

Board of Supervisors  
Meeting Minutes  
January 22, 2015

Board Members Present:

Richard Jones, President  
Belinda Ross, Vice President  
Belva Hartsfield, Secretary  
Jemmie Hageon, Treasurer

Board Members Not Present:

Daryl Hart, Supervisor

ANRA Staff:

Kelley Holcomb, General Manager  
Dyan Stanford, Office Manager

Guests:

Bob Thurber, KSA Engineers  
Patrick McKelvey  
Otis Jenkins  
Betty Jenkins  
Victor Travis

1. Call to order: Mr. Richard Jones called the meeting to order at 5:31 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 recognized the guests in attendance. Mr. Kelley Holcomb introduced Mr. Bob Thurber from KSA Engineers.
5. Consideration and Approval of Meeting Minutes from November 17, 2014 Called Meeting: Board members reviewed the meeting minutes in their packets.

Mrs. Belinda Ross motioned to approve the minutes as presented, with a second by Mr. Hageon. All members voted in favor and the minutes were approved.

6. Consideration and Approval of FY 2015 First Quarter Financials: Mr. Holcomb explained to the Board that tax receipts for December have not been received yet from the tax office. No significant collections are received until February and March normally. It was noted that the negative results for the first quarter are related to the tap made for customer Linda Evans' home, which the District had committed to make back in 2013. Winter sales are also the reasoning behind the deficit. Mrs. Betty Jenkins asked for a packet to look at. Mr. Holcomb stated that she could look at his once the meeting was over. Mr. Holcomb noted that one expense that will hit in January is \$12,000 for a pump repair that had to be made at the Jerri Street Lift station. Mrs. Ross asked if the money listed in the account balances was actually in the bank, to which Mr. Holcomb stated it was. Mrs. Betty Jenkins asked how much money does the District have in the bank now. Mr. Holcomb stated there is \$16,740.64 in the bank, which she could look over once the meeting is finished.

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

11. Update on Sanitary Sewer Extension Project: Mr. Thurber from KSA Engineers provided an update on the project to those in attendance. Mr. Thurber stated that the project has been approved by the U.S. Army Corps of Engineers (USACE) and the Historical Commission. Right of entry forms will be mailed out to those customers who need to grant approval for the Engineers to come onto their property for surveying. The Engineers hope to get started on the surveying mid to late February.

Mrs. Belva Hartsfield arrived at 5:46 p.m.

Mr. Thurber stated that getting the USACE approval was great. The project will be getting rid of the Redland Estates system and adding customers that could be serviced through the system's connection to Angelina & Neches River Authority's (ANRA) sewer system. Mr. Holcomb explained that the right of entry letters are being sent out because one of the requirements of this project is that the District is responsible to connect directly to the customer's home. Mr. Jones asked if the Highway 59 road bore that will be required will be an issue, but Mr. Thurber assured him that they can handle it.

Mr. Holcomb stated that he recently spoke with Lufkin ISD about connecting Redland School onto this system for sewer service, to which they are very interested. Mr. Otis Jenkins asked if a clean out will be done when the engineers tie the homes onto the system. Mr. Thurber stated that cleanouts will be installed and he normally likes two at each site. He assured Mr. Jenkins that the system will be designed to ensure limited backups. Mr. Jenkins responded that his septic system has four cleanouts. Mr. Thurber stated that his firm will look at the service line length to determine what is needed. Mr. Jones asked about the Out-of-District rate to be discussed, and if it will relate to those customers who could tie on along FM 2021, to which Mr. Holcomb stated he was correct.

Mr. Thurber reminded those in attendance that Jimmy Thompson is the main point of contact for the project, but Mr. Thurber stated that he can assist as well if anyone needs to contact him. Mr. Jenkins noted that it is easier to do a job right the first time. He stated that he has not had any trouble with his tank because he listened to the engineer when it was installed. Mr. Thurber assured him that his firm will get it right the first time. He estimates a one year contract.

Mr. Holcomb expressed that Highway 59 will be the biggest project. Mr. Thurber stated that his firm has local bidders it works with that are good, such as Duplichain or Terry Black. Many businesses are ready to work. Mr. Holcomb agreed this project is happening at the right time. Mrs. Ross asked to clarify if the Engineers are supposed to get the design drafted for review in August, and Mr. Thurber stated she was correct. Mr. Holcomb noted that there will be several different drafts of the design as it passes through checks with many individuals. Mr. Holcomb reminded everyone that the Texas Commission on Environmental Quality (TCEQ) and the Texas Water Development Board (TWDB) have the ultimate approval on projects. Mr. Thurber offered that anytime the District needs an update on the project, just to let him know.

Mr. Thurber left the meeting at 6:01 p.m.

8. Consideration and Possible Approval of a Utility Commitment for Magnolia Trails: Mr. Holcomb presented information regarding utility commitments to the Board. He provided an example of a current project by Victor Travis related to a subdivision he is wanting to establish in the District's area, called Magnolia Trails. Mr. Travis submitted a non-refundable deposit of \$1,000, along with a utility commitment application. The District now has to determine whether it can handle these new services. Part of that subdivision included the tap referenced earlier for Linda and Jimmy Evans. The Board has to accept the application and instruct ANRA staff to review the information. Mr. Holcomb asked Mr. Travis to attend the meeting today so that Board members could ask him any questions they may have.

Mr. Travis stated that his part now is that he needs to build a black-top road which will cost between \$30,000 - \$50,000. The first ten acres have been surveyed out. He is trying to sell the property so that he can fund the construction of the road. Mrs. Jenkins asked where the subdivision is located. Mr. Patrick McKelvey stated it is located across from Misty Granger. Mr. Travis noted that he has spoken to Mrs. Williams regarding access. Mr. Holcomb stated that when routing the sewer line off the end of Ruth Lane, it comes down Mr. Travis' easement. However, this grant is not for new development, but rather to solve existing problems. It just happened in this case that the best route is going through that property.

Mr. Jones asked if Mrs. Williams was willing to grant Mr. Travis access. Mr. Travis stated she was not, but he is going to try and speak with her again. Mrs. Ross asked if the tracks are being sold at 1 acre each, to which Mr. Travis stated was correct. Mrs. Jenkins asked Mr. Travis if his property is near Maxie and Coutee. Mr. Travis explained that his

property stops at the end of Smallwood at the Maxie property. Mrs. Jenkins responded saying that Washington property is near there, of which she is in there. She stated that he (Mr. Travis) is going to have a hard time. Mr. McKelvey noted that Washington's property probably starts near Luf-Tex trail barn. Mr. Holcomb stated that he is glad this sewer line will facilitate development. Mr. Travis agreed saying the more customers that come in, the lower the rates will be for all customers in the District. Mr. Jones noted that this will change property prices as well.

Mr. Holcomb reminded those in attendance that the project does allow for incorporation of future use. For example, there is an owner in Redland Estates that is wanting to replat land he owns, which could result in 100 more potential customers for the District. Mr. Holcomb asked Mr. Travis if he has a timeline established for the subdivision. Mr. Travis stated that he plans on taking care of the road this summer, by widening the driveway and culverts. Mr. Holcomb stated that the District's problem is that every lot Mr. Travis sells before the sewer project is completed, the District is required to serve them. So the District and Mr. Travis need to coordinate because it can be very expensive. The District is looking at 18 months before the project will have sewer flowing. Mr. Travis stated that the road is his 1<sup>st</sup> priority on his timeline.

Mr. Holcomb asked Mr. Travis if he has filed with the county to subdivide the land, but Mr. Travis said he did not think that had been done yet. Mr. Travis stated that he will check with the engineers on the project. Mr. Jones asked to clarify that Mr. Travis cannot sell anymore lots until he builds the road. Mr. Travis agreed and stated the same would be true if he can get a bond. Mr. Holcomb explained that a subdivision required platting. Mr. Jones instructed Mr. Travis to stay in contact with Mr. Holcomb so the Board will know where the project stands. Both Mr. Travis and Mr. Holcomb agreed. Mr. Holcomb stated that the Board must approve the application and instruct him to conduct a review of the information. Mr. Jones expressed that the Board wants this project to happen. Mr. Travis agreed and stated that it would be good for everyone.

Mrs. Ross motioned to approve the utility commitment application with the instruction to Mr. Holcomb to review the information. A second was made by Mr. Hageon. All members voted in favor and the utility commitment was approved.

Mr. Travis stated that he will be at the next Board meeting. Mr. Hageon asked how Mr. Travis came up with the name, Magnolia Trails. Mr. Travis said the name came from his Mother. Mr. Holcomb noted that Mr. Travis owns the land near Ethel Lewis and Phil Jackson, which has built up good stuff. Mrs. Ross asked about the site plans. Mr. Holcomb stated that he does have them at this office.

Mrs. Hartsfield explained that she got a phone call from Darlene Hodge on Ethel Lewis. She said that Mrs. Hodge claimed that she has no meter but she received a bill. She is located at 215 Ethel Lewis Road. Mrs. Stanford stated that she will look into the matter.

Mr. Travis, Otis Jenkins, and Betty Jenkins exited the meeting at 6:31 p.m.

Mr. McKelvey asked Mr. Holcomb if there are plans for fire hydrants through this new project. Mr. Holcomb stated that the design has not gotten to that phase, but the District will have to upgrade some of the existing lines in order to be able to incorporate fire hydrants.

7. Consideration and Approval of the Engagement of Jansen and Gregorczyk for the performance of the FY 2014 Annual Financial Audit: Mr. Holcomb informed the Board that the audit will cost \$5,700 to administer. The District could go out for bids, however, Jansen has been conducting the audit for 10 years and was a significant help in getting the District caught up with five years of delinquent audits. Mrs. Ross agreed that Jansen administered the audit even when the District had no money. Mrs. Hartsfield stated that the audit price went up \$200, but it also is requiring more work and forms.

Mrs. Ross motioned to approve the engagement of Jansen and Gregorczyk to perform the FY 2014 Financial Audit, with a second by Mrs. Hartsfield. All members voted in favor and the engagement was approved.

9. Consideration and Approval of Customer request for a one time water bill adjustment: Mrs. Hartsfield asked which customer this item relates to, which Mrs. Stanford stated it involved Gregory Clark. Mrs. Stanford discussed the information she had received from Mr. Clark and his request to come before the Board for a bill adjustment. Mr. Holcomb stated that this has happened before. Mrs. Hartsfield expressed that Mr. Clark needs to be in attendance.

Mr. Jones stated no action would be taken on this item.

10. Consideration and Possible Approval of Interim Out of District sewer rates for Residential and Commercial customers: Mr. Holcomb explained to the Board that when rates were established for In-District customers, the Board decided to wait and determine rates for Out of District Customers at a future date. Mr. Holcomb discussed maps with the Board regarding potential new customers. It was noted that the Board does not have the authority to force Out of District customers to tie onto the new sewer line, but those customers can voluntarily agree to tie on. After calculations incorporating the property tax rate into water/sewer rates, the difference between In District and Out of District customers is a factor of 1.5. If the Board applies that same reasoning to the current interim sewer rates, the Out of District interim rate for sewer should be \$48.75 per month. Mr. Holcomb discussed the customer counts with regards to the District.

Mr. Holcomb stated that he was not asking for the Board to determine a commercial rate now, but there are some potential customers under that rate category. Mrs. Hartsfield noted that the Women's Shelter could be a potential commercial customer.

Mr. Holcomb discussed with the Board the concept of equitable buy-in for any customers who decide to tie on to the system, based on the fact that current customers have already been paying. Redland School is a possible customer, but their account would require individual negotiation because water meter size has a direct effect on the amount of sewer discharged to the system, which affects the price.

Options were discussed for payment between an up-front, one-time payment versus a payment plan. Mr. McKelvey stated that the District should talk to the Out-of-District customers again because it would cost them more to tie onto the system later. Mr. Jones noted that a new customer would have to put in a system now. Mr. Holcomb recommended that the Board stay with the same rate structure of an additional 1.5% for Out of District customers.

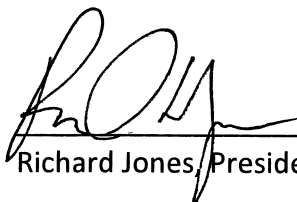
Mrs. Ross motioned to approve the Out-of-District interim sewer rate at \$48.75 per month. Mr. Hageon seconded the motion. All members voted in favor and the rate was passed.


Mr. Holcomb asked for clarification on the payment plan. Mr. Jones stated that a customer must complete payment not to exceed six months. They will be required to pay their monthly bill, along with the payment plan fee for buy-in. Mr. McKelvey reiterated that it is better for customers to tie onto the system now, to which Mr. Holcomb agreed.

12. Establish Date, Time and Agenda Items for the Next Meeting: Mr. Jones asked when the next meeting needs to take place, to which Mr. Holcomb suggested March. Mrs. Ross noted that for the District to be a professional organization, they should have their pictures done and placed on the District website. Mr. Jones mentioned that Mr. Holcomb needs to look at carpet, a Board table, and renovations. Mr. Holcomb stated that he will get some quotes before the next meeting.
13. Closure of Business: Mrs. Hartsfield motioned to adjourn the meeting, with a second by Mrs. Ross. All members voted in favor and the meeting was closed at 7:21 p.m.

APPROVED THIS 7<sup>th</sup> DAY OF JULY, 2015.

ATTEST:

  
Richard Jones, President

  
Belva Hartsfield, Secretary