

**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 and Improvement District No. 1 was held on Tuesday, January 19, 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

Buddy Hughes

Tim Beard

Paul Gustafson

Absent: Jerry Giardina

Also present was Wayne Turk, Charlie Adams and Josh Armfield of Utility Innovations, LLC dba Utility Specialties, Mrs. Clubb as the owner of certain undeveloped property within the District, 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 by President Maddox at 6:30 p.m.

**AGENDA ITEM NO. 2: Public Comments.** None.

**AGENDA ITEM NO. 3: Minutes.** The Minutes from the December 15, 2015 meeting were reviewed, and it was noted that under Agenda Item No. 9, the cost of the District's website design should have been \$3,500 not \$30,058. After discussion and upon motion duly made by Director Hughes and seconded by Director Gustafson, the minutes were approved as corrected.

**AGENDA ITEM NO. 4: Manager's Report.** The Board recognized Mr. Adams who presented his report dated January 19, 2016, and advised that in December, Utility Specialties had

responded to 21 grinder calls, repaired a leak at 1014 Pinehurst, had flushed the new ground storage tank and collected bacterial samples. Mr. Adams also noted there had been an installation fee and casing under Pinehurst and installing of water taps and new ¾” and 1” meters. Mr. Adams further advised of continuing work with contractors/electricians to place the well storage tank in service, and Mr. Adams provided the amount of water pumped at each well site as requested by the Board. Comments then followed from the Board on various outstanding District utility system projects, and after discussion and upon motion duly made by Director Beard and seconded by Director Hughes, the Manager’s Report was approved as presented.

**AGENDA ITEM NO. 5: Water distribution system upgrades and repairs.** The Board reviewed in detail projects that had been considered for water system upgrades and utilization of the balance of surplus funds from the District’s water system upgrade bond issue. President Maddox took questions from the Board and also advised that the well site control upgrade cost were still being calculated and would be provided as soon as possible. President Maddox then requested that the Board review a request from Mrs. Clubb, the owner of certain undeveloped property within the District, for a response to how, if, and when water and/or wastewater services might be extended to these previously unplatted or to be replatted areas near or adjacent to existing developed areas within the District. President Maddox asked that legal counsel review items as to both the District’s Water and Sewer Use Order and state law relative to her question. Legal counsel provided to Utility Specialties a copy of the District’s Water and Sewer Use Order which had been amended through changes in 2015. Legal counsel noted he would provide an executed copy with all the updates to Utility Specialties for their files. Legal counsel further noted that Section 12 dealt with water extension among other legal requirements, and Section 17 dealt with sewer extensions in each. Legal counsel noted that the District had not undertaken any

financial obligations for extensions of residential or commercial service to private property owners or developers and said line extensions for water and wastewater would be the sole responsibility of such property owners and/or developers requiring service. Legal counsel did note that in other water districts which he represented, districts had adopted a reimbursement policy, so that developers or other persons making line extensions might recoup some of their costs for connections between the districts existing service and the point at which a developer or property owner requested service. Legal counsel further noted that as the District's policy did not currently exclude the use of onsite septic systems within the District, the operative provisions of the Texas Water Code, §49.234 were not operative. Legal counsel noted that section of the Water Code provided that if a District prohibited installation of onsite wastewater collection system ("aerobic systems"), then the District would have certain obligations for wastewater collection system improvements.

Legal counsel suggested that the District notify Mrs. Clubb and any other interested property owners of the District's current Water and Sewer Use Order and its limitations on service extensions. Legal counsel also noted that private property owners might have other recourses, but it seemed that the District might be able to accommodate some of these areas with water service due to the proximity of existing lines and easements, but that sewer service was clearly going to be the responsibility of developers or private property owners as well as water service in some areas. Legal counsel closed by noting that in addition to providing the line extensions, private property owners or developers had to construct any water or wastewater facilities to the standards of the District and subject to inspection by the District's operator, and such improvements had to be located in easements that would be dedicated to the District.

**AGENDA ITEM NO. 6: Monthly Financial Statements.** The Board recognized Wayne Turk who reviewed the accounting statements from Compass Bank dated January 19, 2016. After review and upon motion duly made by Director Beard and seconded by Director Hughes, the financial statements were approved as presented.

**AGENDA ITEM NO. 7: Accounts Payable.** The Board again recognized Mr. Turk who indicated that the accounts payable were much larger than normal due to several unusual and non-recurring costs. Mr. Turk noted the payment for the website development, the requirement for testing with Eastex Environmental Labs, the purchase of five (5) grinder pumps and one (1) fiber glass extension from Automatic Pump & Equipment, a higher than normal invoice from District's legal counsel, the payment to the Southeast Texas Groundwater Conservation District along with the quarterly payment to the TCEQ for the revenue assessment. Comments followed on payments to the Hardin County Appraisal District and to the Postmaster in Sour Lake for an annual pre-sort fee. Mr. Turk indicated that he was going to write a check for this annual pre-sort fee, but send it to the District's billing contractor to determine if this payment was required. After discussion and upon motion duly made by Director Hughes and seconded by Director Gustafson, the accounts payable in the amount of \$31,994.91 were approved for payment as presented.

**AGENDA ITEM NO. 8: Water System Improvement Project Contract A (water well).** No report.

**AGENDA ITEM NO. 9: Water System Improvement Project Contract B (Well Site 1 & 2)**  
– **pay requests/change orders.** President Maddox indicated that T. Johnson Industries was moving along and seemed to be well ahead of schedule. The Board then recognized Mr. Turk who presented Pay Estimate No. 4 from T. Johnson Industries in the amount of \$21,401.93 representing 90% of work complete and less than 50% of the contract time expended. After

discussion and upon motion duly made by Director Beard and seconded by President Maddox, the Board approved T. Johnson Industries Pay Estimate No. 4.

AGENDA ITEM NO. 10: **County drainage grant and project progress report.** No report.

AGENDA ITEM NO. 11: **Report on correction of Hardin County Appraisal District records as to District properties shown as part of Big Thicket Preserve.** Director Hughes indicated he was to meet with the representatives of Hardin County Appraisal District to correct those records that were in dispute.

AGENDA ITEM NO. 12: **Report on May 7, 2016 Directors' election and review election calendar.** The Board received a report from its legal counsel and Mr. Turk who stated he was in communication with the School District to ensure that a joint election would proceed as had happened in the past. Legal counsel noted that it was very important that the Board solidify its election plan as it would need to adopt its Election Order no later than its regularly scheduled February meeting.

AGENDA ITEM NO. 13: **Correspondence.** The Board recognized its legal counsel who gave a report on the requirements for the execution of certifications, filing of certifications, and acknowledgment of certifications by the District for all contracts undertaken that were approved by the governing Board of the District on and after January 1, 2016. Questions followed, and the Board recognized Mr. Turk who presented correspondence from the Texas Department of Health, information concerning the Texas Open Carry Law (which was not in effect), and also information concerning the completion of the water loss audit.

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.

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President of the Board

ATTEST:

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Secretary of the Board