

**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, April 18, 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

Allen Davis

Jack Maddox

Also present were Wayne Turk, Mary Adams and 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 March 21, 2023 were unanimously approved upon motion duly made by Director Fox and seconded by Director Jones.

AGENDA ITEM NO. 4: 2022 audit. The Independent Auditor's Report was presented indicating the financial statements referred to in the report represented in all material respects the financial position of the governmental activities and the aggregate remaining fund information. No issues were experienced by the auditors in the conduct of the audit. The Management Discussion Analysis of December 31, 2022 was presented along with the compilation of financial data. The Board was

then provided a review of the statement of governmental fund balance and net position (Balance Sheet) as well as the statement of activities and governmental revenues, expenditures, changes in fund balances (Profit & Loss Statement) followed by a review of the notes to the financial statements, the budget comparison to actual expenditures, the ad valorem tax assessments and collection. This was followed by a review of the outstanding General Obligation Bonds. Comments followed including a notation that the District had showed an operating loss of \$38,555 in its general fund and a debt service shortfall of \$11,199 for a total governmental fund reduction in balances of \$49,754. Mr. Turk reviewed budget information, ad valorem tax collection and service fee collections and noted the operations for the prior fiscal year had been costly. After discussion and upon motion duly made by Director Hughes and seconded by Director Fox, the Board unanimously approved and accepted for filing the 2022 audit.

AGENDA ITEM NO. 5: Manager's Report.

(a) Operational Report:

The Board recognized Mary Adams who presented the monthly Management Report noting the amount of water pumpage at Well #1 and Well #2 and indicating Utility Specialties had performed six line locates, installed an air conditioning unit at the wastewater treatment plant, installed two grinder units and followed up on the TCEQ unauthorized discharge complaint at 122 Woodmanor. Ms. Adams indicated Utility Specialties had not purchased any pumps or panels and had three pumps and four panels in inventory. President Maddox then provided detailed information concerning issues at 122 Woodmanor including addressing issues concerning the proper opening of the account by the property tenants, the generation of service fee invoices and continuing issues with callouts due to improper use by customers of the wastewater collection and grinder system. A discussion followed and it

was noted by President Maddox that he intended to provide two certified mail letters to the customers, one advising of their exceedance of callouts for unauthorized use of the District's system resulting in the imposition of certain costs to be paid in order to retain service. Separately, President Maddox noted that due to the billing errors and the customers not providing a utility service deposit, this would also be provided and given a time period in which to post the deposit and to make arrangements for paying utility service charges that had not been billed. After discussion and upon motion duly made by Director Fox and seconded by Director Hughes, the Board unanimously approved the Manager's Report.

AGENDA ITEM NO. 6: Monthly Financial Statements. The Board recognized Mr. Turk who presented the accounting statement from PNC Bank dated April 18, 2023 showing inter account transfers in order to provide funds for the \$67,976.49 of operating invoices from the month of March and to provide funding for the bills for payment which would be reviewed. Mr. Turk noted that in the debt service account, while the District's interest rate was increasing, its service fees were also increasing. Questions followed from the Board and after discussion and upon motion duly made by Director Hughes and seconded by President Maddox, the Board unanimously approved the monthly financial statements as presented.

AGENDA ITEM NO. 7: Presentation and discussion on budget spreadsheet. The Board tabled Agenda Item No. 7.

AGENDA ITEM NO. 8: Accounts Payable. Mr. Turk reviewed certain returned checks being handled by Liz Will and noted the repairs at Well #2 performed by Simply Aquatics. Mr. Turk also noted the payment to Mission Communications, LLC for the annual renewal of the well communication system and the payment through the *Beaumont Examiner* of the first notice for the wastewater permit renewal. Mr. Turk then reviewed the additional process and requirements for a

second notice for the permanent renewal. Mr. Turk finally noted the addition of two invoices, check no. 1051 to Germer PLLC in the amount of \$657.00 and check no. 1052 to Mitch Fontenote in the amount of \$5,000.00 revising the total bills for payment to \$29,736.02. After review and upon motion duly made by Director Hughes and seconded by Director Jones, the Board unanimously approved the accounts payable as revised.

AGENDA ITEM NO. 9: Correspondence. The Board again recognized Mr. Turk who gave an update on the wastewater permit renewal process and noted he had completed a final closeout report on Hurricane Harvey as requested. Mr. Turk presented correspondence from the National Special Districts Coalition and further noted the District had received and was completing the Local Government Finance Survey. Mr. Turk finally stated the District had received a non-compliance filing from the Office of the Comptroller, and subsequently a non-compliance notice was retracted due to apparent issues in the compliance system of the Comptroller of Public Accounts.

AGENDA ITEM NO. 10: Comments from Board Members. President Maddox closed with a presentation of his retirement announcement to be effective June 13, 2023, and noted his service to the District for 27 years and the many difficult projects the Board of Directors had been able to accomplish for the benefit of the residents.

AGENDA ITEM NO. 11: Adjourn. There being no further business, the meeting was adjourned at 7:32 p.m.

President of the Board

ATTEST:

Secretary of the Board