

**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 23, 2018, pursuant to notice duly posted in accordance with law. The meeting was held at 1008 Pinewood Blvd. in Pinewood Estates, Hardin County, Texas. The following members of the Board were present:

Jack Maddox

Tim Beard

Buddy Hughes

Paul Gustafson

Absent: Jerry Giardina

Also present were Wayne Turk, Josh Armfield of Utility Innovations, LLC dba Utility Specialties, Phillip Green of Southeast Texas District, Matt McCallum of CenterPoint Energy, Jeff Leavins of LJA Engineering and Guy N. Goodson of Germer PLLC as legal counsel for the District.

AGENDA ITEM NO. 1: Call to Order. A quorum being present, the meeting was called to order at 6:02 p.m. by President Maddox.

AGENDA ITEM NO. 2: Public Comments. No comments, however, President Maddox asked to read a letter from former Director Giardina announcing his resignation from the District due to his selling of his property in Pinewood Estates. President Maddox advised that Director Giardina's place would be on the ballot for May 5, 2018.

AGENDA ITEM NO. 3: Minutes. The Board approved the minutes of December 19, 2017 upon motion duly made by President Maddox and seconded by Director Beard.

The Board deferred Agenda Item No. 4, as Mr. Armfield indicated he may be a few minutes late.

AGENDA ITEM NO. 5: Proposed right-of-way for CenterPoint Energy. The Board recognized Matt McCallum who thanked the Board for the opportunity to make a presentation concerning the possibility of CenterPoint Energy extending gas service into Pinewood Estates. Mr. McCallum noted that in order to provide the line from Kinder Morgan, CenterPoint would need to secure an easement crossing part of the District's property adjacent to the bridge and adjacent to the bayou. Phillip Green, Operation Supervisor of Construction for the Southeast Texas District, joined the meeting on behalf of CenterPoint Energy, and Mr. McCallum and Mr. Green outlined the proposed service and service connections. President Maddox stated the installation by CenterPoint Energy and/or its contractors of gas services would have a dramatic and adverse financial effect as the District would be required to answer 811 system requests for line locates, and the District would have to pay its operator to perform all line locates. Mr. McCallum and Mr. Green reviewed the routing of the line from Kinder Morgan through the District and noted that the service only would be to the front part of Pinewood Estates, advised that all utility services would be in the street right-of-way in the front of homes, and should not be in the rear of homes where it would impact or interfere with the District's grinder pump and discharge system and/or the house lines to District residents. Mr. McCallum and Mr. Green stated CenterPoint was requesting that property owners who were seeking gas service to identify a meter location away from any existing wastewater system improvements; however, the CenterPoint Energy representatives did note that the property owners were given discretion about the location of the gas meter. President Maddox and members of the Board stated that the District was not responsible for certain facilities of property owners beyond the meters; however, the District did have legal rights relative to certain easement areas as the grinder units. Mr. Green assured the Board that he would work with the District's operator, Mr. Josh Armfield, who joined the meeting, and would coordinate with him. After further discussion, the Board gave preliminary approval to grant an easement across its properties adjacent to the Pine

Island Bayou Bridge, and in consideration for CenterPoint Energy bearing all of the cost for line locates required to be made by the District at any location within the District, and to concurrently be responsible for the repairs of any damage to District facilities in the CenterPoint Energy gas installation project within Pinewood Estates. Upon motion duly made by Director Hughes and seconded by Director Gustafson, the motion passed unanimously.

AGENDA ITEM NO. 4: Manager's Report. The Board considered the report from Mr. Armfield dated January 16, 2018, noting Utility Specialties responded to seven grinder calls and the water pumpage from Well #1 was provided. Mr. Armfield also noted that Utility Specialties had installed one grinder unit, replaced seven grinder panels and responded to no water due to a power outage in Pinewood. He noted that the generator did not respond and that the grinder battery, starter, alternator and belts had to be replaced in order for the generator to be placed back in service. A discussion followed between Mr. Armfield and the Board concerning the purchase of grinder panels and grinder units to ensure that there was adequate supply on hand and that property owners requesting service or an outage of a grinder panel would have such service available over weekends. Mr. Armfield noted that the current policy of Utility Specialties was to order ten units at a time and to always make sure there were at least five grinder panels and related facilities in stock before any weekend when vendors would not be available for purchase of additional equipment. After discussion and upon motion duly made by President Maddox and seconded by Director Hughes, the Manager's Report was approved as presented.

AGENDA ITEM NO. 6: District service to FEMA trailers. President Maddox initiated a discussion on the FEMA trailers that were being brought in on behalf of property owners of the District. President Maddox noted that neither the District nor its operator were being contacted by property owners for interconnection to the District's utility system. President Maddox presented and read from the District's Water and Sewer Use Order which did not currently provide utility

services to temporary service. Director Gustafson asked for clarification on the definition of temporary service which was provided by President Maddox. The Board indicated they did not want to deny property owners the access to and use of FEMA trailers during repair period, but felt that an unlimited time for service to these trailers was not beneficial to the District. After discussion and upon motion duly made by Director Beard and seconded by Director Gustafson, the Board agreed to amend its Water and Sewer Use Order to provide for the allowance of a temporary service to FEMA or other trailers brought into the District by property owners in order to complete home repairs or recovery from Hurricane/Tropical Storm Harvey. The Board agreed that the service to such temporary structures could continue until January 23, 2019. President Maddox also noted his concern as to the possibility of certain structures being rebuilt and not being in compliance with the restrictions for Pinewood Estates, particularly height restrictions. A discussion followed on the District's ability to enforce deed or plat restrictions, and the Board acknowledged this responsibility while possibly authorized by the Water Code would be an additional unfunded financial responsibility to the District. President Maddox stated he would continue to work with the Homeowner's Association and County to try to ensure compliance by property owners in the reconstruction of their homes in Pinewood.

AGENDA ITEM NO. 7: Cost summary/estimates to provide to Federal Emergency Management Agency ("FEMA") for Public Assistance/approve actions for FEMA Public Assistance. The Board recognized Jeff Leavins and Wayne Turk for discussion on the status of cost summaries and estimates provided to FEMA for the Public Assistance Program. Mr. Turk noted that Jeff Leavins had not been engaged to assist with the emergency management project, and he was proceeding with this project along with the FEMA representatives. Mr. Turk noted that there were additional matters that would need to be discussed under Agenda Item No. 10, but Mr. Turk updated the Board on the very slow process with FEMA and, again, noted that it was a

reimbursement program, and there was no advance funding. Mr. Turk indicated that the primary mitigation/rehabilitation programs would be at each of the plants to ensure less impact by future weather events and the hope for assistance with replacement grinder units at property owners addresses. Mr. Turk again noted that FEMA was not allowing a generic estimate for these charges and still wanted the District to provide evidence of damage by address to each grinder unit within the District. President Maddox stated that he and another resident of the District were going to make inspections and provide the information requested to Mr. Turk.

AGENDA ITEM NO. 8: Report on TML Intergovernmental Risk Pool insurance coverages and claim status. The Board received a presentation by Jeff Leavins on the engineering cost associated with proposed repair of District facilities under the TML Intergovernmental Risk Pool insurance coverage including projects at the wastewater treatment plant and both well sites. Mr. Turk again noted that the TML did not show the individual grinder units as covered assets, therefore, was the reason that that claim was being pursued through FEMA. Legal counsel advised that Mr. Jeff Leavins and LJA had been engaged to provide general engineering services to the District, and therefore, could proceed with this project by the execution of appropriate scopes of work under the General Engineering Services Agreement. The Board discussed the Engineering Services Agreement and directed that Mr. Leavins present the scope of work based on the hourly cost approved in the General Engineering Services Agreement rather than costing the project on a project basis. Legal counsel indicated this would probably be more readily approved by the Risk Pool as it could confirm amounts in the executed Engineering Services Agreement. Questions followed as to whether the District could undertake emergency procurement of certain projects to accelerate the rehabilitation of the plant and the well sites. Legal counsel noted that while that emergency procurements were still being undertaken by certain entities, he recommended that Mr. Turk contact representatives of the Texas Municipal League on its requirements for procurement.

Legal counsel noted that most entities were requiring satisfaction with procurement requirements under both the Water Code and the Local Government Code and no longer allowing procurement under Emergency Procurement Rules. Mr. Turk stated he would contact the Risk Pool and secure their approval.

AGENDA ITEM NO. 9: Engineering services for water and wastewater facility repair projects – presentation by Jeff Leavins. Based on the reports from Agenda Item No. 8 and upon motion duly made by Director Gustafson and seconded by Director Beard, the Board authorized the work authorizations proposed by LJA Engineering under its General Engineering Services Agreement and at the per hour rates for the various engineering services as outlined in the General Services Agreement. Mr. Leavins stated he would provide those work authorizations to the Board, Mr. Turk and legal counsel.

AGENDA ITEM NO. 10: Presentation by legal counsel and possible action as to engineering procurement for repair and mitigation projects to be submitted to Federal Emergency Management Agency (“FEMA”). Legal counsel noted that he had completed the RFQ for Engineering Services and would be submitting the final to the Board for its approval and then the RFQ would be published in the customary manner in the *Beaumont Enterprise*, and a direct solicitation would be made to engineers in the same manner as the direct solicitation by other local governmental entities following Hurricane/Tropical Storm Harvey.

AGENDA ITEM NO. 11: Monthly Financial Statements. The Board reviewed both the accounting statement from Compass Bank dated January 16, 2018 and the 2014 Unlimited Tax Bond Recompilation prepared by Mr. Turk dated January 16, 2018. Mr. Turk reviewed the accounting statement and after discussion and upon motion duly made by Director Beard and seconded by Director Gustafson, the accounting statement and payments from the bond fund were approved as presented.

AGENDA ITEM NO. 12: Accounts Payable and payment for bond project improvements.

The Board then reviewed the accounts payable for the District in the amount of \$41,944.44. Mr. Turk noted that a portion of the invoices included the continued work by Simply Aquatics on the phosphate project. Mr. Turk noted the invoice from LJA Engineering was a 2-month bill. The Board then reviewed the invoice from Automatic Pump showing the purchase of 10 grinder panels and 4 grinder pumps. Mr. Turk noted the payments made to the Hardin County Appraisal District and reviewed with the Board the quarter annual requirement of filing for the Texas Regulatory Assessment Fee. After discussion and upon motion duly made by Director Beard and seconded by President Maddox, the accounts payable were approved for payment as presented.

AGENDA ITEM NO. 13: Order Calling Directors' Election of May 5, 2018. Legal counsel noted that the District would need to conduct an election on May 5, 2018. The Board reviewed the individuals who would be standing for re-election, and legal counsel noted that he had provided copies of the election packets to those Board members for completion. Legal counsel noted that he had left the address for the conduct of the election as 333 Commercial Drive, Pinewood Estates, Hardin County, Texas. President Maddox and Director Turk stated they would confirm the continued availability of this area for the Directors' Election if there were any contested races. After discussion and upon motion duly made by Director Gustafson and seconded by Director Beard, the Order Calling the May 5, 2018 Directors' Election was approved as presented.

AGENDA ITEM NO. 14: Correspondence. The Board recognized Wayne Turk who presented a budget document for the maintenance and operation fund and the comparison of the fund for the period of September 1, 2016 to August 31, 2017 and the period of September 1, 2017 to date. Mr. Turk noted there was an overage of approximately \$21,000 in the M&O Budget to Hurricane Harvey. Mr. Turk also presented a chart of repairs, and the Board continued the discussion on

addressing the grinder pump units and grinder panels that went under water in order to provide the required information for presentation to FEMA as a repair project.

AGENDA ITEM NO. 15: Comments from Board Members. Director Beard asked if the Board needed to place back on the agenda a presentation from Liz Will concerning the status of District accounts and the status of reinstatement of late fees. Legal counsel stated he did not recall specifically, but thought that the Board had waived the imposition of late fees for services to District residents through December 31, 2018, so the Board should add to the next agenda to discuss the continuation or termination of waiver of late fees.

AGENDA ITEM NO. 16: Adjourn. There being no further business, the meeting was adjourned at 8:40 p.m.

President of the Board

ATTEST:

Secretary of the Board