

**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, June 19, 2018, 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 Beard

Buddy Hughes

Jody Aiena

Also present were Jeff Leavins of LJA Engineering, Larry Davenport and Ms. Adams of Utility Innovations, LLC dba Utility Specialties, Mr. & Mrs. Weathers who reside at 451 Pinemont, and Wayne Turk, Office Manager for 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. Mr. Weathers wanted to thank the Board for the response to the problems they were having at their home. They had problems with the alarm coming on from apparent back up of the grinder pump system. President Maddox noted that the District's maintenance contractor had responded and they found the tank at low level when checked. It showed that the check valves were holding as designed and system seem to be okay. Mr. Weathers noted that others in his area tended to have a problem as well. President Maddox stated that the District's engineer would be looking at the possibility of running a second underground sewer header down Pinemont.

AGENDA ITEM NO. 3: Minutes. The Board approved the minutes of May 19, 2018 upon motion duly made by President Maddox and seconded by Director Beard.

AGENDA ITEM NO. 5: Presentation of waterline installation project status report and any requested change order. The Board recognized Jeff Leavins who provided the following update:

- Pay request #6, dated June 11th is submitted for \$14,375.70 after retainage;
- 95% of the work is completed and 97.5% of the time used;
- The recent shutdown of the water system to make the individual house tie-ins was done with good communications and coordination in a minimum amount of time.
- President Maddox had previously attended a meeting of the Civic Association and outlined what was being done and how it would be carried out. Everything went as presented and he didn't get called.
- The Board thanked T Johnson for doing a good job and wanted to make sure Josh and his crew knew it was appreciated.

AGENDA ITEM NO. 11: Consideration and Possible Action on Bid proposals for Well #2 and Sewer Plant repairs. The Board again recognized Jeff Leavins who stated bids for Well#2 will be opened tomorrow at 2:00p.m. in the office of LJA Engineering. Everyone was encouraged to attend. He stated that the bids would be tabulated and sent to TML Insurance agents for their review. Director Beard wanted to make sure the contract was awarded as soon as possible and moved to authorized President Maddox to accept the "best bidder." The motion was seconded by Director Aiena, and the motion passed. President Maddox stated the District's attorney would be contacted to confirm this action could be taken without another Board meeting. If not, another Board meeting would be called at 6:00p.m. Monday to award the contract.

President Maddox wanted to ask the Board about two related issues:

- There are discarded fire hydrants that needs to be removed from the District's property. There may be of some value for scrap steel. It was the Board's direction to authorize T Johnson to haul them off at no cost to the District.
- The generator at Well#2 went under water but the engine and some parts may be re-useable with appropriate cleaning and maintenance. It was the Board's direction let the generator be removed as part of the contract that will be issued for the work at the well. A new Onan Generator is to be purchased and installed with that contract. (Noted that cheaper generator could be purchased, but the Onan has been and is a quality machine.)

AGENDA ITEM NO. 10: Consideration and Possible Action on Requesting Funds from TWDB; Filing Applications, Etc. Wayne Turk noted that the application for the funds has been processed. Mr. Jeff Leavins was recognized and he reported that the applications for grant funds was made under two different programs that the TWDB developed to help small District's overcome the costs of Harvey repairs. One was submitted under the drinking water funds, and the other under clean water (sewer) funds. Both of the applications will total more than \$500,000. President Maddox noted that it will be at least six months before the processing is completed to see if the District will get these funds.

AGENDA ITEM NO. 4: Manager's Report. Mr. Davenport provided the Operator's Report dated June 19, 2018 noting that Utility Specialties had responded to 16 grinder calls, an average of 112,839 gallons/day was pumped from Well#1, a leak on the service line was repaired at 1014 Pinecrest, and sewer leaks repaired at 1001 Pinewood Blvd., and 435 Piney Point. The annual "Water Loss Report" was completed. There are 6 Grinder Panels and 5 Grinder Pumps on hand. President Maddox had the following questions and comments:

- Did the grinder system for 1059 Pine Needles have problems because the control panel was not the one installed by the District? This has to be checked out.
- He has been the issue of “locates” with the District’s attorney and determined that the underground piping for the grinders is on individual private property, with easements to the District. Center Point needs to contact Utility Innovations for the sewer line locates when running new gas lines to the individual houses.

AGENDA ITEM NO. 6: Cleaning and improvements in Pinewood drainage ditches. The Board received a brief report from President Maddox who has been asked to serve on a drainage committee. Mr. Pelt has provided a \$375,000 cost estimate to clean ditches. Also, there are some culverts under sized and some broken. This will be a big part of the project. President Maddox has helped identify problems in Pinewood and brought them back to the committee. He also noted that Country Wood was not represented on that committee and he has made contact to get them involved. Director Beard asked about engineering and it was noted that Jeff Leavins was the engineer for the county on this project.

AGENDA ITEM NO. 7: Cost summary/estimates to provide to Federal Emergency Management Agency (“FEMA”) for Public Assistance/approve actions for FEMA Public Assistance. Mr. Turk reported that the first project for the initial grinder system repairs has been funded. He provided the computer documents showing funds approved, \$66,419.05, and deposited in the District’s account. He also noted that the spreadsheet with the projected grinder panel replacements has been given to FEMA, and they have submitted a “supplemental project” for approximately \$195,000 to complete the remaining grinder station panel and pump replacements.

AGENDA ITEM NO. 8: Report on TML Intergovernmental Risk Pool insurance coverages and claim status. Mr. Turk stated that TML is waiting on the bids for the Well#2 and Sewer Plant

Repairs. The TML representatives are ready to process additional funds to ensure the District has the money on hand to pay for this work.

AGENDA ITEM NO. 9: Consideration and Possible action on Additional TML Insurance

Coverage. Mr. Turk reported that the generator at Well#2 has been added to the equipment list that will be covered, along with the generators at Well#1 and the Sewer Plant.

An approximate cost for coverage of the individual grinder stations will be \$2,200/yr for \$2,000/unit coverage or \$1,100/yr for \$1,000/unit with a \$500 deductible per occurrence. It was noted that a flood would be a recognized occurrence, and the District has a \$10,000 deductible for that type of occurrence. Mr. Turk was asked if the District had the funds to pay the premium. The cost was small but would have to be covered in the budget preparation and taken in account with other costs for a possible rate increase. Upon a motion by Director Beard and seconded by Director Hughes, coverage of a \$1,000/grinder station was approved by the Board.

AGENDA ITEM NO. 12: Monthly Financial Statements.

Mr. Turk presented the financial statement showing a payment from Cable One in the amount of \$1,580.88 for the first quarter fee, and service fees in the amount of \$13,135.18. Mr. Turk also noted that the total funds available for normal operations was a little more than \$32,000, a major reduction from the \$100,000+ of a year ago. The Board reviewed other items from the accounting statement and after discussion and upon motion duly made by Director Beard and seconded by Director Hughes, the monthly financial statements were approved as presented.

AGENDA ITEM NO. 13: Accounts Payable and payment for bond project improvements.

Mr. Turk presented the Bills for Payment and noted the payments for the annual audit totaling \$6,500 and the LJA Engineering had four invoices, totaling \$12,995.00, for developing the bid packages for Well#2 and Sewer Plant, and submitting requests for Drinking Water and Clean Water

Grants from the TWDB. After discussion and upon motion duly made by Director Hughes and seconded by Director Beard, the accounts payable in the amount of \$36,867.12 were approved for payment as presented.

Mr. Turk presented the billings for the additional bond improvements for replacing a bad section of underground water piping that was previously discussed under agenda item no. 5. LJA had two invoices to cover periods from 2/24 thru 3/30 and 4/1 thru 5/25, totaling \$2,400. Estimate #6 from T. Johnson Industries was \$14,375.70 after deduction of the retainage. Upon a motion duly made by Director Beard and seconded by Director Hughes the invoices were approved to pay as presented. Mr. Turk noted that the balance of the contract for LJA is \$2,543.38, and for T. Johnson Industries the balance, including retainage, is \$23,489.38.

AGENDA ITEM NO. 14: Consideration and Possible action to amend District Utility Rates and Setting an Effective Date. Mr. Turk presented a summary of the M&O Service Fees and Taxes for the years 2010 thru 2017, and the M&O Expenses for those years. The funds received and spent were fairly close for those years. The additional cost of “capital expenses” for new grinder pumps and equipment have been steadily reducing the reserve funds over those same years. The M&O Tax income has not been increasing enough to offset these capital expenses and service fees must be adjusted to provide funds for basic increases in operating costs as well as capital expenditures. It was noted that a \$5.00/ month increase in the base fee would generate approximately \$1,000/mo. After Board discussion and upon a motion made by Director Hughes and seconded by Director Aiena, the base cost of services was approved to increase \$10.00/mo, with costs for higher usages adjusted accordingly, and said increases to go in effect August 1, 2018. The District’s use ordinance will be so revised and published as required.

AGENDA ITEM NO. 15: Consideration and Possible Action to Secure Financing for District Operations. Mr. Turk stated the he had been in contact with the Bank to determine what would be needed to apply for short term funding if needed. With the recent funds put in the bank by FEMA, the Board elected to Table this item.

AGENDA ITEM NO. 16: Consideration and Possible Action regarding CenterPoint Energy Locates for District House Service Lines. President Maddox asked for a motion to notify CenterPoint Energy that the sewer and water lines are on private property and they must contact Utility Innovations for locates in order to run the new natural gas lines to the individual homes. Upon said motion by Director Beard and seconded by President Maddox, the motion passed.

AGENDA ITEM NO. 17: Correspondence. Mr. Turk stated the following had been received:

- The Hardin County Appraisal District sent certified letter stating their 2019 budget was 1.6 million dollars, which is 9 thousand dollars less than 2018. This is for information only, the Board cannot approve or reject it.
- Texas Health and Human Services issued a letter “Amending EPA Method 524.2 Analysis Reports.” It did not change the reported results.
- Texas Department of State Health Services sent five “Analysis Report” for tests they carry out on the water system. These will be given to Utility Innovations to be kept with the District records.
- Texas Commission on Environmental Quality issued the reminder notice for the “2017 Consumer Confidence Report.” This has already been done by Mrs. Liz Will and posted on the District’s website. The “Consumer Confidence Report TCEQ Certificate of Delivery” will be sent to Mrs. Will for filing.

AGENDA ITEM NO. 18: **Comments from Board Members.** President Maddox made the following comments:

- Mr. Maddox has copies of drainage easements from Mr. Guy Goodson and still needed to get sectional maps for sections 3, 4, & 5.
- Mr. Maddox has been working with the County to get reimbursed for repairs to water lines that were broken by the contractor(s) that picked up the debris from Hurricane Harvey. Not sure if he will succeed in getting funds, but it is around \$2,000 and the District needs the funds.
- Mr. Maddox recently took a count of the number of trailers in the community. There are 147, and each one has been connected to the sewer system by one means or another. Some connections are open to the top of the ground, others just bored a hole in the top of the grinder tank top. He wants each location inspected to insure that it meets code and the District doesn't eventually get charged with the cost of maintenance and repairs to these "temporary" connections.

Director Beard noted that the Board had previously approved the use of trailers for temporary housing and that approval will expire January, 2019. That approval will likely need to be amended at some later date if the Board so chooses to do so.

AGENDA ITEM NO. 19: **Adjourn.** There being no further business, the meeting was adjourned at 8:05 p.m. upon motion duly made by Director Beard and seconded by Director Hughes.

ATTEST:

President of the Board

Secretary of the Board