

Board of Supervisors
Meeting Minutes
September 15, 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
Dyan Stanford, Office Manager

Guests:

Barbara Clarady
Don Rush
Pat Rush
Lynette Whitmill
Belva Hartsfield
Betty Jenkins
Otis Jenkins
Mark Maxie

1. Call to order: Mr. Richard Jones called the meeting to order at 5:30 p.m.
2. Confirm quorum: Mr. Jones declared a quorum present.
3. Invocation: Mr. Stephen Clarady gave the invocation at the request of Mr. Jones.
4. Recognition of guests: Mr. Jones requested that guests introduce themselves for the Board. Each guest present introduced themselves before everyone at the meeting.

5. Open Public Hearing on Proposed Tax Rates for Calendar Year 2014:

The public hearing was opened at 5:32 p.m.

Mr. Kelley Holcomb informed those in attendance that a notice was published in the Lufkin Daily News per statute to notify customers of the tax rate hearing. Mr. Holcomb stated that the rate published in the paper is the roll back rate, which anything higher requires an election, but that the Board is allowed to accept any rate they deem necessary below the roll back rate. Mr. Holcomb explained that the property values are established by the Appraisal District and are based on the average resident homestead. The rate proposed is a decrease from last year's rate, but property appraisals have increased for 2014 resulting in an increased valuation of \$7,000. This increase averages to a \$17 increase per average resident homestead for the year.

Mr. Jones noted that the money collected through this tax goes into Angelina County Fresh Water Supply District No. 1's (the District) tax account and pays for operating the District. Mr. Jones asked if Mr. Holcomb knows the City of Lufkin's tax rate, but then pointed out that the two entities are not comparable. Mr. Holcomb stated that he believes the City's rate is over \$1.00. Mr. Jones agreed that the District stays below the rate for homes within the City limits. Mr. Jones acknowledged that some customers ask why there is a tax bill for the District. Mr. Holcomb stated that the District is allowed to charge a tax per its enabling statutes. Mr. Jones explained that the average person in the District will pay \$255 in taxes related to the District.

The public hearing was closed at 5:39 p.m.

6. Consideration and Approval of Meeting Minutes from August 18, 2014: Mr. Holcomb reminded Board members that Mrs. Dyan Stanford had been out on maternity leave, so he wanted them to ensure that the minutes are correct. Mr. Jones agreed that the minutes were accurate.

Mrs. Belinda Ross motioned to approve the meeting minutes as presented. Mr. Jemmie Hageon seconded the motion. All members voted in favor and the minutes were approved.

7. Consideration and Approval of Financials: Mr. Jones first asked those in attendance if they had any questions regarding the District's sewer project. Ms. Barbara Clarady asked if the project is on schedule. Mr. Jones stated that the project is still in the planning and design phase. Mr. Holcomb explained that the project is somewhat behind in that the District has not yet received the preliminary engineering report, but the report is expected to be received by the end of the week. The design portion will then begin soon. Mr. Jones stated that the project is still on target, to which Mr. Holcomb

agreed and further clarified the project is anticipated to begin construction in the Fall of 2015. Mr. Jones noted that the engineer and the District want to get the project correct the first time. Collections have been going well with no complaints since the last meeting. Engineers will be out soon in the community to begin their field work and assessments. Mr. Don Rush stated that the presence of the engineers will not be a problem. Mr. Jones noted that the engineers want to get the project correct and will be working with Mr. Timmons throughout the District. Mr. Holcomb stated that the design will determine problems areas and ensure higher costs will be avoided when possible. Mr. Jones informed those in attendance that the biggest challenge the engineers will face is the construction project going on currently at US 59 and FM 2021.

Mr. Otis Jenkins asked how much money is in the treasury after taxes are paid. Mr. Jones informed Mr. Jenkins that the District has open records and nothing is being hidden. Mr. Jenkins asked who has been exempted from the sewage project, and Mrs. Betty Jenkins clarified by asking if they were exempt. Mr. Jones stated they are not exempt. Mr. Jenkins asked if the District rules are different. Mr. Jones stated that they are not. Mrs. Jenkins explained that Mr. Free came to her residence and said her system did not meet ACF requirements, but did meet his. Mr. Holcomb informed Mrs. Jenkins that Mr. Free's letter states that her system does not meet state requirements. Mrs. Jenkins stated that she did not know anything about the sewer project, but Mr. Jones noted that the District posts notices of meetings. Mr. Jenkins stated that when he was on the Board, Mrs. Ross said she would show him how to run the District. Mr. Jones highlighted that Mr. Free's assessment is that the Jenkins' system does not meet state requirements. Mrs. Jenkins said the Board should work for them. Mr. Jones explained to Mrs. Jenkins that she should speak with Mr. Free.

Mr. Mark Maxie asked about the tax rate discussed earlier. Mr. Jones stated that the Board will adopt the lower rate that is proposed, which will result in \$17 more dollars in taxes this year.

Financials were then discussed and Mr. Holcomb highlighted that both operations and tax were included in the packet. A profit is shown due to higher revenue. Mr. Holcomb stated that the tax revenue collection statements reflect the percentage collected as of July, which is 83%. Historically the District has never collected above 86%, even though other entities collect in the high 90's. Mr. Holcomb noted that at the end of August, there was \$30,268 in the bank account, half of which belongs in the tax account. Mr. Jenkins again asked how much money is in the treasury, to which Mr. Holcomb replied \$30,000. Mr. Holcomb reminded the Board that he had recently finished having the air conditioner replaced at the District office with ending costs being \$4,673 to complete the job.

Mr. Clarady motioned to approve the financials as presented, with a second by Mr. Daryl Hart. All members voted in favor, thus the financials were approved.

8. Consideration and Approval of the Certified Appraisal Roll: Mr. Holcomb stated the numbers presented are provided to the District by the Appraisal District. The District is looking at increased values, both in appraised average value, as well as gross appraised value. The net taxable amount after exemptions is \$10.5 million. Exempted property totaled to be \$2.5 million. Mr. Holcomb noted that the District cannot protest the values presented, but individual homeowners can. By approving the rolls, the District is acknowledging receipt of the valuations.

Mr. Clarady motioned to approve the Certified Appraisal Roll as presented. A second was made by Mrs. Ross, with all members voting in favor of the motion. The Certified Appraisal Roll was thus approved.

9. Consideration and Approval of Resolution setting the 2014 Maintenance and Operation Tax Rate: Mr. Holcomb explained that he drafted a spreadsheet to illustrate to the Board what the tax result would be, based on the rate that they choose tonight. He reminded the Board that the rate proposed is lower than last year's rate, but that the appraisals for the District are higher which results in an increase of \$17 more per average homestead. Mr. Holcomb stated that the Board has the option of setting the rate at what is proposed, or at any lower rate. Mrs. Ross asked if the District normally collects around 84%. Ms. Belva Hartsfield asked why the Board does not set the rate at a mid-level. Mr. Hart agreed with Ms. Hartsfield's question. Mrs. Ross noted that she wants to set the rate at a level so that the District can meet its obligations and also relative to what it has been collecting in the past.

Mr. Holcomb agreed it is a delicate balance to look at the rate from last year and the appraisal for this year and then determine a rate. He suggested that the Board look to the budget they approved and set the rate at a level that will meet the projected total of \$47,600. He also reminded the Board that the District usually only collects 85% of what it is supposed to collect. Mr. Jones noted that the Board needs to think of the budget and how the proposed rate will only result in \$17 more per home. Mr. Holcomb stated that the District currently has \$10,000 in the reserve repair and maintenance account. Mr. Hart asked how much the District averages in that account. Mr. Holcomb explained that the account ranges from \$2,000 – \$9,600. Mr. Jones stated that at the last meeting, the accountant highlighted that the District seems to be coming out of the woods.

Mrs. Ross stepped out of the meeting at 6:20 p.m.

Mr. Holcomb reminded the Board that it is up to them to determine the rate that needs to be established. Mr. Jenkins informed the Board that last month, a customer left because she could not afford what the Board is doing. He stated that there is an empty house and if the Board continues to set high rates, everyone will leave. Mr. Maxie asked if it is looking good for the engineers to begin the sewer project. Mr. Holcomb replied that he is sticking with a start date of Fall 2015, to which Mr. Jones agreed the District is only waiting on the engineering report and approval to begin.

Mrs. Ross rejoined the meeting at 6:24 p.m.

Mr. Jones reminded those in attendance that the District's biggest challenge with regards to the new sewer project is the construction occurring on US 59. However, the project is currently on schedule. Mr. Jones stated that he thinks the Board should pass the proposed tax rate of 0.464262. Ms. Hartsfield asked if that will involve a \$17 yearly increase to customers, which Mr. Holcomb agreed it will.

Mr. Clarady motioned to approve the resolution setting the 2014 Maintenance and Operation Tax at 0.464262, with a second by Mr. Hageon. All members voted in favor and the tax rate was approved.

10. Consideration and Approval of FY 2015 Annual Tax Budget: Mr. Holcomb informed the Board that the total tax budget is \$47,000. Included in the Board packet is a scope of the services Angelina & Neches River Authority (ANRA) provides for the District. Mr. Jones noted that the reserve repairs and maintenance account currently holds \$10,000 but he would like for it to be higher. Mrs. Ross asked if the District pays for tax collections. Mr. Holcomb explained that the District does pay a portion of the county's costs to have taxes collected. Mr. Holcomb also noted that the District has ten years left on its mortgage.

Mr. Hageon motioned to approve the FY 2015 Annual Tax Budget as presented, with a second by Mrs. Ross. All members voted in favor and the tax budget was approved.

11. Consideration and Approval of Applications for Exemption under the District's Sanitary Sewer Exemptions Policy: Mr. Holcomb explained to the Board that out of all the exemptions received, the District has finally received the determination letters from Terry Free on the seven remaining open applications. Out of those seven systems, two meet state requirements.

Mrs. Ross motioned to exempt the septic systems of Russell Bonner, 443 County Barn Road, and Ulysses Garner, 135 Garner Road, for a term of 10 years, to include a refund of any sewer charges paid from the date of their applications. Mr. Hageon seconded the motion. All members voted in favor and the exemptions were granted.

Mrs. Ross made a second motion to deny the applications of Paul Davis, 446 County Barn Road; Guy Davis Jr., 444 County Barn Road; Rodrick McDaniel, 405 Ruth Lane; Betty Jenkins, 135 Garner Road; and James Earl Stewart Sr., 3157 FM 2251 because these systems do not meet state requirements through their inspections by the Health District. Mr. Hart seconded the motion. All members voted in favor and the applications were denied.

Mrs. Ross stepped out of the meeting at 6:37 p.m.

12. Consideration and Approval of Customer request for a one time water bill adjustment: Mr. Holcomb introduced Mr. Maxie and stated that Mr. Maxie was here to speak to the Board about a large leak that occurred at his home in July.

Mrs. Ross rejoined the meeting at 6:38 p.m.

Mr. Maxie began by informing the Board that there is currently a leak where Garner Road and Barbeque Road meet. Mrs. Stanford stated that she would create a workorder tomorrow morning so that Field Operations staff with ANRA could get the leak fixed. Mr. Holcomb reminded the Board that in the past, it has forgiven half the bill for customers in situations like Mr. Maxie's. Mr. Jones agreed and said the Board had helped Ms. Hartsfield out in the past. Mr. Maxie explained that the leak was running under his culvert. Mr. Holcomb noted that the meter will be relocated at the District's expense once Mr. Maxie has completed the installation of his new service line. Mr. Jones informed Mr. Maxie that he can setup an installment plan in order to pay off his portion of the bill if necessary.

Mr. Hart motioned to forgive 50% of Mr. Maxie's bill that is due to the large water leak and allow him to pay his portion of the bill in installments over a three month period. Mrs. Ross seconded the motion. All members voted in favor and the motion passed.

Mr. Maxie and Ms. Lynette Whitmill left the meeting at 6:45 p.m.

13. Consideration and Approval of Notice of Agent; Election Judge and Early Voting Clerk; Set compensation rates for these temporary positions; Status update on the November 4, 2014 Board of Supervisor Election process: Mr. Holcomb informed the Board that current Board member, Jemmie Hageon, is in a contested race against Cheryl Wolford. Mr. Holcomb explained that the District is in need of an election judge and an early voting clerk. Mr. Jones asked who the District used last year and what they were paid. Mrs. Stanford noted that last year the District used Helen Price for clerk at a rate of \$8 per hour, and Deviann Crowder as judge at a rate of \$10 per hour. Ms. Hartsfield asked how much the election will cost the District, to which Mr. Holcomb estimated \$5,000. Mr. Rush asked where the voting will take place, and Mr. Holcomb replied that it will occur in the District Office. Mr. Jones stated that he will contact Mrs. Crowder. Mr. Rush asked what Board members are up for election. Mr. Holcomb explained that Mr. Clarady will no longer be on the Board, and Mr. Hageon is up for re-election.

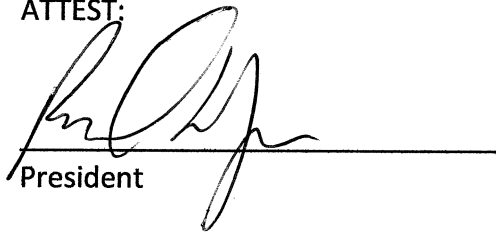
Mr. Hart motioned to approve the appointment of Mr. Holcomb as Agent for the District for the purposes of the Supervisor Election on November 4, 2014, with a second by Mr. Hageon. All members voted in favor and thus Mr. Holcomb was approved as Agent for the District.

14. Establish Date, Time and Agenda Items for the Next Meeting: Mr. Jones stated that the next Board meeting will need to address the appointment of an Election Judge and Early Voting Clerk. Mr. Jones and Ms. Hartsfield will look into finding individuals for the positions and will report back.

15. Closure of Business: Mr. Clarady motioned to close the Board meeting, with a second by Mr. Hart. Mr. Jones adjourned the meeting at 7:00 p.m.

APPROVED THIS 17th DAY OF NOVEMBER, 2014.

ATTEST:



President



Secretary