

A regular meeting of the Groves City Council was held April 27, 2020 with Mayor Brad Bailey, Mayor Pro Tem Sidney Badon, Councilmember Chris Borne, Councilmember Kyle Hollier, and Councilmember Karen Theis in attendance. Mayor Bailey called the meeting to order and welcomed the attendees. He led the prayer and pledge of allegiance.

**APPROVE THE MINUTES OF THE APRIL 13, 2020 CITY COUNCIL MEETING:** Councilmember Theis moved to approve the minutes of the April 13, 2020 City Council meeting as written and Mayor Pro Tem Badon seconded. Mayor Bailey asked for questions or comments and there were none. Motion passed unanimously.

**RECEIVE FISCAL YEAR END 2019 ANNUAL FINANCIAL REPORT FROM THE CITY AUDITOR:** Mike Brooks of BrooksWatson & Co. addressed the Council and presented the City's FYE 2019 Annual Financial Report. He stated that the audit was performed in accordance with Generally Accepted Auditing Standards. The audit was performed in three general phases: Fieldwork, Material Asset Liquidity, and Wrap Up of Findings. Areas looked at included revenue and receivables, capital projects, purchasing, payables, accrued liabilities, and expenditures.

The City received an "unmodified opinion", which is the highest level of assurance or outcome. Financial highlights included (1) total assets exceeded total liabilities by \$27,360,149; (2) governmental funds reported combined ending fund balances of \$448,666, an increase of \$678,427; (3) unassigned fund balance in the general fund was a deficit of \$(152,945); (4) overall decrease in net position of \$1,679,270 for the year.

Total governmental revenues were \$9,294,048, a decrease of \$398,145; property taxes were \$5,537,917, an increase of \$205,266; sales tax was \$2,148,622, a decrease of \$96,989; and charges for services were \$683,216, an increase of \$79,968. Total governmental expenses were \$11,073,634, an increase of \$1,071,505; public safety expenses were \$5,637,420, an increase of \$571,728; public works expenses were \$3,086,586, an increase of \$368,909; and general government expenses were \$1,581,530, an increase of \$154,001. The unassigned fund balance for the general fund was a deficit of (\$152,945). Mr. Brooks explained that the decrease in sales tax of approximately \$100,000 was related to elevated sales tax from the prior year due to Hurricane Harvey.

Net Change in Fund Balances were: General fund an increase of \$266,319 with ending balance of (\$152,945); Debt service an increase of \$16,869 with ending balance of \$71,492; Nonmajor funds an increase of \$395,239 with ending balance of

\$530,119. The Water & Sewer fund had an ending net position of \$22,666,646 and the Solid Waste fund had an ending net position of \$1,043,291.

Mr. Brooks commended Finance Director Lamar Ozley and the Finance Department staff for their assistance throughout the audit process. He asked for questions or further explanation. Councilmember Theis questioned the "Change in Net Position" of (\$1,739,051) for the Water & Sewer fund. City Manager D.E. Sosa stated that sometimes the projected estimates for the year are off and that depreciation is not cash, but is on paper. Better predictions are needed on what the City will sell in water and sewer.

Mr. Sosa asked Mr. Brooks to discuss expenditures from the Economic Development Corporation fund. Mr. Brooks stated that he had become aware of questions on transactions from the EDC fund and as a result had performed additional procedures, looking deeper than normal at the fund. He reported looking at 90% of the EDC transactions, which is higher than normal. The auditors opinion was that they did not find any issues within the accounting. They did have recommendations for the management to attend an EDC conference to update their knowledge of current EDC guidelines. Overall they were comfortable and did not have any findings. Councilmember Theis asked if the City has any money at all in the General Fund reserve account. Mr. Brooks stated there are reserve accounts designated within the General Fund. Mr. Sosa stated that there is an account for equipment replacement with a balance of approximately \$400,000 and an account earmarked as reserves with a balance of \$200,000, along with \$175,000 in a Parks account. Mayor Pro Tem Badon remarked that the equipment replacement fund is to buy vehicles and that the balance fluctuates. There was no further discussion and Mayor Bailey thanked Mr. Brooks for his presentation.

**CONSIDER AUTHORIZING AN AMENDMENT TO THE EXISTING EASEMENT DOCUMENT GRANTED TO AIR LIQUIDE BY THE GROVES CITY COUNCIL ON MARCH 2, 2020:** Mr. Sosa explained that the City had granted the easement to Air Liquide a little over a month ago and that Air Liquide is asking to move the existing line back 600'. They are trying to keep the line away from the superfund site. The difference is miniscule and does not change anything except that the City is allowing them to move the line.

Councilmember Theis moved to authorize the amendment to the easement document granted to Air Liquide by the Groves City Council on March 2, 2020 and Mayor Pro Tem Badon seconded. There was no discussion and the motion passed unanimously.

CONSIDER CANCELING THE REGULARLY SCHEDULED CITY COUNCIL MEETING OF MAY 25, 2020 DUE TO THE OBSERVANCE OF MEMORIAL DAY: Mayor Pro Tem Badon made a motion to cancel the May 25, 2020 City Council Meeting and Councilmember Theis seconded. Motion passed unanimously.

CONSIDER APPROVAL OF THE PHASE II FINAL PLAT OF THE INDIAN SPRINGS SUBDIVISION: Mr. Sosa stated that the final plat was presented last week by Whitley and Associates and that it has been reviewed by the Public Works Department. The City has no objections to approval of the Indian Springs Phase II. Councilmember Hollier moved to approve the Phase II final plat of the Indian Springs subdivision and Mayor Pro Tem Badon seconded. Mayor Bailey asked for questions and Councilmember Borne asked if there were any changes from the preliminary plat. Mayor Bailey responded that there had not been any changes made. Motion passed unanimously.

CONSIDER APPROVAL OF DUROTECH AS CONSTRUCTION MANAGER AT RISK FOR CONSTRUCTION OF THE NEW FIRE STATION: Mr. Sosa stated that Fire Chief Lance Billeaud was present with information on this item. Chief Billeaud stated that the architect had gone out for bids for a construction manager at risk and had chosen Durotech because of their experience of what they have done with fire stations. They will have a safety manager on site at all times. Their total fee is \$303,736. Councilmember Theis moved to approve Durotech as Construction Manager at Risk for construction of the new fire station and Councilmember Borne seconded. Councilmember Borne asked where Durotech is based and Chief Billeaud stated that they are out of Houston and are very open to giving local people first opportunity as contractors. Councilmember Borne asked for a timeline and he stated that Durotech provided a schedule. Councilmember Borne asked if it was 12 months and Chief Billeaud stated it was. Motion passed unanimously.

INVOICES: Mr. Sosa presented an invoice for payment to Fuelman for gas and diesel fuel for March 2020 in the amount of \$13,722.66. Mayor Pro Tem Badon moved to pay the invoice to Fuelman in the amount of \$13,722.66 and

Councilmember Theis seconded. There was no discussion and the motion passed unanimously.

Mayor Bailey asked for Council comments. Councilmember Hollier congratulated staff and employees for another unmodified opinion on the audit. Mayor Bailey stated that possibly the next meeting the Council could meet as a group and that there may be a limited number of attendees.

There was no further business and Mayor Bailey adjourned the meeting at 5:47 p.m.

  
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Mayor

ATTEST:

  
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City Clerk