

**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, June 16, 2020, 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

Buddy Hughes

Tim Beard

Tim Jones

Absent: Jody Aiena (Resigned)

Also present were Wayne Turk, Mitchell Fontenote as auditor for the District, Jeff Leavins of LJA Engineering 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: **Board reorganization.** After a brief discussion and upon motion duly made by Director Beard and seconded by Director Hughes, the Board was reconstituted with the same officers as the preceding year with Jack Maddox as President, Tim Beard as Vice President and Buddy Hughes as Secretary. The motion passed unanimously.

AGENDA ITEM NO. 3: **Public Comments.** None.

AGENDA ITEM NO. 4: **Minutes.** The minutes of May 19, 2020 were approved upon motion duly made by President Maddox and seconded by Director Beard.

AGENDA ITEM NO. 5: 2019 audit. The Board recognized Mitchell Fontenote who presented his Annual Financial Report for the year ended December 31, 2019. Mr. Fontenote noted the District had a significantly improved financial condition during the prior year, indicated that the audit fully stated all material respects by the financial conditions and there were no issues experienced by Mr. Fontenote and his staff in the conduct of the audit. Mr. Fontenote then moved to a review of the General Fund, Debt Service Fund and total government funds, and he would mention during his presentation the receipt of insurance proceeds in the amount of \$592,054.00 and TWDB grant proceeds in the amount of \$438,000.00 during the fiscal year and their application to certain expenses and capital projects of the District. Mr. Fontenote then briefly reviewed the notes to the financial statement and the required supplemental information beginning on page 17 of the audit showing an amended budget to actual revenues and expenses of the District. Mr. Fontenote also reviewed the notes required by the Texas Commission on Environmental Quality Water District Accounting Manual and noted compliance with its regulatory and debt service requirements. Mr. Fontenote asked if there were any questions from the Board, and upon motion duly made by President Maddox and seconded by Director Hughes, the Board approved the annual financial report for the year ended December 31, 2019, and it was noted that the appropriate filing notification with the Texas Commission on Environmental Quality would be made.

AGENDA ITEM NO. 6: Manager's Report.

(a) Operational Report:

The Board noted they had received the Operational Report, and Mr. Turk advised the report had been mailed out early. President Maddox reviewed the report and noted as the utility operators were not present by phone or in attendance at the meeting that Utility Specialties had responded in May to 26 grinder calls. There was a notation as to the water well pumped

at Water Well #1 and #2. The report noted that Utility Specialties had made 8 line locates, repaired 1 water leak, repaired 1 sewer leak at a grinder unit, had purchased 1 panel and 2 pumps and had 2 panels and 2 pumps in inventory at the time of the report. President Maddox asked if there were any questions, and there being none, upon motion duly made by President Maddox and seconded by Director Hughes, the Operational Report was approved as presented.

(b) TTHM Issues:

President Maddox noted the testing had been done, and the District was currently awaiting the test results and would provide those upon receipt.

AGENDA ITEM NO. 7: Current and possible water & wastewater treatment options. The Board discussed briefly the possible water and wastewater treatment options, and Mr. Leavins noted this agenda item may be continued on the agenda as it might relate to options made available to the District through possible grant funding through the Texas Water Development Board. Mr. Leavins reminded the Board that an application for an aeration system in the ground storage tank had been filed, but at this point, there was no update as to the approval of the application. The Board thanked Mr. Leavins.

AGENDA ITEM NO. 8: TWDB CWSRF Urgent Need Project (Residential Sanitary Sewer Grinder Stations). The Board again recognized Mr. Leavins who asked to first move to sub-part (b) of the agenda on the change orders.

(b) Change Orders:

Mr. Leavins noted due to the type of pump being used in the grinder station rehabilitation project, it was replacing some other pumps by another manufacturer (Barnes), and as such, the new units had to be fitted with feet, so the District had purchased 104 feet at

\$81.00/piece after post addition to the contract of \$8,424.00. Mr. Leavins noted the change order also called for the deletion of 4 grinder pump station control panels, 4 grinder pump station pumps and the cost for installation of power disconnects for 4 units resulting in a contract cost savings of \$8,488.32 for a net contract change of (\$64.32). Mr. Leavins noted the new contract amount was for \$355,736.84. The Board reviewed the Change Order, and President Maddox noted that this change order and any subsequent pay request would have to be approved by the Texas Water Development Board. After discussion and upon motion duly made by President Maddox and seconded by Director Hughes, the Board unanimously approved Change Order No. 2 resulting in a contract price cost rejection of \$64.32.

(a) Pay Requests:

The Board then moved back to consideration of Pay Request No. 2 in the amount of \$148,666.14. Mr. Leavins again reviewed the report and noted the work completed was shown as 33.70%, and the contract time used was 28.33%. Mr. Leavins did note the percentage of work completed accounted for both labor and material, and the District had acquired through Automatic Pump a number of grinder units as shown on the pay request in the amount of \$121,248.00. President Maddox then was asked and provided detailed information indicating that approximately 50 grinder units of the 148 estimated for the project had been installed. The Board reviewed and questions were raised concerning the amount of work both in the current period and the previous period, and after discussion and upon motion duly made by President Maddox and seconded by Director Hughes, Pay Request No. 2 in the amount of \$148,666.14 was approved as presented.

AGENDA ITEM NO. 9: Report from Pine Island Bayou Drainage Committee. There was no report, but President Maddox indicated that he would be resigning from the Committee.

AGENDA ITEM NO. 10: Monthly Financial Statements. The Board recognized Mr. Turk who presented the BBVA accounting statement dated June 16, 2020 and reviewed the service fee collections for the month noting the TWDB Grant Funds Outlay Report #9 in the amount of \$5,100.00 and a slight error in the payment on Outlay #8. The Board then noted Outlay Report #10 needed to be completed to support the pay request and change orders previously denoted. After discussion and upon motion duly made by Director Beard and seconded by Director Hughes, the Board approved Outlay Report #10 to include the Pay Request No. 2 in the amount of \$148,666.14 and engineering fees to LJA Engineering in the amount of \$6,600.00. The Outlay Report and the accounting statement dated June 16, 2020 were approved as presented.

AGENDA ITEM NO. 11: Accounts Payable. Mr. Turk reviewed the accounts payable in the amount of \$31,468.39 and noted specifically payments to DXI Industries, Inc., Aquatic Services, Simply Aquatics, Inc., and Automatic Pump & Equipment along with the Hardin County Appraisal District third quarter payment. Mr. Turk also noted that the audit fee of \$5,000.00 to Mr. Fontenote was in the payables. After presentation and upon motion duly made by Director Hughes and seconded by Director Jones, the Board approved the accounts payable in the amount of \$31,468.39 as presented.

AGENDA ITEM NO. 12: Correspondence. Mr. Turk noted he had only received one item of correspondence from Eastex Laboratories which indicated a rate increase effective September 1, 2020. The Board prior to Board comments moved into closed session to discuss Agenda Item No. 8(c).

Executive Session. The Board closed the open session at 7:26 p.m. and reconvened from executive session at 7:55 p.m. The Board indicated no action needed to be taken as a result of the executive

session, but the President and legal counsel were directed to continue discussions of the claim with the Texas Municipal League Inter-Governmental Risk Pool.

AGENDA ITEM NO. 13: Comments from Board Members. President Maddox noted that while he had appreciated his 24 years on the Board, for personal reasons, he anticipated he would be resigning from the Board effective at the July 21, 2020 meeting.

AGENDA ITEM NO. 14: Adjourn. There being no further business, the meeting was adjourned at 7:58 p.m.

President of the Board

ATTEST:

Secretary of the Board