



Special Meeting Minutes

December 10, 2012 – 11:00 A.M.

Orange County Water Control & Improvement District No. 1 Board Room
460 E Bolivar Street, Vidor, Texas

Robert Viator President
Billy Perkins Vice-President
Tim Beard Secretary
Percy Foreman Director
Frank Inzer-absent Director

Darlene Jackson General Manager
David LeJune Operations Manager
Chris Serres Financial Director

Others Attending: Andrew Friedman, Southwest Securities;
Norman Blackman

The O.C.W.C & I.D #1 Administrative office is wheelchair accessible. Sign interpretation or other special assistance for disabled attendees must be requested 48 hours in advance by contacting the General Manager's Office at 409.769.2669.

Call to Order

The meeting was called to order by President Robert Viator at 11:00 a.m. on December 10, 2012.

Special Meeting

1. CONSIDERATION AND APPROVAL OF AN ORDER BY THE BOARD OF DIRECTORS OF THE ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1 AUTHORIZING THE ISSUANCE OF "ORANGE COUNTY WATER CONTROL

AND IMPROVEMENT DISTRICT NO. 1 REVENUE REFUNDING BONDS, SERIES 2013"; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS BY A JUNIOR LIEN ON AND PLEDGE OF THE NET REVENUES OF THE DISTRICT'S WATERWORKS AND SANITARY SEWER SYSTEM; PRESCRIBING THE FORM, TERMS, CONDITIONS, AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, AND DELIVERY OF THE 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; AND PROVIDING AN EFFECTIVE DATE

2. CONSIDERATION AND APPROVAL OF AN ORDER BY THE BOARD OF DIRECTORS OF THE ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1 AUTHORIZING THE ISSUANCE OF "ORANGE COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1 UNLIMITED TAX REFUNDING BONDS, SERIES 2013"; LEVYING A CONTINUING DIRECT ANNUAL AD VALOREM TAX FOR THE PAYMENT OF THE BONDS; PRESCRIBING THE FORM, TERMS, CONDITIONS, AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, AND DELIVERY OF THE 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; AND PROVIDING AN EFFECTIVE DATE

President Viator stated that the first order of business before the Board was the consideration and approval of an order by the Board of Directors of the Orange County Water Control and Improvement District No. 1 authorizing the issuance of "Orange County Water Control and Improvement District No. 1 Revenue Refunding Bonds, Series 2013"; providing for the payment of the principal of and interest on the bonds by a junior lien on and pledge of the net revenues of the District's waterworks and sanitary sewer system; prescribing the form, terms, conditions, and resolving other matters incident and related to the issuance, sale, and delivery of the 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; and providing an effective date.

Robert Viator then presented Andrew Friedman to the Board of Directors to make presentation regarding the refinance of the 2003 Revenue Note.

Andrew Friedman introduced himself to the Board of Directors stating that he is employed by Southwest Securities and works with Mark McLiney.

Mr. Friedman presented the Board with an outline regarding both the Tax Supported Debt (Agenda Item #2) and the Revenue Supported Debt (Agenda Item #1). He then stated that he would begin by briefing the Board on the second portion of the outline which is the Revenue Supported Debt Table.

Mr. Friedman went on to explain that Column 2 on the outline depicts Revenue Notes, Series 2001 which are the notes that are being considered for refunding. He added that the middle column depicts the 2013 Refunding Bonds that are before the Board for consideration at this meeting. Mr. Friedman made a verbal correction to note that the column states "2012" and should read "2013". He went on to explain that the far right column depicts the savings which, for this single issue, will be \$108,350.00 with no

extension to the maturity dates. He added that the current issue matures in 2021 and the refunding bonds will mature in 2021.

Andrew then reminded the Board that Mark McLiney of Southwest Securities had previously met with the Board regarding refunding of the General Obligation Bonds Series 2003 and the Revenue Notes Series 2001 where the Board had set forth parameters of a combined savings of \$175,000.00 with expenses not to exceed \$50,000.00 for a combined net savings of \$125,000.00. He directed the Board's attention to the top portion of the outline where the savings regarding the refunding of the General Obligations Bonds is depicted. He stated that when you add the \$92,402.00 savings on the GO Refunding and the savings of \$108,350.00 on the Revenue Notes Refunding there is a combined total of \$200,752.00 in savings. He further stated that the total savings of \$200,752.00 minus the Cost of Issuance at \$50,000.00 leaves a net savings of \$150,752.00 which does fall in the parameters set previously by the Board of Directors.

Robert Viator asked if the total expense for the refunding of the GO Bonds and the Revenue Notes was \$50,000.00 combined.

Mr. Friedman stated that the cost of issuance is \$25,000.00 for each refinance. He then added that as previously directed by the Board, the refinancing of the GO Bonds and the Revenue Notes will meet and exceed the parameters set by the Board.

Darlene Jackson, District Manager, then asked how the cost of issuance is determined.

Mr. Friedman stated that the cost of issuance is determined by contract between the Orange County Water Control & Improvement District No. 1 and Southwest Securities.

He then stated that he would be happy to answer any other questions regarding the refinance of the Revenue Notes Series 2001 or the General Obligation Refunding Bonds, Series 2003.

Robert Viator reiterated that the savings on the General Obligation Refunding Bond will be \$92,402.00 and the savings on the Revenue Notes Series 2001 will be \$108,350.00 for a combined savings of \$200,752.00 for clarification purposes.

Mr. Friedman responded Mr. Viator's statement was correct.

Mr. Viator then asked how the savings dropped to \$150,752.00

Mr. Friedman responded that the \$150,752.00 was the net savings after expenses.

Mr. Viator added that he felt that the issuance cost was too expensive for the minimal savings of \$200,000.00 and that he would talk with Mr. McLiney regarding this cost.

Mr. Friedman responded that the same amount of work goes into refinancing bonds regardless of the transaction size.

Mr. Viator stated that he did understand.

Mr. Viator then asked Larry Hunter, Attorney, if the Board could consider both agenda items with one voted.

Mr. Hunter responded that the Board could consider both agenda items simultaneously.

Robert Viator then called for a motion regarding the consideration and approval of an order by the Board of Directors of the Orange County Water Control and Improvement District No. 1 authorizing the issuance of "Orange County Water Control and Improvement District No. 1 Revenue Refunding Bonds, Series 2013"; providing for the payment of the principal of and interest on the bonds by a junior lien on and pledge of the net revenues of the District's waterworks and sanitary sewer system; prescribing the form, terms, conditions, and resolving other matters incident and related to the issuance, sale, and delivery of the bonds; authorizing the execution of a paying agent/registrars agreement, an escrow deposit letter, and a purchase and investment letter; complying with the letter of representations with the depository trust company; and providing an effective date and regarding the consideration and approval of an order by the Board of Directors of the Orange County Water Control and Improvement District No. 1 authorizing the issuance of "Orange County Water Control and Improvement District No. 1 Unlimited Tax Refunding Bonds, Series 2013"; levying a continuing direct annual ad valorem tax for the payment of the bonds; prescribing the form, terms, conditions, and resolving other matters incident and related to the issuance, sale, and delivery of the bonds; authorizing the execution of a paying agent/registrars agreement, an escrow deposit letter, and a purchase and investment letter; complying with the letter of representations with the depository trust company; and providing an effective date. A motion was made by Tim Beard and was seconded by Billy Perkins to approve refunding the General Obligation Bonds, Series 2003 to now become General Obligation Refunding Bonds, Series 2013 in the amount of \$1,870,241.00 and the Revenue Notes, Series 2001 to now become Revenue Refunding Bonds, Series 2013 in the amount of \$1,335,230.00 for a total combined net savings of \$150,752.00 as presented by Southwest Securities. All Voted Aye.

Larry Hunter then interjected that he would like to bring the Board up to date regarding the Notice to Purchasers as well as the boundaries. He stated that he was prepared to present an update regarding the boundaries at the next Board meeting but will postpone that presentation until the January Board meeting because the refinancing of these two bonds will change both the Notice to Purchasers and the designation of the District boundaries because in that designation of District boundaries we have to state what our bonded obligations are and it would be silly to do this in December when these figures will change in January.

3. Consideration of authorizing the District to maintain the TCDRS Retirement Plan Provisions for the plan year 2012.

Robert Viator stated that the next order of business before the Board was to consider the adoption of the Texas County & District Retirement System (TCDRS) plan for 2013 for District employees.

Darlene Jackson, General Manager, stated that the renewal of the TCDRS plan was an annual obligation regardless of whether or not there are any changes to the plan. She then added that she was not recommending any changes plan at this time.

Robert Viator asked how much expense to the District was there in providing for employee retirement annually.

Chris Serres, Finance Director, replied that she did not have the figure with her but would provide that information to him.

A motion was made by Billy Perkins and was seconded by Percy Forman to approve the Texas County & District Retirement System Plan for the 2013 calendar year with a required employer contribution rate of 4.16%. All Voted Aye.

4. Adjournment.

4. Adjournment.

A motion was made by Billy Perkins and was seconded by Percy Foreman to adjourn the meeting at 11:10 a.m. All Voted Aye.



Robert Viator, President



Tim Beard, Secretary