

**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, August 16, 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

Jerry Giardina

Buddy Hughes

Absent: Tim Beard

Absent: Paul Gustafson

Also present was Wayne Turk, Charlie Adams of Utility Innovations, LLC dba Utility Specialties, Jeff Leavins of LJA Engineering, 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 July 19, 2016 meeting were reviewed and approved as presented upon motion duly made by Director Giardina and seconded by Director Hughes.

AGENDA ITEM NO. 4: **Presentation by Kevin Hester of Simply Aquatics.** Mr. Hester was not in attendance, therefore, there was no action.

AGENDA ITEM NO. 14: **Improvements to District water distribution system funding through TCEQ Surplus Funds Application.** The Board recognized Jeff Leavins who reviewed for the Board his summary of projects outlined in the TCEQ Surplus Funds Application. Mr. Leavins also

reviewed the estimated engineering cost for the projects, and it was noted that the District would need to amend its contract with LJA Engineering to include the engineering service cost for the surplus bond funds and to authorize LJA to proceed with bidding and procurement of projects subject to the development of final plans, specifications and approvals as required by the TCEQ. After discussion and upon motion duly made by President Maddox and seconded by Director Hughes, the Board approved the amendment of the Contract between the District and LJA Engineering, authorized LJA to proceed with finalizing bid documents, submission of documents to the TCEQ for approval and to proceed with procurement and consultation with the District's Manager and utility operator.

AGENDA ITEM NO. 5: Manager's Report. The Board recognized Charlie Adams who indicated that in July, Utility Specialties responded to 18 grinder calls, repaired one sewer leak and responded to three brown water calls. Utility Specialties also presented the pumpage of Well #1 and Well #2, and it was noted that the well pumpage was much more equalized than in the two prior months. President Maddox asked to discuss the brown water cause and whether the District should have Utility Specialties respond to such calls. President Maddox asked for Utility Specialties to review the primary basis for brown water calls. A discussion followed, and Mr. Adams also was asked to determine if the District's water system was operating properly to inject the phosphate used to capsule rust and eliminate brown water. Mr. Adams indicated he would contact Napco Chemicals to do a system evaluation and determine if the injectors at the District water plant were operating properly and were providing for proper levels of phosphate. The Board also discussed the possibility of enhancing District line flushing through remote hydrant locations. After discussion and upon motion duly made by Director Hughes and seconded by President Maddox, the Board approved the Manager's Report as presented.

AGENDA ITEM NO. 6: Monthly Financial Statements. The Board recognized Wayne Turk who presented his accounting statement from BBVA Compass Bank dated August 16, 2016. Mr.

Turk noted the sources of District revenue including service fees and tax collections and indicated that there were no unusual expenses for the month other than the noted bond payment effective August 15, 2016. After discussion and upon motion duly made by Director Hughes and seconded by Director Giardina, the Board approved the financial statements as presented.

AGENDA ITEM NO. 7: Accounts Payable. The Board again recognized Mr. Turk who presented the bills for payment ledger dated August 16, 2016. Mr. Turk reviewed the invoices and noted that the District had acquired six grinder pumps from Automatic Pump, and Mr. Turk had contacted them and had been advised that the District was receiving a volume purchase discount from Automatic Pump. Mr. Turk also noted the invoice for phosphate materials from Napco Chemical, including deliveries of 100 gallons and 87 gallons to the District's respective well sites. After discussion and upon motion duly made by Director Hughes and seconded by Director Giardina, the accounts payable in the amount of \$23,776.87 were approved as presented.

AGENDA ITEM NO. 8: 2016/2017 Budget. The Board recognized Mr. Turk who presented an update of the budget presented to the Board at its workshop session on August 8, 2016. Mr. Turk noted an approximate \$14,000 budget increase with a revised proposed total budget of \$672,714.85, including the District's maintenance and operation budget proposal of \$313,169.85 and debt service of \$359,545. After discussion and upon motion duly made by Director Hughes and seconded by Director Giardina, the budget was approved as presented. It was also noted that the District would have a revenue shortfall and would have to resolve through a rate increase or other matters which were going to be presented and which would be reviewed at the next Board meeting.

AGENDA ITEM NO. 9: 2016 Certified Tax Roll. The Board was presented with the certified tax roll from the Hardin County Appraisal District showing a taxable value of the District of \$80,560,280. After discussion and upon motion duly made by Director Hughes and seconded by President Maddox, the certified tax roll was approved as presented.

AGENDA ITEM NO. 10: Set preliminary 2016 debt service and maintenance and operation tax rates for the District. Mr. Turk presented the tax rate as outlined in the Board budget meeting with a total of a proposed tax rate of \$0.520862 per \$100 valuation comprised of a \$0.446000 per \$100 debt service tax and a \$0.074862 maintenance and operations tax. After review of the tax rate and upon motion duly made by Director Hughes and seconded by Director Giardina, the 2016 proposed tax rate was approved as presented.

AGENDA ITEM NO. 11: Set date and provide for publication of public hearing on proposed tax rate. The Board considered setting the date for the public hearing on the tax rate. After discussion and upon motion duly made by President Maddox and seconded by Director Hughes, the Board set the public hearing on the tax rate for September 20, 2016 at 6:30 p.m. to precede the September Board meeting.

AGENDA ITEM NO. 12: Amendments to Water and Sewer Use Order. President Maddox indicated that he would provide to legal counsel a set of proposed changes to the Water and Sewer Use Order and the necessary concurrent changes to the new construction form. President Maddox indicated that changes to the Water and Sewer Use Order were necessary to address outstanding issues concerning service to undeveloped areas within the District and to address matters concerning dated information in the Order including references to previously adopted plumbing codes. President Maddox advised legal counsel that he would provide the information so counsel could propose the changes and submit to the Board in advance of the September Board meeting.

AGENDA ITEM NO. 13: Amend District policy on elevation certificates. President Maddox noted that the Board was continuing to secure elevation certificates for all properties in the District. A review of the historical basis for the securing of the elevation certificates tied to a prior bond financing of the District were reviewed along with the steps taken by the County's Flood Plan Administration in regards to issuing construction permits within the County including the District.

A lengthy discussion followed, and the Board agreed not to eliminate elevation certificates and required them to be provided in order for a new structure to get service from the District.

AGENDA ITEM NO. 15: District website. President Maddox reported that the corrections had not been completed, and he would notify the web designer of outstanding issues.

AGENDA ITEM NO. 16: Report and County drainage grant and project progress report. President Maddox noted that the project should be underway shortly, and there were two easements that were in condemnation that would be required before the project could be concluded.

AGENDA ITEM NO. 17: Correspondence. Mr. Turk indicated that all of the correspondence had been addressed in earlier agenda items.

AGENDA ITEM NO. 18: Comments from Board Members. Comments followed from the Board members.

AGENDA ITEM NO. 19: Adjourn. There being no further business before the Board, the meeting was adjourned at 7:55 p.m.

President of the Board

ATTEST:

Secretary of the Board