exceed 25 percent of the Issuer's total outstanding bonded indebtedness at the time of the issuance, including the amount of principal and interest to be paid on the outstanding bonds until maturity as follows:

Estimated total outstanding debt (principal and interest)	<u>\$33,020,776.60</u>
Maturity Value of the CABs	<u>\$3,505,000.00</u>
CABs as a percentage of the total	<u>10.61%</u>

Section 8. This Resolution shall become effective immediately upon adoption.

Execution page follows.

SIGNED AND SEALED ON August 2, 2018.



Secretary, Board of Trustees



President, Board of Trustees

[DISTRICT SEAL]



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