

**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, May 17, 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 Charles Adams and Josh Armfield of Utility Innovations, LLC dba Utility Specialties, Wayne Turk, Jeff Leavins of LJA Engineering, Clay Kikendall as a resident 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: **Presentation on issues with red light alarms along Pinemont Drive.**

The Board recognized Clay Kikendall who resides at 434 Pinemont Drive and who indicated that there was a continuing problem on his end of Pinemont with the sanitary sewer system during high rainfall events. Mr. Kikendall advised that the water was not evacuating from the grinder stations which made it impossible for toilets and other facilities in his home to be utilized during those events. Mr. Kikendall asked if the Board was aware of the problem, if this affected other homes in the District including those of the Directors, and what the Board was doing to investigate or attempt

to resolve the problem. President Maddox provided a response and then asked that this matter be held until later in the meeting when the operators for Utility Specialties could be in attendance to discuss some of the matters further.

AGENDA ITEM NO. 4: Minutes. The Minutes from the April 19, 2016 meeting were reviewed and approved as presented upon motion duly made by Director Giardina and seconded by Director Beard.

AGENDA ITEM NO. 5: Manager's Report. The report noted that in April, Utility Specialties had responded to 27 grinder calls, made service line and meter leak repairs, as well as installed two Liberty high service pumps at 419 Pinemont and 427 Pinemont. Water pumpage at each well was then discussed. Director Gustafson asked a question concerning the installation of the Liberty pumps and a discussion followed concerning the District installing these at locations in hopes that this would help alleviate some of the problems as were being experienced by Mr. Kikendall at his location, but Mr. Gustafson noted that placing these high pressure pumps might only exaggerate additional problems in other parts of the system. President Maddox and the operators acknowledged that this was a test to see if installation of some of these facilities would be beneficial in the system at selected locations.

AGENDA ITEM NO. 3: Continuation of Presentation on issues with red light alarms along Pinemont Drive. The District's operators noted they were aware of the problem and indicated they would visit Mr. Kikendall's property to determine if the low pressure grinder system was operating properly or not, or if due to its age, there were components in the grinder pump unit that might need to be repaired or replaced. The Board also reviewed the issues concerning pipe sizing and pump sizing, and President Maddox along with the District's engineers acknowledged that this was a closed and engineered system and changing significantly, and the system would affect other parts of the system. President Maddox also noted that the Board was in the process of reviewing why the

system was so overloaded which had to be due to inflow and infiltration problems, so the District was doing some selective smoke testing to see if there were issues in the system, issues with misuse of the system by District residents or if there were issues with damaged plumbing facilities in homes or residences. President Maddox stated that smoke testing can only be accomplished adequately during dry weather events and that it was costly, so the District wanted to try to educate the residents to not open clean-out valves or to pipe storm water into the storm drain system of the District as this created significant problems for other District residents.

The Board then returned to the Manager's Report, and President Maddox asked for information concerning the sale of certain property by Mr. Clubb and the manner by which service water and sewer would be made available to the property owner. A question also followed concerning why Well #2 pumpage was significantly less than Well #1, and the representative of Utility Specialties advised that the PSI from each well was still being adjusted to try to help work to balancing the use of the production of the well.

**AGENDA ITEM NO. 6: Water distribution system upgrades and repairs & AGENDA ITEM NO. 9: Resolution approving TCEQ Surplus Funds Application.** The Board reviewed the Surplus Funds Application as presented by Jeff Leavins. President Maddox made a presentation of the projects which the District's consulting engineers and its electrical engineers recommended as efficiencies to improve the water system of the District and the basis for the Surplus Funds Application to the Texas Commission on Environmental Quality ("TCEQ"). President Maddox indicated that the projects would total approximately \$380,000. Mr. Turk advised that due to some additional interest earnings since the last report to the Board, the Board should have somewhere in excess of \$380,000 to expend on the projects, and in order to submit a Surplus Funds Application requesting release of all funds as there were additional projects, the Board, after consideration and upon motion duly made by Director Beard and seconded by Director Giardina, approved the

submission of the Surplus Funds Application by the District's engineers and legal counsel in an amount not to exceed \$385,000 with any funds in excess of water project bond funds to be paid by the District. Legal counsel indicated that they would make every effort to have the Surplus Funds Application completed and submitted to the TCEQ. The District's engineers indicated that there may be a 60-day review period and that it could be August before the District was authorized to release funds for the supplemental projects.

AGENDA ITEM NO. 7: Monthly Financial Statements. The Board received a presentation from Wayne Turk who provided the BBVA Compass Bank statement of accounts for the previous month. After discussion and upon motion duly made by President Maddox and seconded by Director Beard, the financial statements were approved as presented.

AGENDA ITEM NO. 8: Accounts Payable. Mr. Turk presented the accounts payable and requested the authorization for the payments in the amount of \$24,113.81. After discussion and upon motion duly made by Director Hughes and seconded by Director Giardina, the accounts payable were approved for payment. The Board did acknowledge that Mr. Turk would be holding two invoices to Eastex Environmental Lab and Automatic Pump & Equipment to ensure that certain cost billed had actually been incurred on behalf of the District.

AGENDA ITEM NO. 10: Procurement of general engineering services. The Board received a presentation from legal counsel who indicated that the District had an outstanding Engineering Services Agreement with Carroll & Blackman, and the District would place on the next agenda to ratify the assignment of that contract from Carroll & Blackman to LJA Engineers and to ratify the scope of work for the TCEQ Surplus Funds Application projects. Legal counsel recommended that as soon as the surplus funds projects were concluded, the District could prepare and submit a general engineering services RFQ for future services.

AGENDA ITEM NO. 11: District website. Director Beard and President Maddox stated that they hoped that the final version of the website could be presented by the next Board meeting.

AGENDA ITEM NO. 12: County drainage grant and project progress report. No report.

AGENDA ITEM NO. 13: Correct Hardin County Appraisal District records as to District properties shown as Part of Big Thicket Preserve. Director Hughes indicated that he believed the matter had now been resolved as to the ownership of District property on Hardin County Appraisal District mapping, but could not be certain that it was also corrected on the Federal Big Thicket GIS Mapping.

AGENDA ITEM NO. 14: Correspondence. Mr. Turk indicated that both the Water Use and Water Loss reports had been completed and filed as required. Mr. Turk also provided a copy of the backflow prevention test results which were copied to the District's operator. Finally, Mr. Turk presented the Federal Home Loan Bank Irrevocable Standby Letter of Credit which he and legal counsel advised was the collateral given to securitize the District's investments pursuant to the Public Funds Collateral Act.

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 8:05 p.m.

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President of the Board

ATTEST:

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Secretary of the Board