

**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, June 20, 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

Paul Gustafson

Buddy Hughes

Jerry Giardina

Absent: Tim Beard

Also present were Wayne Turk, 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 Comments. None.

AGENDA ITEM NO. 3: Minutes. The Minutes from the regularly scheduled meeting of May 16, 2017 were approved as presented upon motion duly made by Director Giardina and seconded by President Maddox.

AGENDA ITEM NO. 4: Manager's Report. The Board recognized Josh Armfield who provided his Operation's Report noting that Utility Specialties had done 13 grinder calls, replaced a grinder unit at 152 Pine Lake and had done an installation for Chris Granger at 1421 Woodway. The Board also reviewed the Pumpage Report. Questions followed from the Board, and after

discussion and upon motion duly made by President Maddox and seconded by Director Gustafson, the Manager's Report was approved as presented.

AGENDA ITEM NO. 5: Monthly Financial Statements. The monthly financial statements were presented by Wayne Turk. Mr. Turk noted the inclusion in District revenues of grinder station payments by Amy White and Chris Granger along with the Chris Granger water meter deposit. Mr. Turk also noted that the NewWave access fee in the amount of \$1,473.55 was included in system operations.

A question followed from Director Gustafson on the transfer of funds from the General Reserve to the Operating Holdings. Mr. Turk stated this was necessary in order to pay for system operations. A discussion followed concerning payment of the District's bonds and upcoming interest payments. After discussion and upon motion duly made by Director Hughes and seconded by Director Giardina, the monthly financial statements were approved as presented.

AGENDA ITEM NO. 6: Accounts Payable. Mr. Turk noted payments in the amount of \$29,118.72, including the payment to Simply Aquatics, Inc. for work noted, coordinator repair and injection pump work, and questions then followed from the Board. The Board also reviewed the invoices from Automatic Pump & Equipment for two grinder systems which installation had been noted in the Manager's Report. Mr. Turk also provided to the Board for review the third quarter payment due to the Hardin County Appraisal District. After discussion and upon motion duly made by Director Hughes and seconded by Director Giardina, the accounts payable in the amount of \$29,118.72 was approved for payment as presented.

AGENDA ITEM NO. 7: Amendment/Addendum to Water and Sewer Use Order. Mr. Turk again asked that the Board table this matter and review all of the changes that had been marked as

corrected by legal counsel, so that the Board could consider the Water and Sewer Use Order at the next regular meeting.

AGENDA ITEM NO. 8: Improvements to District water distribution system funding through TCEQ Surplus Funds Application; authorize pay request #2 from ESI for electrical improvement project. The Board was presented with a copy of the Water Well Site #1 and #2 electrical improvements through its contractor Electrical Specialties, Inc. President Maddox noted that the work done during the period was \$50,704.71 with improvements totaling \$28,679.27 for Well Site #1 and improvements of \$22,025.44 for Well Site #2. The Board noted that after the deduction of retainage, the request for payment was \$45,634.23, which would make the work 100% complete subject to the final review and punch list. After review and upon motion duly made by President Maddox and seconded by Director Giardina, pay request #2 from ESI for the electrical improvement project was approved as presented along with the invoice for LJA Engineering, Inc. in the amount of \$1,682.38.

AGENDA ITEM NO. 9: Report on easements adjacent to Woodway Boulevard right-of-way for PICA Investment Venture LLP/Chris Granger. The Board recognized President Maddox and legal counsel who reviewed the acquisition of the easements adjacent to Woodway Boulevard right-of-way from PICA Investment Venture, LLP and Chris Granger. President Maddox noted that the District now had and there would be a recorded easement for the District's utility facilities adjacent properties providing not only service to Mr. Granger, but also to future development areas by PICA Investment Venture.

AGENDA ITEM NO. 10: Update from legal counsel on County drainage grant and project. The Board recognized legal counsel who together with Board President noted continued work and collaboration with Hardin County on the drainage grant program project including meetings with

KSA Engineers who were preparing the field note description for the utility easements to be secured from the District in the project area. It was also noted that the two property owners who had placed improvements on the properties were to be contacted about removing their improvements or having those improvements removed as a part of the capital project of the County. Legal counsel stated he would keep the Board apprised of all developments in regards to those property owners.

AGENDA ITEM NO. 11: Correspondence. The Board received a letter from the TCEQ on a notice of violation which Mr. Armfield indicated had been addressed, and answers were provided to TCEQ. The Board also received from the TCEQ correspondence on lead copper sampling which was provided to Utility Specialties for a response. The Board also noted correspondence from Judge McDaniel as to the District's involvement in the County drainage program. Finally, correspondence was received from the Appraisal District providing information on the proposed 2018 budget providing for an increase of \$11,246 over the 2017 budget.

AGENDA ITEM NO. 12: Comments from Board Members. None.

AGENDA ITEM NO. 13: Adjourn. There being no further business before the Board, the meeting was adjourned at 7:22 p.m.

President of the Board

ATTEST:

Secretary of the Board