

NAVARRO COUNTY COMMISSIONER'S COURT

A Special meeting of the Navarro County Commissioner's Court was held on Tuesday, the 16th day of July, 2013 at 9:00 a.m., in the Basement Conference room of the Navarro County Courthouse in Corsicana, Texas. Presiding Judge HM Davenport, Commissioners Present Jason Grant, Dick Martin, David Warren, and James Olsen.

1. 9:08 A.M. Motion to convene by Comm. Olsen sec by Comm. Warren  
All voted aye motion carried
2. Opening prayer by Commissioners Grant
3. Pledge of Allegiance
4. Motion to approve contract with Estrada-Hinojosa and Company, Inc for Financial Advisory Services for Courthouse Restoration Project by Comm. Martin sec by Comm. Olsen  
**TO WIT PG 696A-702**  
All voted aye motion carried
5. Motion to approve Contract with McCall, Parkhurst & Horton, LLP for Bond Counsel Services for the Courthouse Restoration Project by Comm. Olsen sec by Comm. Warren  
**TO WIT PG 703-707**  
All voted aye motion carried
6. Budget Workshop-Kathy Hollomon gave overview of 2013-2014 budget  
Motion to recess until 1:30 p.m. by Judge Davenport sec by Comm. Warren  
All voted aye motion carried  
1:35 p.m. Motion to come out of recess by Comm. Olsen sec by Comm. Martin  
All voted aye motion carried  
Russell Hudson County Tax Assessor presented salary increase of \$2400 for all employees on behalf of District Attorney Lowell Thompson, District Judge James Lagomarsino, County Court at Law Judge Amanda Putman, District Clerk Josh Tackett, County Clerk Sherry Dowd, EA Danda Parker, Sheriff Elmer Tanner, JP's Connie Hickman, Kirby Hill, Vicky Gray, & Jackie Freeland, P & Z Phil Seely, and Tax Office Russell Hudson  
Budget Workshop con't: Sheriff Tanner presented budget with Morris Steward and Brett Latta covered Sheriff Dept, Jail, & Communications
7. Motion to adjourn by Comm. Martin sec by Comm. Grant  
All voted aye motion carried

I, SHERRY DOWD, NAVARRO COUNTY CLERK, ATTEST THAT THE FOREGOING IS A TRUE AND ACCURATE ACCOUNTING OF THE

COMMISSIONERS COURT'S AUTHORIZED PROCEEDING FOR JULY 16TH  
2013.

SIGNED \_\_\_\_\_ 16th \_\_\_\_\_ DAY OF JULY 2013.

  
SHERRY DOWD, COUNTY CLERK



**AGREEMENT FOR FINANCIAL ADVISORY SERVICES**  
**By and Between**

**NAVARRO COUNTY, TEXAS**  
**(Hereinafter referred to as the "Issuer")**

**And**

**ESTRADA HINOJOSA & COMPANY, INC.**

It is understood that the Issuer will have under consideration from time to time the authorization and issuance of indebtedness in amounts and forms which cannot be determined and that in connection with the authorization, sale, issuance and delivery of such indebtedness of the Issuer, we have been requested to submit a proposal to provide professional services to the Issuer in the capacity of Financial Advisor. We are pleased to comply with this request and submit the following proposal for consideration. This proposal, if accepted by the Issuer, shall become the agreement (the "Agreement") between the Issuer and Estrada Hinojosa & Company, Inc. effective at the date of its acceptance as provided for herein below.

**I.**

This Agreement shall apply to any and all evidences of indebtedness or debt obligations that may be authorized and issued or otherwise created or assumed by the Issuer (hereinafter referred to collectively as the "Debt Instruments") from time to time during the period in which this Agreement shall be effective.

**II.**

We agree to provide our professional services and our facilities as Financial Advisor and agree to direct and coordinate all programs of financing as may be considered and authorized during the period in which this Agreement shall be effective and to assume and pay those expenses set out in Appendix A, provided, however, that our obligations to pay expenses shall not include any costs incident to litigation, mandamus action, test case or other similar actions.

**III.**

We agree to perform the following duties normally performed by financial advisors and all other duties as, in our judgement, may be necessary or advisable:

1. We will conduct a survey of the financial resources of the Issuer to determine the extent of its capacity to authorize, issue and service debt. This survey will include an analysis of existing debt structure as compared with the existing and projected sources of revenues which may be pledged to secure payment of debt service and, where appropriate, will include a study of the trend of the assessed valuation, taxing power and present and future taxing requirements of the Issuer. In the event revenues of existing or projected facilities operated by the Issuer are to be pledged to repayment of the Debt Instruments then under consideration, the survey will take into account any outstanding indebtedness payable from the revenues thereof, additional revenues, as projected by consulting engineers employed by the Issuer, resulting from

improvements to be financed by the Debt Instruments under consideration. We will also take into account future financing needs and operations as projected by the Issuer's staff and consulting engineers or other experts, if any, employed by the Issuer.

2. On the basis of the information developed by the survey described above, and other information and experience available to us, we will submit to the Issuer our recommendations on the Debt Instruments under consideration including such elements as the date of issue, interest payment dates, schedule of principal maturities, portions of prior payment, security provisions, and any other additional provisions designed to make the issue attractive to investors. All recommendations will be based upon our professional judgement with the goal of designing Debt Instruments which can be sold under terms most advantageous to the Issuer and at the lowest interest cost consistent with all other considerations.

3. We will advise the Issuer of current bond market conditions, forthcoming bond issues and other general information and economic data which might normally be expected to influence interest rates or bidding conditions so that the date of sale of the Debt Instruments may be set at a time which, in our opinion, will be favorable.

4. We understand the Issuer has retained, or will retain, firms of municipal bond attorneys (the "Bond Counsel") whose fees will be paid by the Issuer. In the event it is necessary to hold an election to authorize the Debt Instruments then under consideration, we will assist in coordinating the assembly and transmittal to Bond Counsel of such data as may be required for the preparation of necessary petitions, orders, resolutions, ordinances, notices, and certificates in connection with the election.

5. We will recommend the method of sale of the Debt Instruments that, in our opinion, is in the best interest of the Issuer and will proceed, as directed by the Issuer, with one of the following methods:

a. Competitive Sale : We will advise the Issuer regarding the sale of the Debt Instrument whereby we coordinate the submission of competitive bids from prospective buyers of the Debt Instruments in accordance with established procedures.

b. Negotiated Sale: We will recommend one or more investment banking firms as managers of an underwriting syndicate for the purposes of negotiating the purchase of Debt Instruments and in no event will we participate either directly or indirectly in the underwriting of the Debt Instruments. We will collaborate with any senior managing underwriter selected and Counsel to the underwriters in the preparation of the Official Statement or Offering Memorandum. We will cooperate with the underwriters in obtaining any Blue Sky Memorandum and Legal Investment Survey, preparing the Bond Purchase Contract, Underwriters' Agreement and any other related documents. The costs thereof, including the printing of the documents, will be paid by the underwriters.

6. When appropriate, we will advise financial publications of the forthcoming sale of the Debt Instruments and provide them with all pertinent information.

7. We will coordinate the preparation of the Notice of Sale and Bidding Instructions, Official Statement, Official Bid Form and such other documents as may be required. We will submit to the Issuer all such documents for examinations, approval and certification. After such examination, approval and certification, we will provide the Issuer with a supply of all such documents sufficient to its needs and will distribute by mail sets of the same to prospective bidders and to banks, life, fire and casualty insurance companies, investment counselors and other prospective purchasers of the Debt Instruments. We also provide sufficient copies of the Official Statement to the purchaser of the debt Instruments in accordance with the Notice of Sale and Bidding Instructions. The expenses associated with printing and distribution of these documents will be paid by the Issuer.

8. We will, after consulting the Issuer, arrange for such reports and opinions of recognized independent consultants we deem necessary and required for the successful marketing of the Debt Instruments.

9. Subject to the approval of the Issuer, we will organize and make arrangements for such information meetings as, in our judgement, may be necessary.

10. We will make recommendations to the Issuer as to the advisability of obtaining a credit rating, or ratings, for the Debt Instruments as, in our opinion, is required for submission to the appropriate company, institution or institutions. In those cases where the advisability of personal presentation of information to the rating agency, or agencies, may be indicated, we will arrange for such personal presentations. The expenses associated with the preparation of information and personal presentations will be paid by the Issuer.

11. We will make recommendations to the Issuer as to the advisability of obtaining municipal bond insurance or other credit enhancement, or qualifications for same, for the Debt Instruments and, when directed by the Issuer, we will coordinate the preparation of such information as, in our opinion, is required for submission to the appropriate company, institution or institutions. In those cases where the advisability of personal presentation of information to the appropriate company, institution or institutions may be indicated, we will arrange for such personal presentations. The expenses associated with the preparation of information and personal presentations will be paid by the Issuer.

12. We will assist the staff of the Issuer at any advertised sale of Debt Instruments in coordinated the receipt, tabulation and comparison of bids and we will advise the Issuer as to the best bid. We will provide the Issuer with our recommendations as to acceptance or rejection of such bid.

13. As soon as a bid for the Debt Instruments is accepted by the Issuer, we will proceed to coordinate the efforts of all concerned to the end that the Debt Instruments may be delivered and paid for as expeditiously as possible. We will assist the Issuer in the preparation or verification of final closing figures incident to the delivery of the Debt Instruments.

14. We will maintain liaison with Bond Counsel in the preparation of all legal documents pertaining to the authorization, sale and issuance of the Debt Instruments. Bond Counsel will provide an unqualified legal opinion as to the legality of the issuance of the Debt Instruments at the time of delivery.

15. If requested, we will counsel with the Issuer in the selection of a Paying Agent/Registrar for the Debt Instruments, and will assist in the preparation of agreements pertinent to these services and the fees incident thereto.

16. In the event formal verification by an independent auditor or any calculations incident to the Debt Instruments is required, we will make arrangements for such services.

17. We agree to do, or cause to be done, all work incident to pertaining of the Debt Instruments, obtaining approval, as may be required by the Attorney General, registration by the Comptroller of Public Accounts and delivery to the purchaser. The expenses associated with the printing of the debt instruments will be paid by the Issuer.

18. After the closing of the sale and delivery of the Debt Instruments, we will deliver to the Issuer a schedule of annual debt service requirements on the Debt Instruments. In coordination with Bond Counsel, we will assure that the Paying Agent/Registrar has been provided with a copy of the authorizing ordinance, order or resolution.

19. We will attend any and all meeting of governing body of the Issuer, its staff, representatives or committees as requested and at the Issuer's expense, at all times when we may be of assistance or service and the subject of financing is to be discussed.

20. We will advise the Issuer and its staff of changes, proposed or enacted, in Federal and State laws and regulations which would affect the municipal bond market.

21. We will work with the Issuer, its staff and any consultants employed by the Issuer in developing financial feasibility studies and analyzing alternative financing plans.

IV.

In addition to the services set out above, we agree to provide the following services when so requested:

1. We will provide our advice as to the investment of certain funds of the Issuer. We will, when so directed, purchase those investments authorized to be purchased and we will charge a normal and customary commission for each such transaction.

- 2. We will provide our advice and assistance with regard to exercising any call and/or refunding of any outstanding Debt Instruments.
- 3. We will provide our advice and assistance in the development of, and financing for, any capital improvement programs of the Issuer.
- 4. We will provide our advice and assistance in the development of the long-range financing plan of the Issuer.
- 5. We will provide any other financial planning services as may be requested by the Issuer.

V.

The fee due Estrada Hinojosa & Company, Inc. in accordance with Appendix A attached hereto, any other fees as may be mutually agreed and all expenses for which Estrada Hinojosa & Company, Inc. is entitled to reimbursement, shall become due and payable concurrently with the delivery of the Debt Instruments to the purchaser.

VI.

This agreement shall become effective at the date of acceptance by the Issuer set out herein below and remain in effect thereafter for a period of five years from the date of acceptance. Provided, however, this Agreement may be terminated with or without cause by the Issuer upon thirty (30) days' written notice. In the event of such termination, it is understood and agreed that only the amount due to Estrada Hinojosa & Company, Inc. for services provided and expenses incurred to the date of termination will be due and payable. No penalty will be assessed for termination of this Agreement. This Agreement is submitted in triplicate originals. When accepted by the Issuer, it, together with Appendix A attached hereto, will constitute the entire Agreement between the Issuer and Estrada Hinojosa & Company, Inc. for the purposes and the considerations herein specified. Acceptance will be indicated by the signature of authorized officials of the Issuer together with the date of acceptance on all three copies and the return of two executed copies to Estrada Hinojosa & Company, Inc.

Respectfully submitted,

ESTRADA HINOJOSA & COMPANY, INC.

By: \_\_\_\_\_

This agreement is accepted by the Issuer this \_\_\_\_ day of \_\_\_\_\_, 2012

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COUNTY OF NAVARRO, TEXAS

By: \_\_\_\_\_  
County of Navarro, Texas

ATTEST:

By: \_\_\_\_\_  
County Clerk



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APPENDIX A

PROFESSIONAL FEES

In consideration for the service rendered by Estrada Hinojosa, our proposed fee schedule for issues sold either competitive or negotiated will be as follows:

Base Fee - Any Issue - \$3,750

|      |         |     |                     |              |    |           |     |              |
|------|---------|-----|---------------------|--------------|----|-----------|-----|--------------|
| Plus | \$ 9.90 | per | \$1,000 up to       | \$ 1,000,000 | or | \$ 13,650 | for | \$ 1,000,000 |
| Plus | 4.50    | per | 1,000 next          | 1,500,000    | or | 20,400    | for | 2,500,000    |
| Plus | 2.35    | per | 1,000 next          | 2,500,000    | or | 26,275    | for | 5,000,000    |
| Plus | 2.00    | per | 1,000 next          | 5,000,000    | or | 36,275    | for | 10,000,000   |
| Plus | 1.10    | per | 1,000 next          | 10,000,000   | or | 47,275    | for | 20,000,000   |
| Plus | 1.00    | per | 1,000 anything over | 20,000,000   |    |           |     |              |

Revenue Bond Issues -- Fees shall be the amount shown plus a 20% additional charge.

Advanced Refunding Issues -- Fees shall be the amount shown plus a 25% additional charge.

For any financial assistance, grant/loan, secured from the Texas Water Development Board, U.S. Department of Housing and Urban Development or any similar state or federal agency, the fee for such issue shall be 125% of the above fee schedule.

For any issue of a Competitive Sale, Negotiated Sale, Advance Refunding Bonds and/or other Debt Instruments involving Escrow Agreements, it is understood and agreed that we will charge, in addition to our Financial Advisory fee, a computer fee to be negotiated on a case by case basis.

At the time that Debt Instruments are delivered, the Company will bill the County for each issue of Debt Instruments an amount which will include the fee calculated on the above schedule as well as costs and expenses, where applicable, incurred on behalf of the County for the following items, if applicable:

- Bond Counsel fees
- bond rating and/or credit enhancement fees
- messenger, overnight delivery, photocopying, postage, and telephone
- personal meetings with bond rating agencies and/or credit enhancement providers
- preparation and printing of the Notice of Sale, Official Statement, and Uniform Bid Form
- preparation and printing of physical securities and reports of independent auditors or consultants
- travel expenses of County and Company personnel

Our fees and expenses are contingent upon the County receiving funds and payable only to Estrada Hinojosa from proceeds delivered at closing. Expenses are borne by the firm until the closing in accordance with the contract between the County and our firm. Our depth of resources and capital base allows Estrada Hinojosa to operate on this basis without creating ongoing costs to the County. No hourly fees are proposed to be billed for these services. However, we are available to take on special projects utilizing an hourly or some other fee arrangement upon mutual agreement by both parties. Continuing disclosures will be billed separately on an annual basis in the amount of \$3,000.00 based on client providing necessary information in a timely manner.

LAW OFFICES  
M<sup>c</sup>CALL, PARKHURST & HORTON L.L.P.

717 NORTH HARWOOD  
NINTH FLOOR  
DALLAS, TEXAS 75201-6587  
TELEPHONE: 214 754-9200  
FACSIMILE: 214 754-9250

700 N. ST. MARY'S STREET  
1525 ONE RIVERWALK PLACE  
SAN ANTONIO, TEXAS 78205-3503  
TELEPHONE: 210 225-2800  
FACSIMILE: 210 225-2984

600 CONGRESS AVENUE  
1800 ONE AMERICAN CENTER  
AUSTIN, TEXAS 78701-3248  
TELEPHONE: 512 478-3805  
FACSIMILE: 512 472-0871

July \_\_, 2013

The Honorable, H. M. Davenport, Jr  
300 West Third Avenue, Suite 102  
Corsicana, Texas 75110

**RE:    ENGAGEMENT LETTER - BOND COUNSEL SERVICES**

Dear Judge Davenport:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to Navarro County (the "**County**") in connection with the County's proposed voting of and issuance of debt (the "**Securities**") for the purposes of financing the construction of various projects, which projects currently include (i) renovate and make improvements to the County Courthouse; and (ii) renovate and make improvements to County owned buildings, consisting primarily of newly acquired annex buildings (the "**Project**").

**SCOPE OF ENGAGEMENT**

In this engagement, we expect to perform the following duties:

- (1) Preparation of documents calling a bond election, notice thereof, canvassing the results, and preparing information to be submitted to the United States Department of Justice for pre-clearance of the election (the "**Election Duties**").
- (2) Subject to the completion of proceedings to our satisfaction, render our legal opinion (the "**Bond Opinion**") regarding the validity and binding effect of the Securities, the source of payment and security for the Securities, and the excludability of interest on the Securities from gross income for federal income tax purposes.
- (3) Prepare and review documents necessary or appropriate to the authorization, issuance and delivery of the Securities, coordinate the authorization and execution of such documents, and review enabling legislation.
- (4) Assist the County in seeking from other governmental authorities such approvals, permissions and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance and delivery of the Securities, except that we will not be responsible for any required federal or state securities law filings.

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- (5) If requested, assist the County in presenting information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the Securities.

Our Bond Opinion will be delivered by us on the date the Securities are exchanged for their purchase price (the "**Closing**"). The County will be entitled to rely on our Bond Opinion.

The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the County with applicable laws relating to the Securities. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Securities and their security. We understand that you will direct members of your staff and other employees of the County to cooperate with us in this regard.

Our duties in this engagement are limited to those expressly set forth above. Unless we are separately engaged in writing to perform other services, our duties do not include any other services, including the following:

- (a) Preparation or review (except with respect to matters directly related to the financing documents and issues related to the financing of the proposed transaction) of real estate or construction documents.
- (b) Assisting in the preparation or review of an official statement or any other disclosure document with respect to the Securities, or performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document or rendering advice that the official statement or other disclosure document does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.
- (c) Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.
- (d) Preparing state securities law memoranda or investment surveys with respect to the Securities.
- (e) Drafting state constitutional or legislative amendments.
- (f) Pursuing test cases or other litigation.
- (g) Making an investigation or expressing any view as to the creditworthiness of the County or the Securities.
- (h) Assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Securities or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.

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- (i) Representing the County in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.
- (j) Negotiating the terms of, or opining as to, any investment contract.
- (k) Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.
- (l) Drafting any real estate documents related to the proposed financing of the Project.

#### ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this engagement letter, the County will be our client and an attorney-client relationship will exist between us. We further assume that all other parties in this transaction understand that we represent only the County in this transaction, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel are limited to those contracted for in this letter; the County's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the County will not affect, however, our responsibility to render an objective Bond Opinion.

Our representation of the County and the attorney-client relationship created by this engagement letter will be concluded upon issuance of the Securities. Nevertheless, subsequent to Closing, we will mail the appropriate Internal Revenue Service Form 8038, if required, and prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Securities.

#### CONFLICTS

As you are aware, our firm represents many political subdivisions and investment banking firms, among others, who do business with political subdivisions. It is possible that during the time that we are representing the County, one or more of our present or future clients will have transactions with the County. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Securities, including the County's Financial Advisor and the purchaser of the Securities. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the Securities so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Securities. Execution of this letter will signify the County's consent to our representation of others consistent with the circumstances described in this paragraph.

## FEES

To perform the services outlined above, we would propose charging fees as Bond Counsel for the County equal to (a) \$4,000 for the performance of the Election Duties; plus (b) \$4,000 plus 1/10th of 1% of the principal amount of a series of Securities issued by the County. For example, based on that proposed fee schedule, our fees as Bond Counsel for a \$10,000,000 bond issue would be \$18,000. *Our fees are contingent upon the actual delivery of a series of Securities. No fees will be due the firm in connection with the issuance of a series of Securities if the County does not issue and deliver such Securities.*

We would also request to be reimbursed for reasonable out-of-pocket expenses (i.e., costs for photocopies, telecopies, long distance telephone, overnight courier and delivery services, transcript binding, travel, and publication of required notices, if any) related to the issuance of the Securities, which generally do not exceed \$2,250. In addition, state law requires the County to pay a nonrefundable examination fee to the Attorney General in connection with the issuance of the Securities (see Section 1202.004, Texas Government Code, as amended) equal to 1/10th of 1% of the principal amount of the Securities, subject to a minimum fee of \$750 and a maximum fee of \$9,500. At the appropriate time, we may request that the County provide a check payable to the Attorney General for such amount, but in the event that our firm pays such statutory filing fee on the County's behalf, we will request to be reimbursed for such payment. In any event, the County will be able to reimburse itself with proceeds of the Securities for such payment to the Attorney General.

## TERM OF ENGAGEMENT

We greatly appreciate the opportunity to serve the County as Bond Counsel and to submit this agreement for services. However, the County may terminate this agreement at any time with 30 days written notice delivered to our address listed above. If you have any questions regarding this agreement or if we can provide you with any additional information regarding our firm, please feel free to contact the undersigned.

## RECORDS

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. Our own files, including lawyer work product, pertaining to the transaction will be retained by us. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to dispose of any documents or other materials retained by us after the termination of this engagement.

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If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original for your files. We look forward to working with you.

McCALL, PARKHURST & HORTON L.L.P.

By: \_\_\_\_\_  
Noel Valdez

ACCEPTED AS OF THIS THE \_\_\_\_ DAY OF \_\_\_\_\_, 2013.

NAVARRO COUNTY, TEXAS

By \_\_\_\_\_  
County Judge