

**MINUTES OF A REGULAR MEETING OF  
THE BOARD OF DIRECTORS OF THE  
HARDIN COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 1**

A regular meeting of the Board of Directors of the Hardin County Water Control and Improvement District No. 1 was held on Tuesday, September 20, 2016, pursuant to notice duly posted in accordance with law. The meeting was held at 333 Commercial Drive, Sour Lake, Hardin County, Texas. The following members of the Board were present:

Jack Maddox

Jerry Giardina

Buddy Hughes

Tim Beard

Paul Gustafson

Also present were Wayne Turk, Charlie Adams and Josh Armfield of Utility Innovations, LLC dba Utility Specialties, and Guy N. Goodson of Germer PLLC as legal counsel for the District.

AGENDA ITEM NO. 1: Call to Order. A quorum being present, the meeting was called to order at 6:30 p.m. by President Maddox.

AGENDA ITEM NO. 2: Public Hearing on Proposed 2016 Tax Rate. There were no comments from the Board, and no citizens were present for comments.

AGENDA ITEM NO. 3: 2016 Tax Rate. Director Beard moved for the approval of the 2016 tax rate as \$0.520862 comprised of a maintenance and operations levy of \$0.074862 and a debt service levy of \$0.446000. The motion was seconded by Director Hughes and passed unanimously.

AGENDA ITEM NO. 4: Public Comments. None.

AGENDA ITEM NO. 5: Minutes. The Minutes from the August 16, 2016 meeting were reviewed and approved as presented upon motion duly made by Director Giardina and seconded by Director Hughes.

AGENDA ITEM NO. 6: **Presentation by Kevin Hester of Simply Aquatics.** Tabled as Mr. Hester was not in attendance.

AGENDA ITEM NO. 7: **Request by Renell Clubb for water service outside District.** President Maddox advised that Ms. Clubb had requested service from property within the District to an area outside the District on which she planned to run livestock and provide water for the livestock. Legal counsel noted that there were some issues with providing multiple types of service through a single meter. One being the issue of rates as one would be a residential rate and the other would be a rate for commercial service. There was also the issue of water conservation and drought contingency plan issues arising in the future as the commercial service would have to be terminated before residential service, and it was noted by the District's operator that this service would also then be required to have backflow preventers. President Maddox indicated that Ms. Clubb had requested either a service directly from her existing property or the establishment of a separate meter. Legal counsel noted that the establishment of a separate meter would require pursuing the service under the District's Water and Sewer Use Order and to provide a rate for such service outside the District. After a lengthy discussion and upon motion duly made by Director Beard and seconded by Director Giardina, the request by Ms. Clubb for water service outside the District as presented was denied.

AGENDA ITEM NO. 8: **Renewal of District Maintenance Management Contract and Operation Management Contract with Utility Innovations, LLC dba Utility Specialties.** The Board received an updated Maintenance Management Contract and Operation Management Contract with Utility Innovations, LLC dba Utility Specialties. After discussion and upon motion duly made by President Maddox and seconded by Director Gustafson, the Board renewed each contract as presented for an additional one (1) year period.

AGENDA ITEM NO. 9: **Manager's Report.** The Board recognized Charlie Adams and Josh Armfield who presented their monthly report for services provided in the District. President Maddox asked as to certain costs that were to be rebuilt to customers or contractors. After

discussion and upon motion duly made by Director Hughes and seconded by Director Giardina, the Board approved the Manager's Report as presented.

AGENDA ITEM NO. 10: Monthly Financial Statements. The Board recognized Mr. Turk who advised that the District had transferred \$7,000 as noted from the District's operating holding to the system operating account. Mr. Turk also noted that the bond payments as noted on the account statement from Compass Bank had been paid as of December 15, 2016 in the total amount of \$35,065.83. After discussion and upon motion duly made by Director Beard and seconded by Director Giardina, the financial statements were approved as presented.

AGENDA ITEM NO. 11: Accounts Payable. The Board then reviewed the outstanding accounts payable in the amount of \$17,429.92. After discussion and upon motion duly made by Director Hughes and seconded by Director Beard, accounts payable were approved for payment as presented.

AGENDA ITEM NO. 12: Amendments to Water and Sewer Use Order. This item was tabled.

AGENDA ITEM NO. 13: Improvements to District water distribution system funding through TCEQ Surplus Funds Application. President Maddox indicated that the bid specifications were almost complete lacking only certain electrical components which he anticipated would be received shortly, and the water line specifications were also nearing completion. It was anticipated that the project would go out for bid within the next few weeks.

AGENDA ITEM NO. 14: District website. Director Beard and President Maddox indicated that the website was up and running and asked each Board member to review the website for comments.

AGENDA ITEM NO. 15: County drainage grant and project progress report. President Maddox indicated that the project was underway, and questions followed concerning improvements to be made within the drainway area belonging to the District.

AGENDA ITEM NO. 16: Correspondence. President Maddox provided to the District's operator, a report on requirements from the Texas Department of Health and information required on lead

copper tap sampling which the operator indicated was about to be presented to various residents within the District. President Maddox also indicated he had provided to legal counsel and presented to the Board, a copy of the Texas Municipal League cyber coverage which was reviewed briefly with the Board by legal counsel. Finally, President Maddox reported on an incident from August 26, 2016 at 470 Pinemont where there was a sewer backup issue, and he noted that the District's insurance carrier had denied the claim based on the facts as presented.

AGENDA ITEM NO. 17: Comments from Board Members. None.

AGENDA ITEM NO. 18: Adjourn. There being no further business before the Board, the meeting was adjourned at 8:00 p.m.

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President of the Board

ATTEST:

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Secretary of the Board