

BOARD OF DIRECTORS

NOTICE OF MEETING

Workshop Minutes

March 31, 2014– 5:30 pm

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

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

Norman Blackman General Manager
David LeJune Operations Manager
Karen Sampson Office Manager
Chris Serres Financial Director

Others: George Garza, Vidor Vidorian

Members of the audience are requested to step outside the Board Room to respond to a page or to conduct a phone conversation.

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

Robert Viator, Board President, called the meeting to order at 5:30, with a quorum present.

MEETING AGENDA

1. Discussion of goals for further development of Contingency Fund, Special Projects Fund and the disposition of surplus monies in the re-financed 2001 Revenue Note Account and 2001 Revenue Note Reserve Account.

Mr. Blackman presented the options for the Board to discuss regarding the surplus monies available. The \$302,242.00 in surplus funds, from the 2001 Revenue Note and Revenue Note Reserve accounts. We can move this money to any account the Board sees a need. Some options Mr. Blackman presented to the Board are to pay this amount on the 2013 Revenue Bond Note, which is the Note that replaced the 2001 Note. Another option would be to add the money to the Contingency Fund. While another would be to let that money pay the shortfall on the 2009 Revenue Note Account, that is collected on the water bills, currently at \$8 per water and sewer

connection, with the Out of District being twice that amount. It could be put in General Operating fund to stave off a rate increase for one more year. This could cause us to have to have a larger rate increase, later.

Mr. Viator is in favor of leaving the money where it is currently, to see what the District's year end looks like.

The Board concurred with Mr. Viator to not place the money for a specific use at this time.

\$165,000 in excess funds from the Customer Meter Account is the seed money for the Special Projects Fund. One project Mr. Blackman presented as an example: replacing the old 2" cast iron water lines in the Western part of the District.

We have moved the Contingency account to its own fund. The Contingency Fund needs to have an intended goal amount. Mr. Blackman reminded the Board of \$800,000 had been stipulated for upgrading the District's infrastructures.

Mr. Viator stated the \$800,000 was not specifically allocated to do improvements, it was also to pay bond project costs, before our bond money came in. Mr. Blackman responded that he did not have information regarding, his understanding in meeting with the staff was the \$800,000 was strictly set aside for District projects not covered by Bond projects. There are several problem areas in the District that need to be addressed. Mr. LeJune and Ms Serres stated that their understanding was that the \$800,000 was allocated for District use.

The District's water and sewer budget is approximately \$80,000 under the anticipated budgeted amount.

2. Discussion regarding serving in-District properties that are currently not being served.

Mr. Blackman stated that the next agenda item go hand in hand. Questions have been asked if after our Treatment Plant and Well #7 are completed if the District will have capacity to address development. The widespread thinking is that if there is growth, it would be to the North. Mr. Blackman would like input from the Board regarding those queries. Mr. Blackman presented the District and CCN boundaries. Inside the CCN we have some obligation to serve, but not at no cost to the District. Our internal policies would apply to any request made to the District. Mr. Viator stated that there are properties in District that have been paying taxes that do not have services. Those areas are the most expensive to serve, this is why these areas have not been served before. Mr. Viator would like to have some idea of the areas that need service and the cost of that service. These situations will have to be considered on a case by case basis.

Mr. Blackman stated capacity studies may be a thing of the past, the District should know our capacity, and be able to answer the question of capacity. The developer will be responsible for the cost of installing water and sewer lines. Mr. Blackman stated that the developers should be reimbursed part of the cost, as new customers apply

for service, using the lines laid for the new development. The plans and specifications will have to be approved by the Board before the developers can proceed with the construction. This could encourage developers to look at Vidor as a more valuable place to consider.

Mr. Blackman stressed the importance of having a master plan in place as to what size lines will be or should be laid for future use.

In essence, the District needs to develop a master plan.

3. Discussion regarding serving out-of-District properties that are currently not being served.
 - a. Areas in the District CCN.
 - b. Areas outside the District CCN.

The Board is intent on serving the in-District customers if at all possible.

The out-of-District customers

Mr. Blackman presented the current capacity information to the Board, so they can make an informed decision on serving new customers. Mr. Blackman's opinion is that the District has enough additional capacity to grow.

The Board is of the opinion that to attract industrial growth in Vidor, they would not be opposed to considering a tax reduction.

Mr. Blackman takes from the discussion that the Board is not opposed to considering new development, and he and Mr. Lejune will put together some plans.

4. Review policy or procedure for billing/collection/assessment of fees.

Mr. Blackman presented information on the current billing procedures.

Mr. Blackman agrees that the process takes too long, and states that there are ways to lessen the length of time. Some possibilities would be to break the District into portions and bill multiple times a month. The Board indicates it is in favor of implementing steps to collect our revenues in a more timely manner.

5. Discussion regarding the financial impact of allowing properties to be petitioned into the District.

Mr. Blackman presented the information regarding petitioning land into the District. There have been only 23 residents petition their land into the District, in the last 6 years.

Currently the out-of District customers pay double the monthly user rates, as opposed to paying property taxes. They also pay double the Revenue Note Payment (RNP),

for the same reason. Mr. Blackman points out that every time a property is petitioned into the District, we lose the extra amount paid toward the RNP. This could impact our collection over the years, if too many residents petition in.

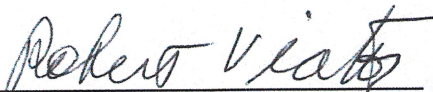
Mr. Blackman presented the comparison of paying property taxes versus double billing for out-of-District customers. This shows the difference in the two amounts. Mr. Viator stated that he thinks we should do away with this practice. Mr. Inzer stated that the out-of-District customers knew when they petitioned into the District that the bills were double in-District bills.

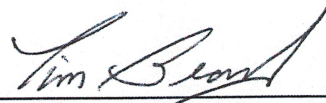
6. Discussion regarding policy for providing water for temporary use by landlords.

The Board discussed the on to clean fee of \$50, plus billing the water used, currently being charged to the landlords. Mr. Foreman asked Mr. Viator what he thought the charge should be. Mr. Viator stated he thought the \$50 was sufficient, in his opinion. The best option is to continue the ongoing practice. The rental properties generate a large part of our revenue.

7. Adjournment

Meeting adjourned at 7:30 P.M.


Robert Viator, President


Tim Beard, Secretary