

**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 & Improvement District No. 1 was held on Tuesday, October 18, 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, a representative of Utility Innovations, LLC dba Utility Specialties, Kevin Hester of Simply Aquatics 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 Comments.** None.

AGENDA ITEM NO. 3: **Minutes.** The Minutes from the September 20, 2016 meeting were reviewed and approved as presented upon motion duly made by President Maddox and seconded by Director Giardina. President Maddox asked legal counsel that due to issues arising with the website, the District would need to have its minutes not less than a week prior to a subsequent meeting date. Legal counsel stated he would be happy to work with the District, but normally the minutes for other districts were not posted until after the Board had approved the minutes, and then they were placed on the website within a period of days following a regular meeting.

AGENDA ITEM NO. 4: **Presentation by Kevin Hester of Simply Aquatics.** The Board recognized Kevin Hester who provided a detailed presentation on the services available through Simply Aquatics including equipment calibration that was currently provided to the District. Mr. Hester provided a copy of some samples taken by Simply Aquatics at one of the District's ground storage tanks and suggested that based upon the presence of the iron and magnesium, the District might consider acquiring from Simply Aquatics its SA-38 blend of inorganic phosphates to capsule and handle red and/or black water conditions. The Board reviewed in detail the presentation by Mr. Hester and reviewed the certification of test results which was also provided by Mr. Hester. President Maddox asked for Mr. Hester to consider presenting to the Board a formal proposal for services including costs to be presented at the next regularly scheduled meeting of the Board.

AGENDA ITEM NO. 5: **Manager's Report.** The Board recognized Utility Specialties and presented the Operator's Report dated October 18, 2016. Director Beard noticed there was a typographical error in paragraph 1 concerning the period in which grinder calls were made, and the representative from Utility Specialties stated he would notify the office of Utility Specialties to correct the report. The Board also reviewed the water pumped at Water Well No. 1 & No. 2 and again observed there was approximately twice as much water being pumped at Well No. 1 than at Well No. 2 with the current settings. It was also noted that the copper led testing had been completed, and Utility Specialties was waiting on results as to other operational issues. It was further noted there was one new water tap made, three leaks and four loads of liquid sludge were transported to Houston for disposal. President Maddox noted there were eight new residences under construction within the District. A number of questions followed on other matters relative to the Utility Specialties invoice.

Director Gustafson noted it appeared that the District was making repeated calls to particular addresses and was concerned that the District not bear the cost of residents misuse of District utility

facilities. It was further noted that the Water & Sewer Use Order addressed misuse of the grinder system, but a similar policy did not exist on the water system. The Board asked that Utility Specialties monitor these recurring events so the Board could determine if additional policies needed to be undertaken.

It was also noted that a property owner had installed a grinder pump which had not been purchased or installed by the District. Utility Specialties was directed to return to that property owner's residence and determine if the grinder was serving a separate facility, and if not, if the grinders were placed on the wastewater system in some manner in series that the non-District grinder pump would have to be removed as not within District policies. President Maddox also noted that the District had one or more recent 1" irrigation meters installed, and that Mr. Turk should collaborate with Utility Specialties to ensure that 120% of all costs incurred for the materials and labor for the installation service was invoiced to the property owners which would apply to the golf course and club as well. After discussion and upon motion duly made by Director Hughes and seconded by Director Giardina, the Manager's Report was approved as presented.

AGENDA ITEM NO. 6: Monthly Financial Statements. The Board recognized Mr. Turk who presented the BBVA accounting statement dated October 18, 2016, showing one new service in the amount of \$4,500. After reviewing the financial statement and upon motion duly made by President Maddox and seconded by Director Beard, the financial statements were approved as presented.

AGENDA ITEM NO. 7: Accounts Payable. The Board recognized Mr. Turk who stated the month was quite expensive due to the significant additional costs from Eastex Environmental Lab which included additional lead copper testing. Mr. Turk also noted the 4<sup>th</sup> quarter payment to the Hardin County Appraisal District and the cost for the sludge removal to Sprint Waste Services, LP. A discussion followed on the annual payment to the Beaumont Enterprise for publication of the public hearing on the tax rate. Legal counsel noted that while this could be published on the District's website, this did not satisfy the publication requirement of the Tax Code, so the District

would have to continue to provide notice through its newspaper of general circulation. The District reviewed the Texas Inter-Governmental Risk Pool Policy, and a motion was made by Director Hughes for approval of accounts payable prior to requesting a second. President Maddox asked that the Board move to consideration of Agenda Item No.'s 12 and 8.

AGENDA ITEM NO. 12: District Website. President Maddox indicated the District's website was unfortunately still not running due to additional time which it was requiring to input and download the data that was requested to be included on the website. President Maddox presented a proposal from the web provider which provided 5 hours of time at \$85/per year for these additional services that would be necessary to include within the website all of the District information and postings. It was noted that this cost would be added to Agenda Item No. 7 and considered during the accounts payable.

AGENDA ITEM NO. 8: Amendment to commercial insurance coverage. The Board recognized Mr. Turk who presented the sewer backup liability insurance coverages in the proposal presented by the TML Inter-Governmental Risk Pool. Mr. Turk reviewed the scope of coverages, the deductibles and premiums. Upon motion duly made by Director Beard and seconded by Director Hughes, the Board directed Mr. Turk to secure from the TML Inter-Governmental Risk Pool sewer backup liability coverage in the amount of \$25,000 per occurrence with a \$250 deductible for an annual premium of \$588. It was again noted that this would be added to Agenda Item No. 7 for a final consideration of accounts payable along with the other accounts payable previously reviewed.

The Board then returned to Agenda Item No. 7, and upon motion duly made by Director Hughes and seconded by Director Giardina, the accounts payable in the amount of \$33,029.94 was approved for payment as presented. President Maddox also noted that the District still had not reimbursed Director Beard for the cost of securing the District's domain name and asked that Director Beard present that cost to be placed on the next agenda.

AGENDA ITEM NO. 9: **Amendments to Water and Sewer Use Order.** This item was tabled.

AGENDA ITEM NO. 10: **Improvements to District water distribution system funding through TCEQ Surplus Funds Application.** The Board recognized President Maddox who indicated in conversation with Jeff Leavins that the electrical engineering would be complete as well as all specs for the project by October 28, so the Board could approve and proceed with advertising. It was also noted that the District had received an invoice in the amount of \$4,355 from LJA Engineers to be paid from the Bond issue. After further discussion and upon motion duly made by President Maddox and seconded by Director Hughes, the invoice to LJA Engineers was approved as presented to be paid by the TCEQ surplus funds.

AGENDA ITEM NO. 11: **County drainage grant and project progress report.** President Maddox was recognized and indicated that the project was underway. President Maddox also noted that a good bit of timber had been removed from the property and asked whether that was a part of the agreed upon contract for the construction improvements if the contractor would be able to retain those or whether the District was to be paid. Legal counsel stated he had not been provided with a copy of the contract for the County drainage project and, if provided, he would be able to provide the Board with an opinion.

AGENDA ITEM NO. 13: **Correspondence.** The Board received correspondence from the Hardin County Appraisal District showing the value of the District increased the total District taxable roll by \$2.39 million dollars. Mr. Turk also provided a copy of a report from the TML and noted the pending requirement of the District to make an eminent domain filing. Finally, Mr. Turk noted that in correspondence from the TCEQ that all of the future DMR's would need to be filed electronically.

AGENDA ITEM NO. 14: **Comments from Board Members.** President Maddox advised the Board that Ray Moore had requested the opportunity to discuss with the Board possibly amending the flat \$250 rate charged to the club. President Maddox stated he would happily present any

proposal to the Board, but had advised Mr. Moore that as the club was serviced outside the District, the District would have to impose its out of District rate which could be an aggregate charge greater than \$250/month. President Maddox stated he would report further to the Board.

AGENDA ITEM NO. 15: 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