

**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, April 20, 2021, pursuant to notice duly posted in accordance with law. The meeting was held at 333 Commercial Drive, Hardin County, Texas. The following members of the Board were present:

Jack Maddox

Tim Jones

Tim Beard

Allen Davis

Absent: Buddy Hughes

Also present were Wayne Turk, representatives of Utility Specialties, Mitchell T. Fontenote and Sarah Mounkes, certified public accountants for the District and Guy N. Goodson of Germer PLLC as legal counsel to 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 of March 16, 2021 were unanimously approved upon motion duly made by Director Beard and seconded by President Maddox, as corrected. The correct amount for the accounts payable was \$23,174.47.

**AGENDA ITEM NO. 4: Presentation of 2020 audit.** The Board recognized Mr. Fontenote who presented the audit, and it was noted the District had received a clean opinion indicating the District's financial statements were in conformance with generally accepted accounting practices. The auditors then made a brief review of the management discussion following the opinion letter with a notation that the District's net position increased by \$38,505.00 during the fiscal year, and the unrestricted net position was \$277, 414.00 as of December 31, 2020. The auditors then reviewed the basic financial

statements but noted in addition to the general fund and debt service fund, the financial statements included a capital projects fund. The auditors briefly reviewed the items in the Notes to the Financial Statements including Note 7 on page 14 as to the bonds payable, the summary of bond obligations and the designation under Government Accounting Standard Board 54 of fund types including an unassigned fund balance of \$114,461.00. The Board was then advised the remainder of the report was required supplementary information for compliance with requirements of the Texas Commission on Environmental Quality. The Board discussed items including a notation of the tax collections for the current year which were at 100%. Following the review of the auditing statement as there were no further questions from the Board, upon motion duly made by Director Beard and seconded by Director Davis, the Board approved the 2020 audit as submitted.

**AGENDA ITEM NO. 5: Manager's Report.**

(a) Operational Report:

The Board recognized representatives of Utility Specialties, and Mr. Davenport indicated in the Operators Report that Utility Specialties had responded to 21 grinder calls. The report noted the water pumpage at Well #1 and Well #2 and that Utility Specialties had performed 11 line locates, completed and submitted the Water Use Survey, pulled the Booster Pump #2 at Well #1 and delivered to Automatic Pump for repairs. At this point, Mr. Davenport stopped and noted this was an issue in the bearing of the booster pump which was a warranty item. The Board then discussed the time period for it to be out of service, and that the District had an old pump in storage. Mr. Davenport stated he would advise the Board when the repair pump would be available for reinstallation. Mr. Davenport then stated Utility Specialties had met with Third Coast for the TCEQ required testing, had performed callouts on an alarm at the Wastewater Treatment Plant and reset the blower and a callout at the Water Plant and reset the pumps. Mr. Davenport closed with noting that Well #1 generator had a high temperature light, and it was determined that a new block heater was required which would be ordered and repaired. In closing, Utility Specialties noted they had one panel and four pumps in inventory. Questions

followed from the Board, and 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. 6: Monthly Financial Statements. The Board recognized Wayne Turk who presented the accounting statement from BBVA Compass Bank dated April 20, 2021. Mr. Turk noted the District had received the final payment for Outlay No. 13 from the TWDB, and the proceeds in the amount of \$51,076.02 had been paid in checks to Jet Aeration of Texas, LLC along with its retainage and the invoice to LJA for construction and inspection. Mr. Turk noted he would close the TWDB CWSRF proceeds account and move any proceeds to the system operating account. Mr. Turk also noted the District had received another large ad valorem tax account payment in the amount of \$25,473.67 as well as service fees for the month of \$26,034.89. After review and upon motion duly made by Director Beard and seconded by President Maddox, the monthly financial statements were approved as presented.

AGENDA ITEM NO. 7: Accounts Payable. The Board again recognized Mr. Turk who provided the accounts payable and advised of certain issues he was addressing with Entergy Texas on the service accounts for the District. Mr. Turk noted the District had paid an additional \$80.00 for the 811 System due in part to the Entergy request for locates for work they were doing in hardening their electrical poles. The Board asked as to check #2848 to Core & Main, LP, and it was noted this was an equipment provider. After discussion and upon motion duly made by President Maddox and seconded by Director Beard, the Board unanimously approved the accounts payable.

AGENDA ITEM NO. 8: Update status of TWDB Grant and Contract. Mr. Turk again noted the TWDB grant was closed and the account would be as well.

AGENDA ITEM NO. 9: Correspondence. The Board recognized Mr. Turk who advised the District had received from the Hardin County Appraisal District updated information requiring submissions in accordance with the Truth in Taxation Status Statute. Mr. Turk provided a copy of the TML Claims Survey and notification of receipt of a Notice of Violation on a planned inspection on February 2. President Maddox stated he had provided the information to Karen to respond, and this was apparently a

sodium exceedance, but the matter was extremely small and might result in the District considering appealing any action taken as a result of the Notice of Violation.

AGENDA ITEM NO. 10: Comments from Board Members. President Maddox noted with the representatives of Utility Specialties that they had begun their meter reading responsibilities today, and Mr. Turk provided a copy of the amended contract for their services which was executed and returned to the Board for execution. President Maddox requested that Mr. Davenport work with his crew to ensure proper installation in floats when grinder units were installed. President Maddox closed with a discussion of the gate on Woodcrest and the District's access to its Wastewater Treatment Plant. Legal counsel recommended that the Board consider undertaking the cost of moving the gate to ensure security of its facilities and could address a request for reimbursement to the adjacent property owner at a later date. The meeting closed with a discussion of continuing problems with customers providing non-dissolvable material in the grinder pump stations. Legal counsel noted that PUCT Project No. 51812 abating discontinuation of services had not been lifted by the PUCT at this time.

AGENDA ITEM NO. 11: Adjourn. There being no further business, the meeting was adjourned at 7:50 p.m.

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President of the Board

ATTEST:

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Secretary of the Board