

**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, April 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

Paul Gustafson

Tim Beard

Jerry Giardina

Buddy Hughes

Also present were Mike & Liz Will and Josh Armfield of Utility Innovations, LLC dba Utility Specialties, Wayne Turk, Jeff Leavins of LJA Engineering, Mitch Fontenote and a representative as certified public accountants of 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 at 6:30 p.m. by President Maddox.

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

AGENDA ITEM NO. 3: **Minutes.** The Minutes from the March 15, 2016 meeting were reviewed and approved as presented upon motion duly made by President Maddox and seconded by Director Giardina.

AGENDA ITEM NO. 8: **Annual Audit.** The Board recognized Mitch Fontenote who presented the annual financial statement for the District and his Independent Auditor's Report dated April 6, 2016. Mr. Fontenote indicated that the opinion provided by his firm for the District was a "clean" opinion and that the financial statements of the District presented in all material respects, the

respective financial position of the governmental activities, each major fund and the additional aggregate fund as of December 31, 2015 as well as changes in financial position as applicable. Mr. Fontenote also presented his Management Discussion and Analysis as of December 31, 2015, and following the presentation of the opinion and the management discussion, Mr. Fontenote and staff reviewed the basic financial statements including changes in the District financial position along with a detailed review of notes and supplementary information as required by the Texas Commission on Environmental Quality. Questions followed from the Board and after conclusion of the auditor's presentation and upon motion duly made by Director Beard and seconded by Director Hughes, the Annual Financial Report for the District for the period ended December 31, 2015 was approved unanimously.

AGENDA ITEM NO. 4: Manager's Report. The Board recognized the District's utility operator who presented his invoices for services provided and also presented his Operator's Report dated April 19, 2015. It was noted that Utility Specialties responded to 19 grinder calls in March and repaired several service line/meter leaks and changed out 13 lids and meter boxes due to a power outage. It was also noted that the District's generator worked properly, and Utility Specialties checked out the District's operating equipment after power was restored. It was noted that a new pressure washer for the wastewater treatment plant had been acquired as well as additional shelving for plant drawings and manuals. It was further noted that repairs had been made to the Club House at 1100 Pine Shadows as to its grinder system. Finally, the Board was presented with the water pumped at both wells. The District reviewed in detail Invoice No. 239 of Utility Specialties, and questions followed concerning various services and costs presented. After discussion and upon motion duly made by Director Beard and seconded by President Maddox, the Manager's Report was approved as presented.

AGENDA ITEM NO. 5: Water distribution system upgrades and repairs. President Maddox indicated that a meeting was planned with Jeff Leavins for its bond projects which would include

the electrical engineer that would help scope certain projects out of remaining bond proceeds. President Maddox asked that legal counsel again clarify if the District needed to secure a closeout of its most current bond issue projects before proceeding with an Application for Use of Surplus Funds. Legal counsel indicated that the District should conclude its Phase 1 improvements with the closeout procedure through the Texas Water Development Board and then determine remaining funds and scope sufficient projects for the utilization of those funds under an Application for Use of Surplus Funds.

AGENDA ITEM NO. 6: Monthly Financial Statements. The Board then reviewed the monthly financial statements including the presentation of the monthly report from BBVA Compass Bank. After discussion and upon motion duly made by Director Hughes and seconded by Director Giardina, the financial statements were approved as presented.

AGENDA ITEM NO. 7: Accounts Payable. The Board recognized Liz Will who asked for clarification on billing of back flow detector for back flow testing, and the Board asked Mrs. Will to bill the District directly which could be rebilled as necessary to the customers. Mrs. Will also asked about billing for the installation of a riser, and the Board asked Mrs. Will to contact the Board President so that he could give it a purchase order number. The Board then reviewed the bills for payment in the amount of \$30,330.41. A detailed review followed including questions concerning additional charges to Eastex Environmental Lab for additional testing for BOD and ammonia. Mr. Turk asked that the Board consider adding the certified public accountants invoice of \$5,000 to the bills for payment. After discussion and upon motion duly made by Director Hughes and seconded by Director Beard, the accounts payable in the amount of \$35,330.41 including the invoice from its certified public accountant were approved for payment as presented. Mr. Turk then advised that the District had received a final invoice from LJA Engineering (formerly Carroll & Blackman) for the bond issue Phase I projects. The invoice was in the amount of \$1,559.83. After discussion and

upon motion duly made by Director Hughes and seconded by Director Beard, the engineering service invoice was also approved for payment as presented.

AGENDA ITEM NO. 9: **Procurement of general engineering services.** This was discussed briefly by the Board, and the President indicated he would like to table this matter until after the District had concluded the use of the surplus funds and the conclusion of the current Engineering Services Agreement with LJA Engineering. The Board agreed, and the matter was tabled to be brought back at the conclusion of the bond projects.

AGENDA ITEM NO. 10: **District website.** The District received an update on the website design from the President and Director Beard who indicated the project was about 80% complete and was awaiting certain information from legal counsel as well as Mrs. Will, who was attempting to locate the consumer confidence reports that had been previously mailed to District residents, to post the prior Consumer Confidence Report and to post the one anticipated for delivery in the summer of 2016. The Board was asked to review the preliminary website to see if they had any comments.

AGENDA ITEM NO. 11: **County drainage grant and project progress report.** Board President Maddox indicated that he was becoming disappointed with the notifications of meetings and events and that the District was not being included, although it was a major participant in this project. Board President did indicate that work for the channel rectification project was to be submitted on June 7th and returned on June 27th with a project reward to be made shortly thereafter.

AGENDA ITEM NO. 12: **Correct Hardin County Appraisal District Records as to District properties shown as Part of Big Thicket Preserve.** The Board received a report from Director Hughes who had received some assurances from the Hardin County Appraisal District that its records were being corrected as to District properties, but the matter had not been rechecked since his meeting, and he would report again during the next Board meeting.

AGENDA ITEM NO. 13: District Water Loss Report. Mr. Turk was recognized and indicated he was still completing the Water Loss Report and would provide further information at the Board's next meeting.

AGENDA ITEM NO. 14: Correspondence. The Board recognized Mr. Turk who provided correspondence from the Groundwater District on a new permit for one of the District's water well facilities, correspondence from the Texas Municipal League, the Eastex Planning Group, and correspondence from the TCEQ including verification that the TCEQ Total Coliform Rule Sample Siting Plan had been filed by the District.

AGENDA ITEM NO. 15: Comments from Board Members. There were no comments from the Board.

AGENDA ITEM NO. 16: Adjourn. There being no further business before the Board, the meeting was adjourned at 7:45 p.m.

President of the Board

ATTEST:

Secretary of the Board