

**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, September 15, 2020, 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

Buddy Hughes

Absent: Tim Beard

Also present were Wayne Turk, Jeff Leavins of LJA Engineering 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: Board vacancy. President Maddox noted that Jody Aiena had returned to the District and working from his home and that he or Director Beard would contact Mr. Aiena to see if he would be willing to return to fill out his unexpired term on the Board.

AGENDA ITEM NO. 3: Public Comments. None.

AGENDA ITEM NO. 8: TWDB CWSRF Urgent Need Project (Residential Sanitary Sewer Grinder Stations). The Board recognized Jeff Leavins with regard to the TWDB CWSRF Urgent Need Project (Residential Sanitary Sewer Grinder Stations). Mr. Leavins advised the Board he would request that the agenda items be tabled because notwithstanding prior notification, the contractor had not completed the final actions necessary for approval of the final change order and the Certificate of Construction Completion. The Board then recognized Wayne Turk who presented and reviewed the statement from Amegy Bank as to the prior approved outlay reports and noted that

Outlay Report No. 12 in the amount of \$34,401.28 had been received. As Outlay Report No. 12 had been previously approved by the Board, legal counsel noted that in order to ensure the release of funds, the Board should proceed to authorize release of said funds. Upon motion duly made by President Maddox and seconded by Director Jones, the Board authorized the release and payment of invoices previously submitted under Outlay No. 12 totaling \$34,401.28. President Maddox noted that the balance of this agenda item including action items (a), (b) as to Pay Request No. 13 and Release of Retainage and (c) Certificate of Construction Completion were tabled and would be considered at the next meeting.

AGENDA ITEM NO. 4: Public hearing on proposed 2020 tax rate.

- (a) Comments from the Board. President Maddox recessed the Board meeting and opened the public hearing on the proposed 2020 tax rate at 6:40 p.m. President Maddox asked if there were comments from Board members, and there were none.
- (b) Comments from citizens. President Maddox noted there were no citizens in attendance at the meeting.
- (c) Close public hearing. President Maddox then closed the public hearing at 6:42 p.m. The Board returned to the regular agenda.

AGENDA ITEM NO. 5: Adopt 2020 tax rate (debt rate and maintenance tax rate). The Board was provided by Mr. Turk a copy of the publication of the meeting to set the tax rate which had been placed in the *Examiner*. President Maddox asked if the Board had questions, and legal counsel noted that the Board needed to adopt the proposed tax rate and should separately vote on the maintenance and operations rate and the debt service rate. The Board then recognized Director Hughes who moved that the District adopt its maintenance and operation tax rate as \$0.77144 per \$100/valuation. The motion was seconded by President Maddox, and there being no discussion, the motion passed unanimously. Director Hughes then moved for the adoption of the District's 2020 debt service rate as \$0.261163/\$100 valuation. The motion was then seconded by President

Maddox, and there being no discussion, the motion passed unanimously. Director Hughes advised that the collective M&O and debt service rate for the total District's tax rate for 2020 was \$0.338307/\$100 valuation. The Board then recognized Mr. Turk who stated that due to the ad valorem tax valuation increase for the current tax year, the total tax rate had been lowered by approximately \$0.08. President Maddox asked if the rates as set would increase the District's maintenance and operation budget sufficiently to consider items including a possible manager. Mr. Turk stated the rate was not sufficient to meet all the projected costs associated with in-house management. Legal counsel noted the new rate did exceed the no new tax rate amount as calculated for the District but was less than the voter-approved rate (formerly the effective tax rate), so there was a modest increase in the M&O proposed funds for the budget.

AGENDA ITEM NO. 6: Minutes. The minutes of August 18, 2020 were approved unanimously upon motion duly made by President Maddox and seconded by Director Jones.

AGENDA ITEM NO. 7: Manager's Report.

(a) Operational Report:

The Board was provided with the Manager's Report from Utility Specialties. Mr. Turk, in the absence of the representatives of Utility Specialties, read for the record the report noting in August, Utility Specialties had responded to 20 grinder calls. Mr. Turk noted the water pumped at Well No. 1 and No. 2. He also noted that Utility Specialties had performed three line locates, checked the generators at the plants before and after Hurricane Laura and pulled the panel from 106 Woodlawn as the house was to be torn down. Mr. Turk asked why the pump had not been pulled as well, and it was noted that it had been under water for some time. It was also noted in the Manager's Report that Utility Specialties had purchased four pumps and had one panel and the four pumps in inventory.

(b) TTHM Issues:

President Maddox noted he had spoken with the representatives of Utility Specialties who had deferred a TTHM inspection by TCEQ due to the storm preparations required prior to and following Hurricane Laura, and the rescheduled TCEQ inspection should occur within the next few days.

AGENDA ITEM NO. 9: Monthly Financial Statements. Mr. Turk presented the BBVA accounting statement dated September 15, 2020 showing the cable fee second quarter payment in the amount of \$1,286.41 and noting other receipts. Mr. Turk noted the District was in good financial condition, and the balance on hand without any further deposits would all go to the bills which would be authorized for payment. After discussion and upon motion duly made by President Maddox and seconded by Director Hughes, the financial statements were approved as presented.

AGENDA ITEM NO. 10: Accounts Payable. Mr. Turk noted there were no unusual items for the month but did review matters related to Automatic Pump & DXI Industries stating that DXI Industries was catching up on rental charges. Mr. Turk also noted the substantial publication cost placing the District's tax rate meeting notice in the *Examiner*. After discussion and upon motion duly made by Director Hughes and seconded by President Maddox, the accounts payable in the amount of \$24,518.44 were unanimously approved for payment as presented.

AGENDA ITEM NO. 11: Correspondence. President Maddox advised the Board of correspondence from the Hardin County Tax Office concerning a tax deferral notice as to property owners in the District, and the matter was reviewed briefly by legal counsel as to the tax deferral process under §312 of the Texas Tax Code. Mr. Turk noted that an additional notice dated August 31, 2020 had been received from the auditors for FEMA stating the closeout of the District's grinder station project worksheet.

AGENDA ITEM NO. 12: Comments from Board Members. President Maddox noted he had received and discussed with JET invoices for service calls which were deemed to be part of the warranty, and he was awaiting confirmation from JET that these invoices would be withdrawn.

President Maddox then stated that due to Hurricane Laura and preceding events, the notice letter for service termination sent to 319 Pinemont had not been executed. President Maddox asked legal counsel if there would be an issue with submitting the termination notice due to non-payment of charges. Legal counsel stated there were none, so President Maddox indicated he would provide an amended and redated Service Termination Agreement to the property owners.

AGENDA ITEM NO. 13: Adjourn. There being no further business, the meeting was adjourned at 7:00 p.m.

President of the Board

ATTEST:

Secretary of the Board