

**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, October 17, 2023, 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:

Ben Fox

Tim Jones

Buddy Hughes

Jack Maddox

Allen Davis

Also present were Wayne Turk, Larry Davenport of Utility Specialties 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 by President Maddox at 6:30 p.m.

AGENDA ITEM NO. 2: Public Comments. None.

AGENDA ITEM NO. 3: Minutes. The minutes of September 21, 2023 were unanimously approved upon motion duly made by President Maddox and seconded by Director Hughes.

AGENDA ITEM NO. 4: Manager's Report.

Operational Report:

The Board recognized Larry Davenport who reviewed the Operator's Report dated October 17, 2023. Mr. Davenport noted that Utility Specialties responded to 24 grinder calls, repaired two sewer leaks, responded to two brown water calls, met Third Coast for a TCEQ required

sampling and advised that the VFD went out at Well # 2. Mr. Davenport also noted a repair to a discharge line broken by a customer and reported a power outage at the wastewater treatment plant which was a matter to be addressed by Entergy Texas. Mr. Davenport advised that no panels or pumps had been acquired, and three pumps and three panels were in inventory. Mr. Davenport provided the water pumpage report at Well #1 and Well #2. Following his report, questions followed as to the damaged waterline, and it was noted that it was due to the customer and not work by Utility Specialties. President Maddox noted, per District policies, once the invoice from Utility Specialties for making the repair was received, it would be provided to Mr. Turk who would then invoice the customer for reimbursement of the repairs. Questions followed on the outage of the VFD, and it was noted it would be 10-14 weeks for delivery. A question was asked as to the pressure pumps acquired by the District in 2015 and the apparent loss or misplacement of one of the pumps. President Maddox stated they would await further response from Utility Specialties before requesting a reimbursement for acknowledging the pump motor and other pump parts may have been damaged during the flooding which led to its removal. Mr. Davenport advised meters shown to have been reading zero usage had been replaced, and a question followed from Director Fox about the homes to be demolished and whether the District had removed or would remove and/or lock the meters at those properties. Mr. Davenport stated he would advise the Board of the best course of action. After further discussion and upon motion duly made by President Maddox and seconded by Director Hughes, the Operational Report was approved as presented.

AGENDA ITEM NO. 7: Monthly Financial Statements. The Board recognized Mr. Turk who presented the accounting statement ending October 17, 2023 and noted the service fees of \$34,045.88. It was also noted that the increase was beneficial and had been offset by recent system

operating costs. There being no questions from the Board and upon motion duly made by Director Hughes and seconded by President Maddox, the monthly financial statements were approved as presented.

AGENDA ITEM NO. 8: Accounts Payable. The Board recognized Mr. Turk who reviewed the accounts payable register noting several returned checks including a large past due payment at 1242 Pine Shadows which Mr. Turk advised had been paid. Mr. Turk reviewed invoices from Utility Specialties, Simply Aquatics and the Texas Municipal League Inter-Governmental Risk Pool Annual Insurance Renewal Premium. President Maddox suggested the Board in its review of the adopted budget, consider adding chlorination system expenses as a line item due to the frequent need for repairs. Mr. Turk noted he would do so and further advised the Texas Municipal League payment was for the full year premium for which they received a 2% deduction for making such payment. Mr. Turk finally reviewed the \$330.00 payment to the *The Examiner* for the tax rate notice. After presentation and upon motion duly made by Director Jones and seconded by Director Davis, the Board unanimously approved the payment of the accounts payable in the amount of \$42,205.22.

AGENDA ITEM NO. 9: Rate increases. The Board recognized Mr. Turk who reviewed his proposed budget noting a projected \$45,000.00 shortfall which did not account for certain inflation costs that could be expected over the next fiscal year and did not provide any capital budget for items mentioned by the Board during the meeting. Mr. Turk noted all costs were going up including the Paying Agent Registrar fee from Bank of New York Mellon increasing from \$750.00 to \$825.00. A lengthy discussion followed and upon motion duly made by Director Hughes and seconded by Director Fox, the Board unanimously approved rate increases of \$7.50 for base rate water service and \$7.50 for base rate sewer service to be implemented for the billing cycle

beginning at the end of December 2023. Mr. Turk and legal counsel were asked to advise of any posting of publication requirements other than the required publication of the revised rates and posting on the District's website.

AGENDA ITEM NO. 10: Correspondence. The Board recognized Mr. Turk who provided the Texas Water Development Board Final Project Source and Use of Funds Report from the prior grant in the amount of \$438,000.00. Mr. Turk also advised of the Standard & Poor's BBB- Rating of the District and questions followed. Mr. Turk reported on the ordering of the VFD electrical specialist and the damage to District equipment which had occurred and for which the District had filed a claim with the TML Inter-Governmental Risk Pool. Mr. Turk noted the TML Inter-Governmental Risk Pool was awaiting the cost of the claim to process.

AGENDA ITEM NO. 11: Comments from Board Members. None.

AGENDA ITEM NO. 12: Adjourn. There being no further business, the meeting was adjourned at 7:27 p.m.

President of the Board

ATTEST:

Secretary of the Board