

Benbrook Water Authority
1121 Mercedes Street
Regular Meeting
April 16, 2019
2:30 p.m.

The Board of Directors for the Benbrook Water Authority met in a regular meeting on April 16, 2019 with the following Directors present:

President Rick Whitehurst
Vice President Patricia Dunkin
Secretary David Clark
Director Robert Cook
Director David Hafer

Also Present:

David Smith, General Manager
Sheila Rushing, Recording Secretary
Gail Jergins, Director of Finance

Others Present:

Tim Chovanec, Attorney
Brian Sledge, Attorney
Adam LanCarte, Hilltop Securities
Jessica Brown, Freese & Nichols
Lindsey Kennimer, Auditor
Gary Snow, Auditor

President Whitehurst called the meeting to order at 2:31 p.m. and Mr. Smith gave the invocation.

Consent Agenda

1. Minutes of the Regular Meeting March 5, 2019
2. Minutes of the Regular Meeting March 19, 2019
3. Financial Statement for March 2019
 - Revenues \$836,527.49
 - Expenditures \$953,837.66
4. Disbursements for March 2019
 - Deposits & Credits \$872,599.77
 - Disbursements \$931,737.00
5. Letter from Capital Improvements Advisory Committee with reference to the Capital Improvements Plan and Land Use Assumptions.

Motion was made by Secretary Clark, second by Director Cook to approve the consent agenda as presented.

Vote on motion.

Ayes: Director Cook, Vice-President Dunkin, President Whitehurst, Secretary Clark and Director Hafer.

Noes: None.

Motion carries.

President Whitehurst moved the order of the agenda to have the 2018 Audit Presentation before Reports of Manager.

2018 Annual Audit Presentation and Approval

Snow Garrett Williams

Ms. Kennimer stated that Snow Garrett Williams audited the financial statements of the governmental activities and each major fund of BWA as of and for the year ended December 31, 2018.

It was noted the audit was conducted in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

After briefing the board on various aspects of the audit, Ms. Kennimer stated it was the opinion of Snow, Garrett & Williams, that the financial statements for BWA present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of BWA, as of December 31, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mr. Snow spoke to the Board with regards to the five (5) year audit comparisons and noted that BWA is in good standing and continues to do a very good job maintaining fund balances.

After a brief discussion, motion was made by Secretary Clark, second by Vice-President Dunkin to approve the 2018 Annual Audit as presented.

Vote on motion.

Ayes: Vice-President Dunkin, President Whitehurst, Secretary Clark, Director Hafer and Director Cook.

Noes: None.

Motion carries.

Reports of Manager

Mr. Smith gave a brief report on the following:

1. Staff Reports
2. Development Updates
 - Footworks; Brookside IV; Aura Benbrook; and Vista Way Extension
3. Capital Improvements
 - Northwest Winscott Addition Sanitary Sewer; Williams Road Pump Station Improvements; Western Hills Booster Pump Station; Operations Building; Sanitary Sewer Evaluation Survey & Improvements; Pre-Oxidation Channel Improvements; Disinfection Evaluation; UPRR 12 inch Waterline Relocation; and 2016 Bond Issue Update
4. Miscellaneous Items
 - BWA Open House

Reports of Attorney Brian Sledge, Sledgelaw Group, PLLC

Receive briefing and legal analysis of legislation relevant to BWA in the 86th Regular Session of the Texas Legislature and consider, discuss, and possibly take action to direct the BWA attorney to take certain actions in supporting, monitoring, or opposing legislation.

Mr. Sledge noted that this item would be reserved for Executive Session.

Unfinished Business

1. Consider, discuss and possibly Developer Authority Agreement 2019-5110 with Phoenix Realty Investments, LLC for Brookside Phase IV.

Mr. Smith stated that the Developer has submitted a Developer-Authority Agreement for consideration by the BWA Board of Directors along with Contract Documents, including bonds and insurance, construction plans and other documentation as required in accordance with BWA's Policies and Procedures, which have been reviewed by Staff for compliance with BWA's Policies and Procedures. Mr. Smith stated that staff is recommending approval of Developer Authority Agreement 2019-5110.

There was much discussion and President Whitehurst removed this item from the regular agenda and stated it would be discussed in Executive Session.

New Business

1. Consider, Discuss and Approve Resolution 2019-01, Authorizing Application to the Texas Commission on Environmental Quality for Approval of Project and Bonds.

The Resolution provides that the Bonds are being issued "for the purpose of paying the costs of improvements and extensions to the System, particularly (i) replacement or

rehabilitation of water and sewer lines, a ground water well and elevated tanks; (ii) expansion of the Authority's administration building; (iii) high service pump station rehabilitation and expansion; and (iv) emergency interconnection for the water system (collectively, the "Project")."

The \$7.315 Million includes \$7 Million for the Projects and additional amounts needed for reserves, and costs of issuance.

After a brief discussion, motion was made by Secretary Clark, second by Director Cook to approve Resolution 2019-01 as presented.

Vote on motion.

Ayes: Vice-President Dunkin, President Whitehurst, Secretary Clark, Director Hafer and Director Cook.

Noes: None.

Motion carries.

Public Comment

There were no public comments.

Director / Staff Comment

There were no Director / Staff comments.

President Whitehurst closed the open meeting at 3:16 p.m.

Executive Session (3:20 p.m.)

1. Conduct Closed Executive Session Pursuant to Government Code Section 551.071, to Consult with the BWA Attorney Regarding Pending or Contemplated Litigation, Settlement Offers, or on Matters in Which the Duty of the Attorney to the BWA under the Texas Disciplinary Rules of Professional Conduct Clearly Conflicts with Chapter 551, Government Code.
 - Any other item set forth in any section of this notice/agenda

Re-Convene Open Session (5:29 p.m.)

1. Take any necessary action from Executive Session

There was much discussion and the Board in its entirety expressed their concerns on how the Developer for Brookside IV conducted their business with regards to submitting incomplete and inaccurate details on the documents required in the Developer Authority Agreement as well as not having documents to BWA in a timely and orderly manner. It was noted that there appears to be a lack of standards in the way their business was handled

in this circumstance.

Motion was made by Director Clark, second by Director Hafer to accept the recommendation made by Staff and approve the Developer Authority Agreement 2019-5110 with Phoenix Realty Investments, LLC for Brookside IV.

Vote on motion.

Ayes: Director Clark, Director Hafer, and Vice-President Dunkin.

Noes: President Whitehurst.

Absent: Director Cook. (Due to a scheduled appointment, Director Cook had to leave the meeting at 4:00 p.m.)

Motion carries.

There being no further business the meeting adjourned at 5:38 p.m.

Board President

Date

Recording Secretary