

**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, May 15, 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

Absent: Jody Aiena

Also present were Mitchell T. Fontenote and his associate, certified public accountants for the District, Jeff Leavins of LJA Engineering, Larry Davenport and Ms. Adams of Utility Innovations, LLC dba Utility Specialties 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 6:32 p.m. by President Maddox.

AGENDA ITEM NO. 2: **Public Comments.** None.

AGENDA ITEM NO. 3: **Minutes.** The Board approved the minutes of April 17, 2018 upon motion duly made by Director Beard and seconded by Director Hughes.

AGENDA ITEM NO. 4: **2017 audit.** The Board recognized Mitch Fontenote who presented the Annual Financial Report of the District for the year ended December 31, 2017. He then recognized his associate who presented the Board with the audit findings including a notation that the District had received a clean audit opinion under the letter dated May 10, 2018. A brief discussion followed

on the management discussion and analysis with no problems with access to District records being noted. The Board then moved to the general governmental fund, then position statements followed by the notes to the financial statement and a detailed review of the supplementary information and related notes as required by the Texas Water Development Board Water District Accounting Manual. The Board reviewed tax reports, and a discussion followed on long-term debt requirements of the District and the anticipated loss of District ad valorem tax base due to the Hurricane/Tropical Storm Harvey events. After a discussion and upon motion duly made by President Maddox and seconded by Director Beard, the Annual Financial Report for the year ended December 31, 2017 was approved as presented. Mr. Fontenote stated that he would work with Mr. Turk to ensure that all filings were duly made including that to the Texas Commission on Environmental Quality. The Board tabled the Manager's Report and moved to Agenda Item No. 6.

AGENDA ITEM NO. 6: Presentation of waterline installation project status report and any requested change order. The Board recognized Jeff Leavins who noted that there was not a pay request for this month, but at the last inspection, almost all the customer taps had been installed, and the system was moving towards completion of installing the taps which would follow with testing and disinfection and the transition to the new line. The Board recognized Larry Davenport who answered certain questions relative to the project and specific project locations. Mr. Leavins indicated that the project should be complete by mid-June.

AGENDA ITEM NO. 10: Bid proposals for Well #2 and Sewer Plant repairs. The Board again recognized Jeff Leavins who stated the bid packages for both projects were complete and would be presented to the District for approval. Mr. Leavins went on to state that the Texas Water Development Board had set aside certain urgent need State Revolving Fund Program funds in both the form of grants and loans to entities impacted by Hurricane/Tropical Storm Harvey. Mr. Leavins

noted that he along with Mr. Turk had filed a Project Information Form (“PIF”) for the grinder system and under the Clean Water State Revolving Fund Urgent Need Program and were proceeding with a PIF under the Drinking Water State Revolving Fund for other projects. Mr. Leavins did note that utilization of SRF funds would require federal procurement requirements whether grant or loan. Questions followed from the Board, and Mr. Leavins was asked to coordinate with Mr. Turk on the presentation of the bid packages for Well Site #2 and the Sewer Plant to the Texas Municipal League Inter-Governmental Risk Pool. President Maddox noted that he had another offsite inspection with FEMA representatives, and the latest District designated FEMA representative questioned many of the items that the District had presented for repair.

President Maddox went on to provide a brief report on the Hazard Mitigation Committee that he and Mr. Leavins served on for Hardin County. The Board thanked Mr. Leavins for his presentation.

AGENDA ITEM NO. 5: Manager’s Report. Mr. Davenport provided the Operator’s Report dated May 15, 2018 noting that Utility Specialties had responded to 28 grinder calls, replaced 6 grinders, repaired a sewer tap at 351 W. Pine Shadows and 330 Pinehurst, as well as repairing a leak at the meter at 192 Woodshire and a leak at the meter at 1022 Pinehurst. Mr. Davenport noted that they had received 2 brown water calls and had stock piled 11 panels and 5 pumps at the request of the Board. Questions followed from the Board including the notification that the District had received a letter from the TCEQ about a water outage without providing a boiled water notice, but at this point, there was no violation noted. President Maddox also stated that he had been to Well Site #1 and saw that the District’s backflow preventer was left out in the weather and he had taken the backflow preventer to his residence and had cleaned and maintained it so that it would be usable both by the District and its contractor. President Maddox indicated that he was very concerned

because he had returned to the well site and saw that it was placed in the same place and not in a secure and weather proof environment. Mr. Davenport stated he would retrieve the backflow preventer and be certain that it was not subject to the weather.

AGENDA ITEM NO. 7: Cleaning and improvements in Pinewood drainage ditches. The Board received a brief report from President Maddox who indicated he was still trying to locate ownership maps for the drainage ditches in the District in hopes that as part of the Hazard Mitigation Committee, further efforts could be made to clean and to maintain the drainways within the District.

AGENDA ITEM NO. 8: Cost summary/estimates to provide to Federal Emergency Management Agency (“FEMA”) for Public Assistance/approve actions for FEMA Public Assistance. No report (Mr. Turk was not in attendance).

AGENDA ITEM NO. 9: Report on TML Intergovernmental Risk Pool insurance coverages and claim status. No report (Mr. Turk was not in attendance).

AGENDA ITEM NO. 11: Monthly Financial Statements. President Maddox presented the financial statements showing a payment from CenterPoint Energy in the amount of \$9,500 and service fees in the amount of \$11,712.68. 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. 12: Accounts Payable and payment for bond project improvements. The Board recognized that it had extremely high invoices again in the amount of \$49,491.17 which included engineering services from LJA, invoice from Utility Specialties, invoices from Wells Administration, Germer PLLC and Automatic Pump. After discussion and upon motion duly made

by Director Hughes and seconded by Director Beard, the accounts payable in the amount of \$49,491.17 were approved for payment as presented.

AGENDA ITEM NO. 13: **Report on notification of appraised values from Hardin County Appraisal District.** The Board noted it had received correspondence from Mr. Turk giving preliminary information on the tax roll and asked Director Hughes to contact the Appraisal District to determine if the amount of additional appraisal contest would be filed so the District could determine a roll and send it to the County Tax Office to get a preliminary ad valorem tax and maintenance operation rate for the next year.

AGENDA ITEM NO. 14: **Correspondence.** The Board noted there was no correspondence to be presented to the Board.

AGENDA ITEM NO. 15: **Comments from Board Members.** The Board indicated they had already presented comments.

AGENDA ITEM NO. 16: **Adjourn.** There being no further business, the meeting was adjourned at 7:40 p.m. upon motion duly made by Director Beard and seconded by Director Hughes.

President of the Board

ATTEST:

Secretary of the Board