

**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, January 18, 2022, 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:

Allen Davis

Buddy Hughes

Absent: Ben Fox

Jack Maddox

Absent: Tim Jones

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 at 6:30 p.m. by President Maddox.

AGENDA ITEM NO. 2: Appointment of Board Officers. After discussion and upon motion duly made by Director Hughes and Director Davis, the Board named the following members as Board officers:

Jack Maddox – President

Buddy Hughes – Vice President

Tim Jones – Secretary

AGENDA ITEM NO. 3: Public Comments. None.

AGENDA ITEM NO. 5: Manager's Report.

(a) Operational Report:

The Board recognized Larry Davenport who reviewed the Utility Specialties Operators Report dated January 18, 2022, noting Utility Specialties had responded to 27 grinder calls, and questions followed from the Board. Mr. Davenport then reported on well pumpage, the performance of 12 line locates, work on the TCEQ response regarding an inspection, repaired water leaks on Boulevard and Pinemont, repaired a sewer leak at tap on Pinemont and finally stated Utility Specialties had purchased two panels and four pumps and had one panel and three pumps in inventory. President Maddox questioned invoicing pertaining to training of the District's operator for the continuing preparation of the Emergency Preparedness Plan, and representatives of Utility Specialties advised the cost of the training was being allocated over each of its customers. President Maddox thanked Utility Specialties for their response and after further discussion and upon motion duly made by President Maddox and seconded by Director Hughes, the Board accepted the Operators Report as presented.

AGENDA ITEM NO. 4: Minutes. The minutes of November 16, 2021, were unanimously approved upon motion duly made by Director Hughes and seconded by Director Davis.

AGENDA ITEM NO. 6: Monthly Financial Statements. The Board recognized Wayne Turk who noted the Board had two sets of financials and two sets of accounts payable for consideration. Mr. Turk reviewed the account statement for the period ending December 21, 2021 as well as the transfer of funds on November 18 in the amount of \$20,000.00 to cover operating cost. Mr. Turk noted the payment of the Cable One fee and one sewer connection at 454 Pinemont, and otherwise, the bank activity for the month was normal. Mr. Turk then reviewed the accounting statement for the period dated January 18, 2022 noting the transfer on December 22 of \$10,000.00 to the

operating account from operation holdings. Mr. Turk further discussed the upcoming bond payment due on February 15, 2022 to PNC Bank, formerly BBVA Compass Bank as well as reviewing other accounts. After review and upon motion duly made by Director Hughes and seconded by Director Jones, the Board approved the monthly financial statements as presented.

AGENDA ITEM NO. 7: Accounts Payable. Legal counsel suggested the Board provide two separate motions for each since they would be ratifying the payments made on December 21st and approving the payments on January 18, 2022. The Board recognized Mr. Turk who reviewed the bills for payment on December 21, 2021, and noted, specifically, the invoice to Automatic Pump which included the acquisition of four pumps and two panels as well as the TCEQ fiscal year 2022 water system fee and the fee payable to the Hardin County Appraisal District. The Board also reviewed the invoice and information from Simply Aquatics. After discussion and upon motion duly made by Director Hughes and seconded by President Maddox, the Board ratified payment of invoices for the period of December 21, 2021, in the amount of \$38,374.89. The Board then reviewed the accounts payable for the period of January 18, 2022. Again, the Board recognized Mr. Turk who reviewed the invoice from Mission Communication for the waste treatment system, Southeast Texas Groundwater Conservation District as well as TCEQ on the annual regulatory assessment. After review and upon motion duly made by Director Hughes and seconded by President Maddox, the Board approved the payments in the amount of \$19,632.75.

AGENDA ITEM NO. 8: Auditor for 2021 Audit. The Board received and reviewed the engagement letter provided by Mitchell T. Fontenote, noting an engagement cost of \$5,000.00. After discussion and upon motion duly made by President Maddox and seconded by Director Davis, the Board approved the engagement of Mitchell T. Fontenote, Certified Public Accountant for the District's 2021 Audit.

AGENDA ITEM NO. 9: Amendments to Water and Sewer Use Order. The Board tabled this matter for review later in the meeting.

AGENDA ITEM NO. 10: Authorize request for proposal for engineering services. Legal counsel provided a draft legal notice and the Request for Qualifications for engineers for general engineering services, special projects and capital projects to be funded by either the District, future grants and/or bond indebtedness. Legal counsel reminded the Board the Professional Service Procurement Act required a two-step process of requesting qualifications and duly publishing and soliciting of qualified engineers, then after selecting a qualified engineer, separately negotiating an engineering services contract. Legal counsel noted the District could not in its request for qualifications ask for fees. President Maddox reviewed the document and noted he wanted it to specifically include engineers with specific knowledge of low-pressure systems. Legal counsel stated this had been included, but additional wording could be added as the Board deemed appropriate. Legal counsel reviewed and President Maddox requested the allocation of points in the request for qualification and restated his request that any engineering firm submitting or being considered have extensive experience with water districts. After discussion, the Board tabled consideration of this item for further discussion and input.

AGENDA ITEM NO. 11: Report and action on TCEQ Notice of Violation and resolution. The Board reviewed the correspondence from the Texas Commission on Environmental Quality dated November 22, 2021 and stated the Notice of Violation items had been resolved.

AGENDA ITEM NO. 9: Amendments to Water and Sewer Use Order. The Board then returned to a consideration of the redraft of the Water and Sewer Use Order. President Maddox indicated he had provided a redline and highlighted redraft of the Water and Sewer Use Order noting the new items were highlighted while prior provisions which were changed or proposed to be

changed had been redlined. The Board reviewed the Water and Sewer Use Order and discussed in detail the water rates. It was recommended that President Maddox provide a water and sewer bill with allocated \$14.00 for the minimum inside District water rate and \$26.00 inside the District sewer rate. The Board then reviewed tap charges, and President Maddox and Mr. Turk noted the cost to provide various services, and changes were recommended. The Board then reviewed in detail service fees, bank charges, reconnect fees and other charges, and it was agreed that Section 5 be redrafted. Legal counsel was to assist in determining the maximum fee the District could charge for a returned check and also assist the President in redrafting the section for the fee to be charged to customers tampering with and misusing District service. The Board discussed the continued issue with callouts to customers addresses due to the placement of inappropriate items in the wastewater system and proposed an increase in the fee for more than two callouts to \$150.00 from \$100.00. Legal counsel also suggested other charges and fees include the current process by Will Administration for final reading and billing closeout.

The Board then reviewed the service deposits, and it was agreed the District would increase service deposits, particularly, as to tenants in residential properties. President Maddox indicated Section 15 on connection of sewer lines had been substantially rewritten along with Section 16 on standards for service lines to conform with present standards of service and sizing of appropriate equipment.

The Board closed with a brief review of the sewer extension policy. President Maddox indicated he would provide a redraft of the Water and Sewer Use Order for the Board's consideration.

AGENDA ITEM NO. 12: Correspondence. The Board recognized President Maddox who indicated he had received notification from the Texas Water Development Board for the preparation

of the District's water loss and water use audits which were underway. President Maddox also noted he had filed the Special District Annual Filing and provided information from the Texas Municipal League Inter-Governmental Risk Pool.

AGENDA ITEM NO. 13: Comments from Board Members. President Maddox indicated the District had just gone through another TCU inspection with very minimal items requested for correction. President Maddox asked as to the submission of the payment to the Texas Department of Emergency Management for reimbursement of direct administrative cost. A report was given by Mr. Turk who indicated he anticipated receiving a response from Congressman Babin's office and from the Texas Department of Emergency Management but would submit the payment as previously approved by the Board if a reduction or elimination of the repayment was not forthcoming.

AGENDA ITEM NO. 14: Adjourn. There being no further business, the meeting was adjourned at 8:27 p.m.

President of the Board

ATTEST:

Secretary of the Board