

**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, 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

Also present were Wayne Turk, Charlie Adams of Utility Innovations, LLC dba Utility Specialties and Guy N. Goodson of Germer PLLC as legal counsel for the District and Jody Aiena, a resident of 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: Public Comments. None.

AGENDA ITEM NO. 3: Resignation of Jerry Giardina and filling Board vacancy. President Maddox noted that the Board had received at its previous meeting a letter of resignation from Jerry Giardina. After discussion and upon motion duly made by President Maddox and seconded by Director Hughes, the Board accepted the letter of resignation of Jerry Giardina. The Board then moved to recognize the application for Jody Aiena, a resident of the District who had previously advised the Board of his willingness to serve in the unexpired term of Mr. Giardina. The Board thanked Mr. Aiena for his willingness to serve on the Board, and after discussion and upon motion

duly made by President Maddox and seconded by Director Gustafson, the Board moved to fill the Board vacancy through the appointment of Mr. Aiena.

AGENDA ITEM NO. 4: Minutes. The Board approved the minutes of November 21, 2017 and January 23, 2018 upon motion duly made by Director Beard and seconded by Director Hughes.

AGENDA ITEM NO. 5: Manager's Report. The Board recognized Charlie Adams who presented the Operational Report for January 2018, noting that Utility Specialties had responded to 16 grinder calls and replaced 17 grinder panels. He further stated that Utility Specialties had performed weatherproofing for a hard freeze at District facilities, repaired the fence and gate at the sewer plant, responded to one brown water call, two leaks and replaced two cutoff valves. The Board reviewed the Utility Specialties invoices presented for consideration later during the Board meeting, and questions followed concerning various work orders performed by the operator. After discussion of the report, review of the operator's invoices and upon motion duly made by President Maddox and seconded by Director Beard, the Manager's Report was accepted as presented. President Maddox questioned if Mr. Armfield would be in attendance at future meetings, and Mr. Adams stated he was not certain, but that he would be in attendance, and he was a principal in Utility Specialties and had the appropriate licenses for operation of the District's water and wastewater treatment plant. The Board then moved to a discussion of the waterline installation project status report and requested change orders.

AGENDA ITEM NO. 6: Presentation of waterline installation project status report and consideration and possible action on any requested change order. The Board was provided correspondence from Jeff Leavins which stated that the District's waterline installation project had been temporarily suspended until December 1, 2017 when the project was restarted by Utility Specialties. Mr. Leavins report further indicated the day's work and rain days for the months of

December and January and noted there was still time available for completion of the project as there was no need to consider a time extension. No action was taken.

AGENDA ITEM NO. 7: Proposed Centerpoint Energy Easement Purchase Agreement and residential line locators. The Board recognized President Maddox who provided an update on discussions with Centerpoint Energy since the Board's last meeting. President Maddox and legal counsel reviewed correspondence from Centerpoint Energy dated February 14, 2018 and attached documents including a short form blanket easement for gas subdivisions, an affidavit, a map of the facilities, a Form 1295 Certificate of Interested Parties, estimates for services from T. Johnson Industries provided to Centerpoint Energy and an Easement Purchase Agreement. The Board was advised that Centerpoint's offer was only to purchase the easement across District property adjacent to Woodway Blvd. for \$9,500 and would not provide any additional payments for line locates which would be at the sole cost and expense of the District. Legal counsel also noted significant issues with the short form blanket easement for gas subdivisions. After discussion, the Board agreed that the District would not proceed with entering into an easement agreement with Centerpoint Energy, and upon motion duly made by President Maddox and seconded by Director Beard, the motion passed unanimously. President Maddox indicated he would advise Centerpoint Energy that the District would not accept the easement as proposed and determine if any further negotiations would occur.

AGENDA ITEM NO. 8: Cost summary/estimates to provide to Federal Emergency Management Agency ("FEMA") for Public Assistance/approve actions for FEMA Public Assistance & 9: Report on TML Intergovernmental Risk Pool insurance coverages and claim status. The Board recognized Wayne Turk who provided an update on information provided to FEMA under the Public Assistance Program and noted, particularly, questions as to costs that were being raised by FEMA representatives. President Maddox requested, and the Board continued with

Hurricane Harvey matters by Mr. Turk providing a report on the TML Intergovernmental Risk Pool insurance coverage and claim status. After discussion and upon motion duly made President Maddox and seconded by Director Aiena, the Board authorized Mr. Turk to proceed with claims to both TML Intergovernmental Risk Pool and to FEMA under its Public Assistance Program for the District's operating plants and individual grinder facilities and properties in the District.

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 and Mr. Turk advised that each was ready to proceed with publishing the Notice for engineering services for repair and mitigation projects. Mr. Turk suggested that the Board undertake the publication in *The Examiner*, and that such paper would be ratified as an additional newspaper of general circulation in the District as it was being utilized by the District and others for publication of Texas Commission on Environmental Quality ("TCEQ") and permanent renewal notifications. After discussion and upon motion duly made by President Maddox and seconded by Director Beard, the Board directed that the procurement be advertised in *The Examiner* and that *The Examiner* be placed on the agenda as ratification as a newspaper of general circulation in the District.

AGENDA ITEM NO. 11: Late fee charges to customers. The Board acknowledged that it had suspended late fees to customers through December 31, 2017, but had not acted to extend a late fee charge waiver. A lengthy discussion followed, and after discussion and upon motion duly made by Director Gustafson and seconded by President Maddox, the Board reinstated the late fee charges to customers effective March 1, 2018.

AGENDA ITEM NO. 12: Monthly Financial Statements. The Board recognized Wayne Turk who presented the accounting statement from Compass Bank dated February 20, 2018, showing the payment of \$22,000 for the drainage ditch easement secured through the County drainage project

and noted service fees in the amount of \$12,355.53. Mr. Turk also noted the bond payments made February 15, 2018 to Compass Bank and to Bank of New York Mellon totaling \$329,490. After discussion and upon motion duly made by Director Beard and seconded by Director Hughes, the monthly financial statements were approved as presented.

AGENDA ITEM NO. 13: Accounts Payable and payment for bond project improvements. A discussion followed concerning a returned check from a property owner at 403 Pinemont, and Mr. Turk reviewed the additional invoices in the District including charges from Simply Aquatics, Inc., DXI Industries, LJA Engineering, Automatic Pump & Equipment and Germer PLLC. Mr. Turk then also noted the publication of the permanent renewal in *The Examiner* had a price of \$324.00 which he indicated was substantially less than the District's other newspaper of general circulation. Mr. Turk also reported on filing the Annual Regulatory Assessment to the TCEQ in the amount of \$900.34, and the Board concluded with a review of Rudy's Lawn Care services. The Board inquired, and Mr. Adams indicated he felt that the District's lawn care service was providing good cleanup and maintenance services at the District's plant facilities. After discussion and upon motion duly made by Director Hughes and seconded by Director Aiena, the bond project improvement payments were approved as presented as well as the accounts payable in the total amount of \$46,425.08.

AGENDA ITEM NO. 14: Correspondence. The Board recognized Wayne Turk who provided a notification from the TCEQ that issues in a Notice of Violation presented to the District in the summer of 2017 had been resolved, and there was no further action to be taken. The Board also received a report from Mr. Turk on the Standard & Poor's surveillance call concerning the District's bond rating and issues concerning possible consideration of changes to the District's bond rating. Mr. Turk notified the Board that he had provided responses, and both he and legal counsel expected additional questions to follow, but that a report from S&P should be issued within the next month.

AGENDA ITEM NO. 15: Comments from Board Members. President Maddox stated he may add to a future agenda questions concerning the handling of claims against FEMA contractors damaging District's facilities during debris removal stage of the Hurricane Harvey recovery. President Maddox indicated that he would contact County representatives first but, again, this may be a matter for action by the Board at a future meeting. The Board then recognized Director Hughes who gave a preliminary report on information he had received on the downsizing of the District's 2018 Tax Roll which would be presented to the District later in the year. President Maddox also stated there was some current concern as to FEMA and its contractors hooking up FEMA trailers and not contacting the District's representatives, and he stated this matter may also be brought for consideration at a future Board meeting.

AGENDA ITEM NO. 16: Adjourn. There being no further business, the meeting was adjourned at 8:13 p.m.

President of the Board

ATTEST:

Secretary of the Board