

**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, July 18, 2023, 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:

Ben Fox

Tim Jones

Buddy Hughes

Jack Maddox

Allen Davis

Also present were Wayne Turk, Mary Adams, Larry Davenport of Utility Specialties 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 President Maddox at 6:30 p.m.

AGENDA ITEM NO. 2: Public Comments. None.

AGENDA ITEM NO. 3: Minutes. The minutes of May 16, 2023 were unanimously approved upon motion duly made by President Maddox and seconded by Director Fox.

AGENDA ITEM NO. 4: Manager's Report.

(a) Operational Report:

The Board received the Operational Report from Utility Specialties dated July 18, 2023 indicating they had responded to 31 grinder calls, performed 12 line locates, repaired the sewer leak on Pinemont, a callout at the wastewater treatment plant to reset the blowers, a callout at the wastewater well to reset pumps and fuel the generators at the water wells and

wastewater plants in anticipation of hurricane season. A discussion followed on the maintenance of the blower at the wastewater treatment plant noting no panels or pumps were purchased with three pumps and three panels in inventory. After discussion and upon motion duly made by Director Jones and seconded by President Maddox, the Operational Report was approved as presented.

AGENDA ITEM NO. 5: Southeast Texas Groundwater Conservation District use of Pine Glen Water Well Site. The Board received information from Wayne Turk, and it was suggested by legal counsel that an agreement for access to the site including locking the facility and the Groundwater Conservation District maintaining its own lock to be provided to the District, a copy of its insurance and that of any third parties that would be entering the well site. After discussion and upon motion duly made by President Maddox and seconded by Director Hughes, the Board approved use of the Pine Glen water well site by the Southeast Texas Groundwater Conservation District.

AGENDA ITEM NO. 6: Water Treatment Plant Permit renewal. The Board indicated no action was necessary, and Mr. Turk noted he had published the required notifications for the permit renewal.

AGENDA ITEM NO. 7: Report and take action on customer service issues. No action.

AGENDA ITEM NO. 8: Monthly Financial Statements. Mr. Turk reviewed the financial statements for June noting an inter-fund transfer of \$6,000 and the additional receipt of ad valorem taxes, the Cable One quarterly franchise fee and service fees of \$25,851.86. Mr. Turk then reviewed the accounting statement for July, the service fees, a maintenance tax fee payment, additional collection of ad valorem taxes and provided information on the debt service payments to be made on August 15, 2023. After discussion and upon motion duly made by Director Hughes and seconded by Director Fox, the monthly financial statements were approved as presented.

AGENDA ITEM NO. 9: Action as to budget updates. Mr. Turk updated the proposed budget and noted it was not balanced, and based on the anticipated budget for the next fiscal year, the Board would have to consider a rate increase. A lengthy discussion followed on budget items, anticipated increase in costs due to inflation and supply chain issues as well as other operational and capital costs. The Board thanked Mr. Turk for his update.

AGENDA ITEM NO. 10: Accounts Payable. Mr. Turk presented the accounts payable statement for June in the amount of \$27,402.81. Mr. Turk noted specifically invoice payments to DXI Industries, Inc., Simply Aquatics, Inc. and a number of returned checks and deposit refunds as well as the Nugent's Tree Service invoice of \$2,000 for cutting and removing dead trees near Well #1. Mr. Turk then presented the accounts payable for July in the amount of \$29,045.82 noting specific invoices from DXI Industries, Inc., Automatic Pump & Equipment, Munibilling and *The Examiner* for the second notice of the wastewater plant permit renewal. After discussion and upon motion duly made by Director Hughes and seconded by Director Jones, the Board ratified the accounts payable payments for June and approved the accounts payable for July 2023.

AGENDA ITEM NO. 11: Correspondence. President Maddox noted Jeff Leavins was continuing to try to obtain transfer of files from LJA Engineering and suggested the Board needed to set a meeting with James Gilley to discuss the anticipated capital needs and the possible issuance of future debt obligations. President Maddox also indicated as the District moved forward with both capital projects and grant projects, it needed to ensure the continued maintenance and upgrade of District facilities and improvements including the possibility of radio read meters and hardening of facilities for weather and other emergency events. President Maddox and legal counsel discussed possible capital charges and the requirement for approval of such for capital needs. The Board recognized Vice President Hughes who indicated the District's tax statement would likely not be received timely, and this could affect the setting of its preliminary tax rate.

AGENDA ITEM NO. 12: Resignation of Jack Maddox and action on Board vacancy. This agenda item was tabled.

AGENDA ITEM NO. 13: Comments from Board Members. None.

AGENDA ITEM NO. 14: Adjourn. There being no further business, the meeting was adjourned at 7:42 p.m.

President of the Board

ATTEST:

Secretary of the Board