

**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, May 17, 2022, 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:

Buddy Hughes

Ben Fox

Tim Jones

Allen Davis

Absent: Jack Maddox

Also present were Wayne Turk, Larry Davenport of Utility Specialties, a representative of Mitchell T. Fontenote, CPA, Inc. 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 Vice President Hughes at 6:30 p.m.

AGENDA ITEM NO. 2: Oaths of Office and Board reorganization. Legal counsel administered the Oaths of Office to the Board. Vice President Hughes suggested the Board reorganization be deferred until the June meeting when President Maddox was expected to be in attendance.

AGENDA ITEM NO. 3: Public Comments. None.

AGENDA ITEM NO. 4: Minutes. The minutes of April 19, 2022 were unanimously approved upon motion duly made by Director Jones and seconded by Director Fox.

AGENDA ITEM NO. 5: Manager's Report.

(a) Operational Report:

The Board recognized Larry Davenport who presented the Operator's Report dated May 17, 2022. Mr. Davenport noted that Utility Specialties responded to 15 grinder calls in April. The Operator's Report provided water pumpage at Well #1 and Well #2. Mr. Davenport noted that Utility Specialties performed seven line locates, made one water leak repair, completed and submitted the water loss audit and stated no pumps or panels had been purchased in April. Utility Specialties has four pumps and four panels in inventory. The Board reviewed Utility Specialties invoices for the prior month and thanked Mr. Davenport for his report.

AGENDA ITEM NO. 6: Appoint committee to review proposals for engineering services. Vice President Hughes suggested that as he and President Maddox had served on the Board the longest and had reviewed the proposals in securing prior engineering services, they be named as the committee with the assistance of Wayne Turk. After discussion and upon motion duly made by Director Jones and seconded by Director Fox, the Board appointed President Maddox and Vice President Hughes as a committee to review proposals for engineering services and make a recommendation to the Board for consideration at its June 2022 meeting.

AGENDA ITEM NO. 7: Presentation of 2021 audit. The Board recognized a representative from Mitchell T. Fontenote CPA, Inc. who presented the audit for the year ending December 31, 2021. The Independent Auditor's Report provided a clean opinion, and the Management Discussion & Analysis was also reviewed briefly. The financial reports for the governmental functions were then reviewed as well as the notes to the financial statement, the required supplemental information and the Texas Required Supplementary Information. Questions followed from the Board as well as a detailed review of the debt service. Vice President Hughes noted one of the purposes for the

securing of engineers was to determine capital projects and to initiate work on said projects for the District to consider in the future including calling a bond election to support additional capital projects. Vice President Hughes noted President Maddox was continuing to review with representatives of the Hardin County Commissioners' Court grant opportunities for possible funding in part of District capital projects. After further review and upon motion duly made by Vice President Hughes and seconded by Director Jones, the Board received and approved the audit report as presented.

AGENDA ITEM NO. 8: Monthly Financial Statements. The Board recognized Mr. Turk who presented the accounting statement dated May 17, 2022 from PNC Bank. Mr. Turk noted the District had continued to collect maintenance tax and ad valorem taxes during the month of the preceding year and had service fees of \$17,936.93 providing the District in its operating holding account and its system operating revenue account with approximately \$90,000. After further review and upon motion duly made by Director Fox and seconded by Director Jones, the financial statements were approved as presented.

AGENDA ITEM NO. 9: Accounts Payable. Mr. Turk again was recognized and noted there were several returned checks which accounts had been reinstated. Mr. Turk noted the accounts payable were reasonably low compared to preceding months due to the fact no additional inventory of pumps and panels was acquired. Mr. Turk asked that the payment for auditing services in the amount of \$5,000.00 be added to the bills for payment revising the total accounts payable to \$20,411.41. After the amendment and upon motion duly made by Director Jones and seconded by Director Davis, the accounts payable in the amount of \$20,411.41 were approved for payment as presented.

AGENDA ITEM NO. 10: Correspondence. Mr. Turk stated the District's Water Loss Audit had been filed and posted on its website as well as the TCEQ Consumer Confidence Report by July 1, 2022. Vice President Hughes reviewed and reported on correspondence from the Texas Department of Emergency Management and FEMA.

AGENDA ITEM NO. 11: Comments from Board Members. None.

AGENDA ITEM NO. 12: Adjourn. There being no further business, the meeting was adjourned at 7:20 p.m.

ATTEST:

President of the Board

Secretary of the Board