

**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, January 17, 2017, 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

Tim Beard

Buddy Hughes

Paul Gustafson

Also present were Wayne Turk, representatives 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 Comments. None.

AGENDA ITEM NO. 3: Minutes. The Minutes from the regularly scheduled meetings of November 15, 2016 and December 20, 2016 were approved as presented.

AGENDA ITEM NO. 4: Contract for additives to the water system. The Board recognized President Maddox who had received updated information from Simply Aquatics on the procedures that would be necessary to test and provide additives to address the corrosiveness of the District's water. President Maddox indicated there would be a testing regimen and review of test results which would be performed over a 90-day period. President Maddox indicated that the District

would also be required to add a \$500 pump at each of the well sites, and there would be a cost with additional testing and sampling. President Maddox also noted that depending upon the determined corrosiveness of the water, additional chemicals in the amount of approximately \$200/month may be necessary to address the problem. Questions followed from the Board, and President Maddox further noted that adding the additional pumpage testing and additional facilities to the District's system would require the approval of the Texas Commission on Environmental Quality. President Maddox indicated that in conversations with the representatives of Simply Aquatics, approval would have to be solicited by an engineer, and they suggested that due to the specific nature of this project, the Board consider engaging Larry Shepherd, P.E. to handle this project. Legal counsel advised that the Board should develop the scope of work and a determination be made whether a procurement of engineering services would be required as Mr. Shepherd was not currently procured by the District. Director Gustafson also asked that legal counsel review this additional capital investment by the District and determine whether it could be paid for by the surplus bond funds.

AGENDA ITEM NO. 5: Manager's Report. The Board recognized Charlie Adams of Utility Specialties who presented the Manager's Report and supporting invoice. Mr. Adams indicated that in December, Utility Specialties had responded to 15 grinder calls. A report followed with the monthly designation of water pumpage at both water well sites. A discussion followed concerning the repair to the meter at Water Well #2 which had been repaired but still needed additional parts that should be arriving shortly. As to operational issues, Mr. Adams noted there had been a water tap at 152 Pine Lake, maintenance performed on the District's generators at Well #1 and Well #2, repair of a water leak at 202 Pinehurst, as well as line locates for CenterPoint Entergy on Pine Shadows and Pine Glen. Mr. Adams then advised of certain repairs

and cleaning at the water well sites along with a leak on a fire hydrant in the District. Mr. Adams also noted that the cold weather seemed to create control problems at Well #1 and Well #2, but heaters had been installed, and all weather related issues seemed to be resolved. Mr. Adams indicated they had reviewed questions raised at the prior meeting as to the work orders for certain projects as outlined by Mr. Turk in a detailed report he had prepared, and Utility Specialties could not find any duplicative work done. Finally, Mr. Adams reported as the Board had requested that the only call for 1031 Pine Needles were those that had been previously reported to the Board.

The Board then questioned the meter repair at the well and the reasoning for maintenance on the emergency generators. Mr. Adams noted they had simply set a maintenance schedule which would be followed to ensure proper operation of the emergency generators at those well sites. President Maddox and Director Beard asked why the District was doing line locates for CenterPoint Entergy as there should not be gas lines within the area that was requested. Mr. Adams stated they provided line locates whenever contractors or utility providers requested as they did not have a map or data on the exact location of CenterPoint or other utilities that might be underground but were required to provide the line locates. Other questions followed as to repairs and after discussion and upon motion duly made by Director Beard and seconded by President Maddox, the Operator's Report was approved as presented. The Board then reviewed the repairs that had been raised by the Board and upon motion duly made by President Maddox and seconded by Director Hughes, the repairs to District water/sewer system facilities as noted by the operators were approved as presented.

AGENDA ITEM NO. 6: Auditor for 2016 audit. The Board recognized Wayne Turk who presented the engagement letter from Mitch Fontenote for performing the District's audit. After discussion and upon motion duly made by President Maddox and seconded by Director Beard, the

Board unanimously approved engaging Mitch Fontenote to prepare the annual audit for the District.

AGENDA ITEM NO. 7: Monthly Financial Statements. The Board again recognized Wayne Turk who presented his account statement dated January 17, 2017. The Board reviewed and noted the addition of \$4,500 in new service fees and a higher than normal monthly utility service fee of \$16,687.84. 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. 8: Accounts Payable. Mr. Turk presented the accounts payable in the amount of \$22,780.13 and noted the only unusual items were three (3) returned checks from District residents. The Board reviewed the bills for payment and after discussion and upon motion duly made by President Maddox and seconded by Director Hughes, the accounts payable were approved for payment as presented.

AGENDA ITEM NO. 9: Improvements to District water distribution system funding through TCEQ Surplus Funds Application; authorize/approve advertising projects for competitive bidding. President Maddox noted that Mr. Leavins could not be in attendance at the meeting, but Electrical Specialists was preparing for their project, and the project contract had been submitted for execution. Electrical Specialists shall provide the District with required performance and payment bonds together with its insurance certificates to be reviewed by legal counsel. The Board also was presented with the LJA invoice for the bond project work in the amount of \$2,498.30. After discussion and upon motion duly made by Director Hughes and seconded by Director Giardina, the invoice for LJA was approved for payment as presented from bond proceeds.

AGENDA ITEM NO. 10: Ratify donation of surplus property to City of Nome, Texas. The Board recognized President Maddox who explained the request by the City of Nome to receive certain old pumps and meters which had been taken out of service by the District and deemed surplus. After discussion and upon motion duly made by President Maddox and seconded by Director Beard, the Board authorized the donation of the surplus pumps and meters to the City of Nome, Texas.

AGENDA ITEM NO. 11: Report on County drainage grant and project progress report.
No report.

AGENDA ITEM NO. 12: Correspondence. The Board recognized Mr. Turk who noted that the District had received a collaboration report from Aquatic Services which was provided to Utility Specialties for their files. Correspondence was also provided from the Texas Municipal League and the Texas Department of Health Services on testing analysis and reporting. The Board was advised by Mr. Turk that the Texas Water Development Board Water Use Survey would be completed and filed as required by March 1. Finally, the Board was provided a letter from Shirley Cook, the new Hardin County Tax Assessor, advising of her election and her future plans for working with the District.

AGENDA ITEM NO. 13: Comments from Board Members. The Board recognized Director Hughes who stated that as the Hardin County Appraisal District had a new appraiser, and he would go by and visit and discuss the District relations.

AGENDA ITEM NO. 14: Adjourn. There being no further business before the Board, the meeting was adjourned at 7:17 p.m.

President of the Board

ATTEST:

Secretary of the Board