

**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 Monday, May 11, 2026, 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

Ben Fox

Buddy Hughes

Wayne Turk

Absent: Allen Davis

Also present were Joey Keel of Keel Enterprises, Guy N. Goodson of Germer PLLC as legal counsel to the District and Sarah Mounkes of Mitchell T. Fontenote CPA, Inc.

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 April 13, 2026, were unanimously approved upon motion duly made by President Maddox and seconded by Director Fox.

AGENDA ITEM NO. 4: **2025 Audit.** The Board recognized Sarah Mounkes who presented the financial report for the year ended December 31, 2025, as well as the Independent Auditor Report showing a clean opinion. Ms. Mounkes also presented the Management's Discussion and Analysis again showing no issues in the conduct of the audit but showing a decrease in the net position with unrestricted assets of \$443,468 as of December 31, 2025. A review followed of the basic financial statements including the governmental fund balance and net position, and a question was raised concerning the showing of the change in the net fund balance (\$103,200); it was noted this calculation

was made on a full accrual non-cash basis. Following a brief review of the Notes to the Financial Statements, the Board was presented with the information relative to its bonds payable and the required supplemental information including the Schedule of Revenues, Expenditures and Changes in Fund Balances of original to amended budget as well as the Texas Required Supplemental Information. After discussion and upon motion duly made by President Maddox and seconded by Director Hughes, the Board unanimously approved the 2025 audit as presented.

AGENDA ITEM NO. 5: Contract Operator/Maintenance Supervisor's Report, including review of the following:

- (a) **Operational Report.** The Board recognized Mr. Keel who presented the Operations Report for the month noting that Keel Enterprises had responded to 30 grinder calls and 1 sewer leak, and the District currently had 1 control panel and 2 grinder pumps in inventory. It was also noted that all sampling and lab tests had been completed as well as all required regulatory filings made. Mr. Keel specifically noted that a water/sewer tap had been completed at 445 W. Pine Shadows, that during a rain event, had replaced 3 pumps due to poor efficiency and installed 2 (12") risers due to grinders being below grade. Mr. Keel further noted that the quarterly DIQMOR report had been filed along with the Southeast Texas ground water conservation report. Questions followed from the Board including the disposition of the 3 pumps that were removed, and it was noted that these were Barnes Pump which were original products of the District and were therefore obsolete. The Board then discussed the ongoing projects including matters related to the high speed pumps, the water tap on Pinemont and the purchase of gaskets for wastewater grinders. A brief discussion also followed concerning the change by Munibilling in the manner of handling direct deposits. After discussion and upon motion duly made by President Maddox and seconded by Director Fox, the Operations Report was unanimously approved as presented.

AGENDA ITEM NO. 6: **Water and Wastewater Projects and Funding.** In the absence of Mr. Leavins, it was noted that the Board needed to review and approve at an upcoming Board meeting an updated Water Conservation and Drought Contingency Plan.

AGENDA ITEM NO. 7: **Monthly Financial Statements.** The Board recognized Mr. Turk who presented the accounting statement showing service deposits for the month of \$20,035.45 with noted collections of maintenance and ad valorem taxes as well as the receipt and deposit of the John Arcana capacity study/engineering fee in the amount of \$882. Mr. Turk discussed the favorable financial condition of the operations holding account. After discussion and upon motion duly made by Director Hughes and seconded by Director Fox, the financial statements were approved as presented.

AGENDA ITEM NO. 8: **Accounts Payable.** The Board again recognized Mr. Turk who reviewed the ACH returns which were being handled by Keel Enterprises, expenses he had made as Office Manager for the District as well as the purchase of phosphate from Hawkins Inc. and chlorine from PVSDX Inc. Questions followed concerning the service to the District from Live Oak for WWTP Waste Hopper removal. The Board again reviewed matters relative to the Crestline Software LLP (Munibilling) as well as the purchase of items from Automatic Pump & Equipment and noting the receipt of additional invoices that would be placed on the next month's billing. After discussion and upon motion duly made by Director Hughes and seconded by Director Fox, the Board unanimously approved the accounts payable in the amount of \$31,338.90.

AGENDA ITEM NO. 9: **Correspondence.** Mr. Turk stated the only matters he had were the preliminary Appraisal District tax rolls of approximately \$115,000,000 noting the protest of taxes by Cramer Construction.

AGENDA ITEM NO. 10: **Comments from Board Members.** Questions were raised as to the waste collection and disposal services from Live Oak.

AGENDA ITEM NO. 11: **Adjourn.** There being no further business, the meeting was adjourned at 7:05 p.m.

President of the Board

ATTEST:

Secretary of the Board