

**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, May 16, 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

Tim Beard

Paul Gustafson

Buddy Hughes

Jerry Giardina

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 6:32 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 April 18, 2017 were approved as presented upon motion duly made by Director Beard and seconded by Director Gustafson.

AGENDA ITEM NO. 7: 2016 Audit. The Board recognized the associate to Mitchell T. Fontenote who presented the 2016 audit and reviewed in detail the Independent Auditor's Report which was followed by a review of the management discussion and analysis. The Board briefly reviewed the financial statements and moved to a review of the supplemental required information

required by the TCEQ. The Board reviewed the comparison of the budget and amended budget, the actual and the variance. Discussions followed concerning the reallocation of certain interests and fiscal charges having to do with debt service payable by the District. It was also noted that while the District's income including property taxes was higher than budgeted, there were increases in operating costs as well. It was noted that the District still had a stable financial fund balance despite the \$58,318.00 variance of expenses over revenues. The Board also reviewed in detail the general fund and compared a statement for the prior 5 years noting changes in revenues and expenses. After a review of the financial statements and upon motion duly made by President Maddox and seconded by Director Giardina, the audit was approved as presented.

AGENDA ITEM NO. 4: Manager's Report. The Board recognized Josh Armfield who indicated that Utility Specialties had responded to 20 grinder calls. He also reviewed the water pumpage at Well #1 and Well #2, reported on one brown water call and re-routed the service line from under a tree at 335 Pinehurst. The Board then reviewed the Utility Specialties invoice dated May 1, 2017, and certain entries were noted including a callout to 198 Woodshire due to the pump being clogged with rags and wet wipes. It was noted that this property had previous callouts, and Board President Maddox indicated that a letter would be sent to the property owners notifying the fee for excessive callouts to the property. The Board then received a report on District repairs. The Board was advised that Electrical Specialties, Inc. which was contracted to install wiring and pumps in the water system improvement project, failed to properly wire the pumps causing damage to the pump facilities. Radley Electric was called on an emergency repair and found the wiring problem which damaged pump controllers. Darrell Commander, consultant of the District, had available controllers which he provided to the District pending their replacement. An outside review followed, and ESI took responsibility for the improper wiring

and for all costs associated with the replacement of controllers and related equipment. After discussion and upon motion duly made by Director Beard and seconded by Director Giardina, the Manager's Report was approved for payment as presented.

The Board also discussed the Water Well #1 and Water Well Site #2 Electrical Improvement Project, showing work completed of \$45,634.24 together with engineering fees bringing the project total to \$47,316.62. After discussion and upon motion duly made by President Maddox and seconded by Director Hughes, Contract C - Water Well Sites #1 & #2 Electrical Improvements Pay Request was approved as presented.

AGENDA ITEM NO. 5: Monthly Financial Statements. The Monthly Financial Statements were reviewed by Director Hughes. After discussion and upon motion duly made by Director Beard and seconded by Director Hughes, the Monthly Financial Statements were approved as presented.

AGENDA ITEM NO. 6: Accounts Payable. The Board reviewed the accounts payable in the amount of \$32,793.98. After discussion and upon motion duly made by Director Hughes and seconded by Director Giardina, the accounts payable were approved for payment as presented.

AGENDA ITEM NO. 8: Request for proposal for general engineering service agreement. Legal counsel noted that he would need to arrange with Mr. Turk for the advertisement of proposal for general engineering services, and that it would be advertised so that proposals could be received in June and considered by the Board at their July Board meeting.

AGENDA ITEM NO. 9: Service interruption or other action as to District facilities (1031 Pine Needles). The Board received a report from President Maddox indicating that the customer had paid all charges required for the service interruption including the \$500.00 reconnect fee.

AGENDA ITEM NO. 10: **Amendment/addendum to Water and Sewer Use Order.** The Board recognized President Maddox who presented a redline mark of the Water and Sewer Use Order which he had prepared and presented to the Board for their review and comment. He requested that they bring comments to him or legal counsel so that a final revised Water and Sewer Use Order could be presented to the Board at their June Board meeting.

AGENDA ITEM NO. 11: **Improvements to District water distribution system funding through TCEQ Surplus Funds Application; authorize project contracts and payment of project invoices.** The Board noted that all items concerning the TCEQ Surplus Funds Application and current projects and payments had been addressed during the Manager's Report.

AGENDA ITEM NO. 12: **Status report on County drainage grant and project.** The Board recognized legal counsel who indicated that he had received the GLO package which clearly indicated that easements had been acquired in the Coon Marsh Gully Project, but the appraiser had not segregated the easement cost for the surface area of the easement and separately from standing timber. A lengthy discussion followed, and legal counsel was asked to contact the County Attorney, Rebecca Walton, and advise that the Board did not wish to seek any costs for the surface area which had been utilized by the contractor in the project, but the Board did request a copy of the cross-section of the engineering drawings and the contract which showed the work completed on the District's property. Legal counsel was also asked to advise the County that there was an area within the District's easement area where work was not completed that would be necessary to complete the drainage project.

AGENDA ITEM NO. 13: **Correspondence.** None.

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 8:05 p.m.

President of the Board

ATTEST:

Secretary of the Board