

**WHITE OAK CITY COUNCIL
REGULAR MEETING
WHITE OAK CITY HALL
MARCH 12, 2013
6:00 P.M.**

MEMBERS PRESENT : Mayor Pro-Tem Barbara Ray, Lance Noll, Kyle Kutch, Charlie Owens, Kelly Mitchell

MEMBERS ABSENT : Mayor Rick May

STAFF PRESENT : Charlie Smith, Sherry Roberts, Mike Self, Debbie Sadler, Billy Morgan

CALL TO ORDER

Mayor Pro-Tem Ray called the meeting to order at 6:00 p.m. City Coordinator Charlie Smith led the invocation and Councilmember Noll led the Pledge of Allegiance.

CONSENT AGENDA

- A. Consider and/or approve payment of bills.
- B. Consider and/or approve City Council minutes from February 12, 2013
- C. Consider and/or approve WOEDCO Board minutes from November 27, 2012.
- D. Consider and/or approve Ordinance #2013-04; Cancellation of City Officers Election

Councilmember Mitchell made the motion to approve, seconded by Councilmember Kutch. Carried unanimously.

CITIZEN COMMENTS

None.

(Mayor Pro-Tem Ray moved the proclamation item after the audit presentation.)

PRESENTATION of City of White Oak Audited Financial Statements for fiscal year 2012 by Karen A. Jacks & Associates

Karen Jacks presented the Council with the 2012 financial statements. They opined that the statements are accurate, well presented, and have the highest level of opinion that an independent auditor can provide. Ms. Jacks congratulated the City for this achievement. She stated there were no material weaknesses in internal control or any instances of non-compliance.

The general fund ended last fiscal year with just over \$2.7 million, mostly unassigned which means that it is totally at the council's discretion how that money can be used. Restricted funds were just under \$30,000 which was comprised of municipal court technology and building security fees, and cable PEG franchise fees.

The water and sewer fund ended the fiscal year with just over \$8 million in total net assets. About \$7 million of this is represented in fixed assets, which obviously are not spendable. There is also

money in this fund that is restricted for debt service and grant funds. There was \$878,000 of unrestricted funds in the water and sewer fund.

In regards to financial performance, these were the highlights for the year. Ms. Jacks stated they also provided a communication of the outcome of the audit and simply had a good experience with the staff. She did issue a brief management letter which addresses an improvement needed in operation regarding past due water bills. Auditing staff saw an indication that the dollar value of unpaid accounts were increasing and there was not a consistent cut-off policy. In their opinion, the policy is somewhat subjective and too generous which is causing an increase in the uncollected account balance. Ms. Jacks suggested the Council adopt an official cut-off policy and those that may not be cut off on a monthly basis would be limited exceptions only, rather than the rule which should provide better performance in water account collections. City Coordinator Smith stated he has written a policy on this and will bring it before the council at the next meeting.

PRESENTATION of National Poisoning Prevention Week Proclamation.

Mayor Pro-Tem Ray read the proclamation aloud for the audience.

CONSIDER AND/OR APPROVE Financial Advisory Services Agreement with Southwest Securities.

Councilmember Kutch questioned if the fee was \$50,000. City Coordinator Smith stated this fee is figured into the Certificate of Obligation. John Martin from Southwest Securities explained this agreement must be in place with the City before the next item can be approved. This amount also pays the attorney, the rating agency, the attorney general, etc.

Councilmember Noll made the motion to approve, seconded by Councilmember Kutch.

John Martin with Southwest Securities explained to the Council what their agreement details. SWS arranged for the City to get a rating from Standard & Poor's Rating Agency. SWS provided several options on the Certificate of Obligation and their job is to assist us with the sale. The Notice of Intent was published in a timely manner. Mr. Martin stated they received seven bids on the bonds ranging from 2.8-3.1%. SWS disseminated the bidding and disclosure information, answered a lot of calls and questions regarding the sale, walked some uninformed bidders through the bidding process, verified that the computation is correct on lowest bidder, they hope to close issue in April, will provide closing procedures, and SWS will prepare offering documents and bid specs. There is a lot of work goes into issuing Certificates of Obligation.

Councilmember Owens explained how it was not the Council's intent to put SWS on defense, but it would have been easier to understand if these two agenda items were reversed. Mr. Martin responded that SWS cannot have a deep conversation until engaged and could get in trouble if SWS is not engaged before presentation. This is a 3-yr agreement and there is still a lot of work to be done after the sale of the Certificate of Obligation.

Carried unanimously.

CONSIDER AND/OR APPROVE Ordinance 2013-05 Authorizing the issuance and sale of City of White Oak, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2013; levying an annual ad valorem tax and providing for the security for and payment of said certificates;

approving an official statement; providing an effective date; and enacting other provisions relating to the subject.

John Martin and Joey Dierker with Southwest Securities and Bond attorney from McCall, Parkhurst, & Horton, Jeff Gulbas addressed the Council. Mr. Dierker stated they had a successful bond sale today. Bonds were purchased by BOSC, Inc. and were 20-year bonds with an average credit rating of A. Standard & Poor's issued an A+ rating for the City which shows a significant improvement. S&P's rating was very positive and highlighted the City's small amount of debt and stated the City has a very strong financial position which is a result of responsible budgeting.

Mr. Martin explained the bid tabulations and the variety of bidders. He stated it was a good, competitive sale with seven bids. He stated the excitement about the number of bids and it spoke real highly of the A+ rating for a rural community. An A+ rating is a big deal, is competitive, and gets people's attention. BOSC bid this and purchased the bond insurance at their option. The City is not paying for the insurance. BOSC spent \$26,000 for insurance to increase the bond to a AA rating. There is a newer insurance company called Build America Mutual (BAM) and if the City fails to pay the bond, the insurance company pays BOSC and pursues the City for repayment. Mr. Martin congratulated the City on the successful bidding process.

Councilmember Noll questioned Mr. Martin if it was a rarity for cities our size to have a A+ rating. Mr. Martin answered that it is a very strong rating for a city our size and when you get to a AA rating, a new plateau is reached which is usually seen in the larger cities like Longview, but White Oak is real close to big brother next door. When you compare Longview's tax and economic base with ours, it is very impressive. He stated City Coordinator Charlie Smith and City Secretary Sherry Roberts did a super job talking with Standard & Poor's. He explained the details of issue: dated April 1, 2013 and closing on April 10, 2013. The first interest payment is capitalized so the payment will not have to be made until next fiscal year. The interest is payable semi-annually, principal is annually. With SWS's opinion of a firm market, the bonds have a 9- year callable option which benefits the City. The true interest cost is 2.7967% with an insured rating of AA.

Motion to approve 2013 Series Certificate of Obligation made by Councilmember Noll, seconded by Councilmember Kutch. Carried unanimously.

EXECUTIVE SESSION in accordance with Texas Government Code, Subchapter D, Section 551.071 Consultation with Attorney regarding pending or contemplated litigation with Red River Construction.

Mayor Pro-Tem Ray and Council exited open session and went into closed session at 7:15 p.m.

RECONVENE INTO OPEN SESSION to Consider and/or Act upon any deliberation regarding the pending or contemplated litigation with Red River Construction.

Mayor Pro-Tem and Councilmembers reconvened into open session at 7:30 p.m. There will be no action taken on this item.

CONSIDER AND/OR APPROVE softball and baseball contracts with the White Oak Baseball Association.

Mayor Pro-Tem Ray stated this item will be postponed until a later date.

CITY COORDINATOR ITEMS

A. Capital Projects

The 6" water line upgrade started on north White Oak Road which replaces some 2" lines to and offers a greater water flow.

The new sidewalk at ballpark area is completed which is a part of the walking trail where the mud hole was.

The Penick park ADA inspection was performed. Three minor items had to be done. A sign had to be put up, an area had to be re-asphalted, and the ADA parking grids had to be painted. Payment is around 95% complete on this project. There are many compliments on the park and pond.

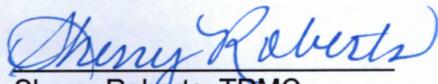
Councilmember Kutch questioned if the Taylor land purchase was complete. Mr. Smith answered that closing should be this week.

ADJOURNMENT

Motion to adjourn at 7:35 p.m. by Councilmember Owens, seconded by Councilmember Mitchell. Carried unanimously.



ATTEST:


Sherry Roberts, TRMC
City Secretary



Mayor Pro-Tem Barbara Ray