

Board of Supervisors
Meeting Minutes
August 18, 2014

Board Members Present:

Richard Jones, President
Stephen Clarady, Vice President
Belinda Ross, Secretary
Jemmie Hageon, Treasurer
Daryl Hart, Supervisor

Board Members Not Present:

N/A

ANRA Staff:

Kelley Holcomb, General Manager
Stephanie Harris, Administrative Assistant

Guests:

Mr. Jim Jansen, Jansen and Gregorzyk
Mr. Jimmy Thompson, KSA Engineers
Numerous Community Members

1. Call to order: Mr. Richard Jones called the meeting to order at 5:33 p.m.
2. Confirm quorum: Mr. Jones declared a quorum present.
3. Invocation: Mr. Jemmie Hageon gave the invocation at the request of Mr. Jones.
4. Recognition of guests: Mr. Jones acknowledged the presence of the numerous community members present.
5. Consideration and Approval of the FY 2013 Financial Audit: Mr. Jim Jansen presented the Board with the FY 2013 Financial Audit. Mr. Jansen stated that Angelina County Fresh Water Supply District No. 1 (District) did much better in FY 2013. He advised the Board that all notes were current and that 94% of the taxes were collected for FY 2013. Mr. Jansen noted that when taxes are paid, it helps financially. Mr. Jansen advised the

Board that he re-classified a couple of debt payments for financial purposes. Other than that, there were no other audit issues.

Mr. Daryl Hart motioned to approve the FY 2013 Financial Audit, with a second by Mr. Hageon. All members voted in favor and the Financial Audit was approved.

Community members exited the building.

6. Consideration and Approval of Meeting Minutes from June 24, 2014 Called Meeting:
Board Members had previously reviewed the minutes that were sent to them via email.

Mr. Hageon motioned to approve the June 24, 2014 minutes as presented, with a second by Mr. Hart. All members voted in favor and the minutes were approved.

Board President moved to Agenda Item #10.

10. Status Update of CWSRF Sewer Project: Mr. Jimmy Thompson advised the Board and presented to guests that the District was approved for the sewer project as of June 1, 2014 by the TWDB. The only issue is FM 2021 and TxDot. Mr. Thompson stated that the Preliminary Engineering Report and the environmental assessment are almost completed. There were 3 different alternatives that Mr. Thompson said the Board can choose from: 1) Standard gravity with a lift station, 2) Aerobic systems with individual lift stations at each residence, or 3) a backing system to suck the sewage out. Mr. Holcomb asked Mr. Thompson to explain what services his company provides. Mr. Thompson explained his company was here to provide sewer systems, population projections so the District can add more customers, cost estimates, work on environmental assessments, and provisions to North Angelina County for connection.

Mr. Thompson stated that once a matrix is put together to show the cost, the final recommendation will be brought to the Board and TWDB. Mr. Holcomb stated that once the board approves one of the alternatives, construction will begin. Mr. Hart asked which alternative would work easiest. Mr. Jones stated that the gravity flow is working fine right now and Mr. Thompson agreed.

An unknown male stated his concerns about not being able to have a gravity flow system because of his house being uphill. Mr. Thompson assured him that a lift station could be installed if that problem occurs. Mr. Holcomb advised the male that there will be more answers to those questions once the designing begins. Mr. Thompson advised guests and the Board that the District is working on an accelerated schedule. Mr. Holcomb questioned if engineering is still scheduled to be complete by spring of 2015.

The same unknown male questioned what his water and sewer bill will be once the system is complete. Mr. Hart stated he can give him an estimate of \$85.00 a month. The male was complaining because his bill cost more for sewer and water than it did for him

to live in the City of Lufkin for water, trash, and sewer. Mr. Jones advised him that the customers have to pay for the sewer so the District can pay their bills as well.

Mr. Thompson advised all members present that there will be men coming on their property to get survey permission. Mr. Rush asked for cooperation with the engineers so his phone lines do not get cut that are in the ground. Mr. Holcomb said that line locates will be requested before construction.

Another unknown male complained about his bill being \$85.00 a month. The male asked if the bill would go up years from now. Mr. Jones stated that he cannot promise the bill will go down any, but it should not increase. Mr. Holcomb advised the guest that everything always goes up. Even if it is years from now. Mr. Jones stated that construction is going to continue and the District will keep customers updated.

7. Consideration and Approval of Engagement of Jansen and Gregorczyk for the performance of the FY 2014 Financial Audit: Mr. Hart stated that the District is continuing to do great business and getting better. He was glad to see Mr. Jansen at the meeting to present guests with the audit for FY 2013. Ms. Belinda Ross questioned what the cost would be for the FY 2014 Financial Audit. Mr. Holcomb advised Ms. Ross that there would be no change and the cost will be the same as FY 2013, \$5,700. Mr. Holcomb made a recommendation for the Board to approve the engagement of Jansen and Gregorczyk for the performance of the FY 2014 Financial Audit.

Ms. Ross made a motion to approve the Engagement of Jansen and Gregorczyk for the performance of the FY 2014 Financial Audit, with a second by Mr. Hart. All members voted in favor and the performance of the FY 2014 Financial Audit was approved.

8. Consideration and Approval of an Order Calling 2014 Supervisor Election on November 4, 2014: Mr. Holcomb advised the Board that they had to have an election to elect Supervisors. The deadline to turn in applications was August 18, 2014 by 5:00 P.M. Mr. Holcomb said that three applications had been turned in. The applicants were Belva Hartsfield for Position 1, Cheryl Wolford for Position 2, and Jemmie Hageon for Position 2. Mr. Holcomb advised the Board that because there were two applications for Position 2, that there would be an election. He stated that The District would have to pay for renting a voting machine and have special ballots printed out, which would cost the District money. Mr. Holcomb stated that in May 2012, the District had an election that cost approximately \$20,000. Mr. Holcomb made a recommendation to find an Election judge and an Early Voting Clerk for the election.

Mr. Holcomb said having an election is a good thing. Mr. Hart and Ms. Ross both agreed with Mr. Holcomb. Ms. Ross stated that having an election shows everyone that it is a democratic process.

Ms. Ross made a motion to approve the Order Calling a November 4, 2014 Election, with a second by Mr. Hageon. All members voted in favor and the Order Calling a November 4, 2014 Election was approved.

9. Consider and Possible Approval of Applications for Exemption under District's Sanitary Sewer Exemption Policy: Mr. Holcomb advised the Board that LaWanda White meets requirements for exemption, Michael Kennerly does not meet the requirements for exemption, and Gerald Coutee requested that her account be a water only customer. Mr. Holcomb made a recommendation to grant Ms. Coutee a "water only" customer status because her property is just a horse pen and that the information has been field verified. Mr. Holcomb stated that it appears that Mr. Kennerly has two houses on one water meter, which is not acceptable. Mr. Stephen Clarady stated that Mr. Kennerly had requested for a second meter several years ago. Mr. Holcomb requested that Mr. Clarady help him find out when exactly that was. Mr. Clarady said he will go back through his old meeting minutes to find out when that was. Mr. Clarady said that there was a second tap put in for Mr. Kennerly back then, he just never hooked up to it. In this case, Mr. Kennerly is not eligible for an exemption.

Mr. Holcomb made a recommendation to approve Ms. White's exemption, disapprove Mr. Kennerly's exemption, and approve Ms. Coutee's water only status with the condition that if a residence is ever built, she has to connect to the sewer system.

Mr. Hart motioned to approve Ms. Coutee to be a water only customer with refund of sewer payments back to date of notice, with the condition that if a residence is ever built, she has to add sewer, with a second by Ms. Ross. All members voted in favor and Ms. Coutee was approved.

Ms. Ross motioned to approve Ms. White for a 10 year exemption and refund of sewer payments back to application date, with a second by Mr. Hageon. All members voted in favor and Ms. White's exemption was approved.

Mr. Hart motioned to disapprove Mr. Kennerly's application for exemption, with a second by Mr. Hageon. All members voted in favor and Mr. Kennerly's exemption was disapproved.

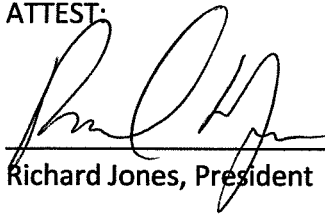
11. Establish Date, Time, and Agenda Items for next meeting: Mr. Jones requested the District continue quarterly meetings. Mr. Holcomb advised the Board there has to be a public hearing no later than September 30, 2014 to discuss proposed 2014 tax rates. Mr. Jones requested the meeting be held on a Monday in September. Mr. Holcomb recommended the meeting be held September 15, 2014.
12. Closure of Business: Mr. Jones and Mr. Holcomb advised the Board that they met with State Representative Trent Ashby to discuss funding and an extension on the payments for the loan, but nothing happened so everything will continue like it has been. Mr.

Jones stated that after the project is finished, the District needs to evaluate the potential for hiring its own staff to manage the District, however, the District should stay connected to Angelina & Neches River Authority. Mr. Holcomb assured the Board that ANRA still wants to assist with operations of the District's water and sewer systems. However, ANRA needs to transition out of actually managing the District's business affairs. Items that the District could perform for themselves are general management functions, billing, accounting, meter reads, disconnects, etc.

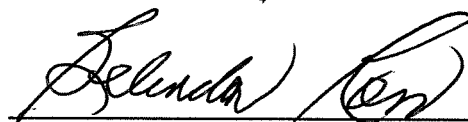
Ms. Ross motioned to adjourn the meeting at 7:33 P.M., with a second by Mr. Clarady. All members voted in favor and the meeting was adjourned.

APPROVED THIS 15th DAY OF SEPTEMBER, 2014.

ATTEST:



Richard Jones, President



Belinda Ross, Secretary