

**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, February 20, 2024, 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

Allen Davis

Jack Maddox

Absent: Buddy Hughes

Also present were Wayne Turk, Marty Adams and Larry Davenport of Utility Specialties, residents of the District 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. The Board first recognized Joseph Markel who questioned the recent District rate increase. President Maddox noted the public comments section was not a question and answer period, but the Board could provide answers as to matters that had been adopted in previous meetings. President Maddox went on to describe the limitations on the Board's ability to increase maintenance and operation tax funds due to limitations imposed by the Texas Legislature which actually had resulted in the District receiving an anticipated \$9,000 less than having been initially budgeted for the current fiscal year. President Maddox discussed the ongoing operational cost due to the age of the District's system, therefore, the rate increase became

necessary to have a balanced budget. Additional comments were provided by Wayne Turk concerning budgetary matters. President Maddox and Mr. Turk advised the citizens in attendance they would be happy to provide additional information on the adopted budget and any financial information that might be requested.

The Board then recognized MaKayla Bean who was a resident raising concerns concerning the recent notification of the high level of trihalomethanes (TTHMs), possible side effects and issues with discolored water. Ms. Bean indicated she received a notice and was concerned because the water quality in the District seemed poor. This aggravation was concurred by Mr. Markel. The Board then explained the creation of TTHMs and how they were treated to reduce and bring within water permit parameters. President Maddox noted the District provided the notice to each customer and provided information on its website. Ms. Bean asked the District consider placing matters on Facebook, and the Board responded that all information would be on the website, but would work to collaborate with the Pinewood Homeowner's Association and post items of interest on their site. The Board thanked the residents for their attendance.

AGENDA ITEM NO. 3: Minutes. The minutes of January 16, 2024, were unanimously approved upon motion duly made by Director Fox and seconded by President Maddox, and the minutes of January 23, 2024 were unanimously approved upon motion duly made by Director Davis and seconded by Director Jones.

AGENDA ITEM NO. 4: Manager's Report.

(a) Operational Report:

The Board recognized Larry Davenport who presented the Operator's Report dated February 20, 2024. Mr. Davenport noted that Utility Specialties had responded to 24 grinder calls and showed the well pumpage at Well #1 and Well #2. He also noted that

Utility Specialties had performed two line locates, reburied a line in the ditch at 427 Pinemont, replaced an old fire hydrant with one in the storage at the sewer plant and insulated all wells with reusable wrapping for storm readiness. Mr. Davenport stated Utility Specialties had not purchased any panels or pumps and had four (4) pumps and three (3) pumps in inventory. President Maddox asked to return to the discussion of the line at 427 Pinemont and why the District had reburied the line as it was a copper line, and there should not be copper in the water distribution system. A discussion followed, and President Maddox stated he would meet with Mr. Davenport to investigate the matter further. After discussion and upon motion duly made by President Maddox and seconded by Director Jones, the Manager's Report and Operators Report were approved as presented.

AGENDA ITEM NO. 5: Report from Jeff Leavins/LEAD Engineering on Project Information Form with the Texas Water Development Board for Drinking Water and Clean Water State Revolving Fund Projects. The Board recognized President Maddox who indicated Jeff Leavins had to be out of town and could not attend the meeting but advised those in attendance that Mr. Leavins was preparing Project Information Forms to file with the Texas Water Development Board to apply for funding for drinking water (water) and clean water (sewer) funds for District projects. President Maddox reviewed the proposed purposes of PIFs and noted these would be filed by the end of the following week to meet the TWDB Guidelines.

AGENDA ITEM NO. 6: Monthly Financial Statements. The Board recognized Mr. Turk who returned to the comments of Board and reviewed the zero budgeting, service fees, maintenance tax fees and debts paid in the previous month. Mr. Turk noted that on February 15, he had made its interest and principal payments through PNC Bank or Bank of New York Mellon as Paying Agent Registrar for the outstanding bonds with total bond payments being made in the amount of

\$235,698.75, but due to the lack of tax receipts from the Hardin County Tax Office, the entire debt service account was less than \$8,000.00. Mr. Turk indicated the District should have received notice of over \$150,000.00 from the County, but the tax collector had advised the County was still working through apparent problems and was required to provide tax refund payments, but the County was obligated to provide the District with its tax receipts by February 29. After discussion and upon motion duly made President Maddox and seconded by Director Fox, the Board approved the financial statements as presented.

AGENDA ITEM NO. 7: Accounts Payable. Mr. Turk reviewed various accounts payable and returned checks and, specifically, noted invoices from Entergy Texas and Flagship Mailroom for the mailing of the TTHM notices along with invoice from Trac-N-Trol for services to try to resolve issues in the SCADA System at Well #1, all invoices totaling \$24,755.58. After discussion and upon motion duly made by Director Fox and seconded by Director Jones, the accounts payable were approved for payment as presented.

AGENDA ITEM NO. 8: Auditor for 2023 Audit. The Board received and reviewed the engagement letter from Mitchell T Fontenote CPA, Inc. for a proposed engagement fee of \$5,000.00. After discussion and upon motion duly made by President Maddox and seconded by Director Jones, the Board authorized the execution of the engagement letter with Mitchell T Fontenote CPA, Inc. for the 2023 audit.

AGENDA ITEM NO. 9: Correspondence. The Board recognized Mr. Turk who advised he had received information from The Bank of New York Mellon that its annual paying agent fees were going to be increased from \$750.00 to \$825.00 per year. Mr. Turk again reviewed the cost and provided copies of the publication of the notice for the TTHM violation along with providing information concerning the Notice of Violation received from the TCEQ for the TTHM exceedance.

Mr. Turk then advised of two reports from the TCEQ, one on the reporting system and one on an evaluation report, both to be provided by Karin. Mr. Turk stated he had received correspondence from Liz Will indicating she was going to be ending her services for the District, and the District would need to begin securing an alternative source for bookkeeping services. Mr. Turk indicated Ms. Will was currently charging \$1,200.00 per month and Munibilling, who provided other services to the District, had provided a quote for the same services at \$2,300.00 per month.

AGENDA ITEM NO. 10: Comments from Board Members. None.

AGENDA ITEM NO. 11: Adjourn. There being no further business, the meeting was adjourned at 7:28 p.m.

President of the Board

ATTEST:

Secretary of the Board