



BEAR CREEK SUD

Telephone 1-972-843-2101 • P.O. Box 188
Lavon, Texas 75166

Date: May 7, 2019

Time: 7:00PM

MINUTES OF REGULAR BOARD MEETING

Call to order by: President Herman Stork

Directors Present: Herman Stork, Bryan Block, Chris Elder, Leticia Harrison, David Hawkins, Robert Haynes, Kevin Hutchinson

Directors Absent: None

Public Comment:

Adopt Order Canvassing Returns and Declaring Results of 2019 Director Election:

President H. Stork read the results of the election, Chris Elder – 78 votes, Deborah Fato – 104 votes, Herman Stork – 85 votes and Kevin Hutchinson – 76 votes. Chris Elder, Deborah Fato and Herman Stork received the highest number of votes and have been elected to the office of Director of the District.

Motion by Director C. Elder, seconded by Director R. Haynes to Adopt Ordinance No. 2019-05-07-01 Canvassing Returns and Declaring Results of the 2019 Director Election. Motion carried unanimously.

Execute Oath of Office of Directors: *Director H. Stork and Director C. Elder took Oath of Office of Directors.*

D. Fato arrived at 7:10pm. Director H. Stork stated that Ms. Fato you are just in time to take your Oath of Office. Ms. Fato took the Oath of Office of Directors.

Election of Board Officers: *Motion by Director C. Elder, seconded by Director D. Hawkins to nominate Herman Stork as President. Motion carried unanimously.*

Motion by Director R. Haynes, seconded by Director L. Harrison to nominate Bryan Block as Vice President. Motion carried unanimously.

Motion by Director C. Elder, seconded by Director B. Block to nominate Leticia Harrison as Secretary. Director D. Fato intervened and stated I nominate Deborah Fato as Secretary. President H. Stork stated Ms. Fato you cannot nominate yourself.

FOR: Block, Elder, Hawkins, Haynes

OPPOSED: Fato

MOTION PASSED: 4-1

Motion by Director B. Block, seconded by Director C. Elder to nominate Robert Haynes as Treasurer. Motion carried unanimously.

Consent Items:

Approval of Minutes of Regular Meeting on April 9, 2019.

Approval of April 2019 Financials.

Approval of April 2019 General Manager Report

Motion made by Director D. Hawkins, seconded by Director R. Haynes to approve Consent Items. Director D. Fato abstained from voting. Motion carried.

Staff Report:

None

Regular Agenda Items:

- A. Discuss and act upon approving 2018 Financial Audit (Rutherford-Taylor): *Mike Taylor, of Rutherford-Taylor, presented the 2018 Bear Creek Special Utility District (SUD) Financial Audit. Mr. Taylor stated that page 3 of the audit would need to be completed and the entire audit sent to TCEQ after the audit is accepted by the Board. Mr. Taylor stated that the auditors had audited the financial statements of the Bear Creek SUD and in their opinion, the financial statements referred to, presents fairly, in all material respects, the respective financial position of the business type activities, which are the proprietary funds of the Bear Creek SUD as of December 31, 2018, and the respective changes in financial position and cash flows thereof for the twelve months then ended, in accordance with accounting principles generally accepted in the United States of America. The audit report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance. There were no deficiencies in internal control that are considered to be material weaknesses that were identified in the audit. The District's Total Net Position was \$7,433,880 at year end. The District's expenses were \$618,578 less than the \$2,396,046 generated from charges for services and other revenues for business-type activities. The District did not enter into any new debt agreements during the year. The Change in Net Position for 2018 was \$618,578. The District's Current Assets were \$2,611,391, restricted assets \$538,940, Non-Current Assets were \$6,628,677 and the Total Assets were \$9,779,008. The Current Liabilities were \$163,281, Non-Current Liabilities were \$2,190,820 and Total Net Position was \$7,433,880. The Total Operating Revenues were \$2,396,046 and the Total Operating Expenses were*

\$1,950,257. The Net Operating Revenue (expenses) was \$445,789. The Change in Net Position was \$618,578. On the Statement of Cash Flows, the Net Cash generated was \$731,220. The Net Increase in Cash for 2018 was \$361,174. The Net Capital Assets for the District on December 31, 2018 was \$6,628,677. The total debt of the District is \$2,323,917 through the year 2035. The variance with the final budget for the year was \$826,678 below budget. Mr. Taylor stated that Bear Creek SUD had a good system and the organization was well documented. Mr. Taylor stated that the only suggestion was for the Board to bring in a Financial Advisor and issue bonds for debt. As the system grows, Bear Creek SUD will have more and more pressure to issue debt. Mr. Taylor stated I know I have stated this previously but supposedly Bear Creek SUD is a non-profit organization, but you have to have a profit to stay in business or you will be borrowing money to operate.

Motion made by Director R. Haynes, seconded by Director C. Elder to accept the 2018 Financial Audit as presented by Rutherford, Taylor & Company, P. C. Director D. Fato abstained from voting. Motion carried.

- B. Discuss and act upon Non-Standard Service Contract form to include Rate Order requirements for developers: *The New Non-Standard Service Contract for developers was discussed. President H. Stork requested a clarification on Item 7, Service from the Water System Extension, (c) (4) that the developer would not use more than 500,000 gallons of water per month from any single connection. Attorney, Kristen Fancher, will modify the agreement to remove that item.*

Motion by Director R. Haynes, seconded by Director B. Block to approve the Non-Standard Service Contract with the identified changes. Director D. Fato abstained from voting. Motion carried.

- C. Discuss Highway 205 Water Line Relocation: *Attorney, Kristen Fancher, stated that the first set of letters had been sent out to customers for easements. There were three different letters sent out. Bear Creek SUD has had no response from the letters. Kristen will update the tracker spreadsheet on the letters that have been sent. There are approximately 27 easements remaining to be obtained.*

Adjournment to Executive Session at 7:55PM:

Executive Session:

Executive Session Call to Order at 8:12PM.

Executive Session Agenda Items:

- (A) The Board may recess into closed or executive session to discuss the following:
(1) Government Code §551.071. Ratepayers Public Utility Commission Petition

- (B) Reconvene into Regular Session and take any action necessary as a result of the Executive Session.

Adjourn Executive Session at 9:10PM.

In accordance with Texas Government Code, Section 551.001, President Herman Stork reconvened the meeting at 9:11PM and stated that no action was taken in executive session.

Adjournment at 9:11PM:

Herman Stork, President

Bryan Block, Vice President

Camille Reagan, Recorder