

**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, February 21, 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

Paul Gustafson

Absent: Buddy Hughes

Also present were Wayne Turk, Josh Armfield and Charlie Adams 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 meeting of January 17, 2017 were approved as presented upon motion duly made by President Maddox and seconded by Director Giardina.

AGENDA ITEM NO. 5: Monthly Financial Statements. The Board recognized Wayne Turk who presented the BBVA accounting statement for the month showing a payment from Don Williams at 530 Piney Point for his out-of-District payment obligation. Mr. Turk also noted a

refund for the District due to a customer move-out. After discussion and upon motion duly made by Director Beard and seconded by Director Giardina, the monthly financial statements were approved as presented.

AGENDA ITEM NO. 6: Accounts Payable. The Board recognized Wayne Turk who reviewed the monthly accounts payable noting, specifically, the payments to Automatic Pump & Equipment for grinder kits and grinder systems. A lengthy discussion followed as to what equipment these invoices were providing to the District. After discussions with the representatives of Utility Specialties, the Board directed Mr. Turk to contact Utility Innovations to establish a more complete purchase order process and to more specifically identify the particular equipment that was being acquired by the District on any purchase order. The Board also reviewed the invoice from Simply Aquatics for 200 gallons of its SA-38 water additive. Mr. Turk again noted the refund deposited at 322 Pinemont to Shambee Snowden. After further discussion and upon motion duly made by Director Beard and seconded by President Maddox, the accounts payable were approved for payment as presented.

AGENDA ITEM NO. 4: Manager's Report. The Board recognized Josh Armfield and Charlie Adams of Utility Specialties who presented the Manager's Report showing responses to 21 grinder calls as well as reviewing the water pumpage at Wells #1 and #2. Mr. Armfield then noted the well at meter #2 was not working, so the amount given was simply an estimate. It was noted that the meter would be in place within a few days. It was also noted that District's operator had made one long side water meter installation, one grinder installation, and resolved issues on one service line and one meter leak. Mr. Armfield then reviewed again the procurement of District grinder stations, and it was noted they would like more detail on pricing and deliverables as to these purchases.

AGENDA ITEM NO. 7: Water System Chemical Additives Contract AND AGENDA ITEM

NO. 8: Engineering services for TCEQ permit application amendment. Mr. Turk reviewed the previous plan with Simply Aquatics to not only provide alternative water chemical treatments for the District's current system, but also to provide additional chemical additives to address corrosion issues in the District's water supply. President Maddox noted that the TCEQ would have to be advised of the chemical additive revisions and process any application required which would require the services of an engineer. Legal counsel stated that as the District did not have presently procured general engineering services, the water system chemical additive provider through its contract might provide a turnkey project including the TCEQ Permit Application. President Maddox noted that he had approached Simply Aquatics about this proposal and had received a response for engineering services at an adjusted estimate of \$5,500. President Maddox noted he felt this was excessive for what it was anticipated to be in the Application cost. After discussion, the Board directed the President to review this matter again with the water system chemical additive provider, and if an engineering service agreement could not be provided through that contractor, the District would need to proceed with an RFQ for engineering services.

AGENDA ITEM NO. 9: TCEQ Comprehensive Compliance Inspection Notice of Violation.

The Board recognized the representatives from Utility Specialties and reviewed by line item the TCEQ Comprehensive Compliance Inspection Notice of Violation and the response of actions taken by the District. It was noted at this point, there should be no outstanding items needed to respond to the Notice of Violation.

AGENDA ITEM NO. 10: Notice of service interruption or other action for non-payment of

District charges (1031 Pine Needles). The Board again reviewed the misuse of District facilities by the residents at this address. It was recommended that the District provide a certified mail

notification to the property owner that if the District charges that had been submitted were not paid, service would be disconnected in accordance with the District's policy. Legal counsel also noted it might be beneficial to concurrently notify the TCEQ as well as they may be contacted if a service interruption occurred that was not related to monthly water and sewer charges.

AGENDA ITEM NO. 11: Improvements to District water distribution system funding through TCEQ Surplus Funds Application; authorize/approve advertising projects for competitive bidding. President Maddox briefed the Board on activities concerning the TCEQ Surplus Funds and advertising for bids of projects. Mr. Turk noted that the District had received an invoice from LJA in the amount of \$2,300 for the engineering services provided on the project. After discussion and upon motion duly made by President Maddox and seconded by Director Giardina, the invoice from LJA was approved as presented.

AGENDA ITEM NO. 12: Report on County drainage grant and project progress report. The Board received an update from President Maddox on the status of the County drainage grant, but also noted that the District had not received any compensation for timber removed from its project, nor had the District ever been required by either the County or the County's engineering consultants to execute an agreement. It was noted that the County contractor was allowed to make access to the District's property for the drainage grant improvement project, but there was no waiver of any payments for timber removed and sold from District property. Legal counsel was asked along with President Maddox to review District's prior agreements with the County relative to this approximate 4.8 acre site and determine if there was any prior agreements, and if not, to provide a letter to the engineers for the County asking about both the payment for the removed timber and any required District participation and close out of the grant. The Board then recognized Mr. Armfield who provided to the Board, an explanation of a relocation of the

District's water line that would be affected by the County drainage grant and what effect it would have on certain District residents who would be out of service for possibly two (2) hours during the relocation of the line.

AGENDA ITEM NO. 13: Correspondence. The Board recognized Mr. Turk who presented a copy of the Entergy RFQ for Environmental Project Grants. Mr. Turk reviewed what information he had, and representatives of Utility Specialties also noted they had participated in writing similar grants for other local jurisdictions. After discussion, the Board asked that Utility Specialties prepare a draft Environmental Project Grant Application on behalf of the District as to radio read meters and related equipment. Mr. Turk also presented a copy of the 2021 Region Water Plan RFP's and then provided a copy of the Cross Connection Control Program correspondence from the TCEQ. Legal counsel and representatives of Utility Specialties reviewed what procedure the District might undertake including notification to District residents who had irrigation systems or other backflow preventers related to facilities on the property of the requirement to have those annually inspected by an appropriately licensed inspector and provide copies to the District. The final correspondence was as to the Homeland Security contact information which Mr. Adams stated he would again provide as requested.

AGENDA ITEM NO. 14: Comments from Board Members. None.

AGENDA ITEM NO. 15: Adjourn. There being no further business before the Board, the meeting was adjourned at 8:28 p.m.

President of the Board

ATTEST:

Secretary of the Board