

Board of Supervisors
Meeting Minutes
September 8, 2015

Board Members Present:

Richard Jones, President
Belva Hartsfield, Secretary
Jemmie Hageon, Treasurer
Daryl Hart, Supervisor

Board Members Not Present:

Belinda Ross, Vice President

ANRA Staff:

Kelley Holcomb, General Manager
Dyan Stanford, Office Manager

Guests:

David Stua
Barbara Clarady
Kathy Dixon
Patrick McKelvey
Don Rush
Patricia Rush
James Robertson
Lynette Whitmill
Darian Hunt
Otis Jenkins

1. Call to order: Mr. Richard Jones called the meeting to order at 5:36 PM.
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 and opened the floor to them to voice any issues. Mr. David Stua spoke first, noting that he has recently gotten to know Mr. Kelley Holcomb and believes that he is an educated and professional

individual. Mr. Stua asked about posting a public notice of the meeting for tonight. Mrs. Dyan Stanford explained that Angelina County Fresh Water Supply District No. 1 (The District) no longer utilizes the District office on a regular basis, so Notice of Meetings are posted at the office of Angelina & Neches River Authority (ANRA), where most payments are received. Meetings notices are also filed with the Angelina County Clerk for posting, and each District customer receives a postcard in the mail notifying them of the meeting date, time, and location. Mr. Stua suggested posting the meeting notice at the District office also.

Ms. Belva Hartsfield arrived at 5:39 PM.

Ms. Barbara Clarady asked if surveying has been completed near her home. Mr. Jones stated that the next step in the sewer project is a town hall meeting, which will occur once plans are completed. Mr. Holcomb noted that engineers are very far behind.

Ms. Lynette Whitmill and Mr. Darian Hunt arrived at 5:42 PM.

Ms. Clarady questioned when the town hall meeting will occur. Mr. Jones responded that the date and time has not been determined yet, but plans will be available at the meeting. The Board is hoping for January of 2016 to break ground. Mr. Holcomb discussed the engineering process and how they are working to finish floor elevation. Early November is the expected time frame to have the town hall meeting. Blue prints will be available at the meeting, totaling around 150 pages. Mr. James Robertson asked when customers will receive sewer service with the new project. Mr. Holcomb explained that the design is 60% complete. Engineers estimate that when they begin to turn dirt for the project, it should take one year until completion. Mr. Patrick McKelvey asked what the deadline was that had been proposed. Mr. Holcomb stated that August was supposed to be when the project went out for bids to construct.

Mr. Otis Jenkins arrived at 5:45 PM.

Mr. McKelvey asked to clarify if sewer will be put in in 2016. Mr. Holcomb explained that the engineers are estimating 12 months, to include activation as they work through the new line. Ms. Clarady asked where the treatment plant is located. Mr. Jones noted that the treatment plant is off Allen Gin Road. The engineers understand the District's urgency is providing sewer service, but with the rainy months, the project has been delayed. Mr. Robertson stated he was just looking to get an update on the project. Mr. Jones stated that Mr. Robertson will receive service quickly because he is on the main route. Mr. Don Rush asked to clarify if the Spring of 2017 is when the project is expected to be complete, to which Mr. Holcomb responded was correct. Mr. Jones explained that the District does not want to rush the engineers because it is most important that the project is done correctly. Ms. Pat Rush asked if customers will pay the \$32.50 until then, which Mr. Holcomb agreed was correct.

General discussion occurred regarding previous sewer charges and septic systems within the District.

Mr. Stua stated that the public forum was shut down today at the Commissioner's Court meeting. Commissioners explained that they cannot respond to comments that are not on the agenda, but the District Board does respond to comments because it involves a discussion rather than factual responses. Commissioner Timmons lead the vote to close the public forum. Mr. Jones stated that the District strives to be transparent.

5. Open Public Hearing on Proposed Tax Rates for Calendar Year 2015: The public hearing was opened at 5:56 PM by Mr. Jones. Mr. Holcomb explained that the District can receive comments on the tax rate and he discussed the previous numbers and calculations utilized to establish the rate.

Ms. Whitmill left the meeting at 5:58 PM.

Mr. Holcomb noted that the rollback rate is determined per statute. Mr. Jones stated that the proposed rate would be a \$20.19 increase per household for the year, which Ms. Hartsfield noted is based on appraisals by the Appraisal District. Mr. Hunt asked how much his taxes will be if his property is valued at \$280,000, to which Mr. Holcomb calculated would be \$1,350. Ms. Clarady added that the taxes would be in addition to the water rate being paid. Mr. Hunt asked why the tax cannot be put on the water bill instead since it relates to water and sewer. Mr. Daryl Hart asked if the proposed tax is separate. Ms. Clarady agreed that water tax is paid if property is owned within the District's boundaries. Mr. Hunt stated that individuals do not want to have a rich house out here. Mr. Jones explained that the tax helps the District run its business.

Mr. Stua noted that he would like to help Mr. Hunt to receive a decrease in his property taxes. Mr. Stua provided an example of Angelina County Water Control Improvement District #3 (WCID #3). Mr. Stua objected to property taxes in general. He is not comfortable with the new sewer line coming in directly in front of his property. Mr. Holcomb stated that in 2003, the District held an election to enact a maintenance and operation tax not to exceed \$0.50 per \$100 valuation. The District has the 2nd lowest rate in the County. Mr. Holcomb explained taxes paid based on living in the County. The District has two choices: have a higher water/sewer rate or have a lower water/sewer rate with taxes. A petition would need to be received to have another election for other considerations.

Mr. Hunt questioned what to do with the three new properties he is looking to develop. Mr. Holcomb instructed him that he will need three meters/three taps for water and sewer service. Mr. Holcomb stated that Mr. Hunt needs to come by the office at Angelina & Neches River Authority (ANRA) and he can provide some information on pricing. Mr. Stua stated that the District does have a low tax rate, but some entities have a problem with raising appraisal values, even though this is not a problem with the

District. Mr. Rush asked why the tax rate is being raised. Mr. Jones explained that the District only collects around 85% of the taxes owed and the money is then used to carry on the District's business. Mr. Rush stated from previous meetings, the District has been shown to be doing well. Mr. Jones responded that the Board will vote on the proposed tax rate.

Mr. Rush suggested that the Board not raise the tax rate. Many individuals in attendance voiced their agreement with Mr. Rush. Mr. Jones reminded those in attendance that just a few years ago the District was struggling financially. Mr. Stua suggested that the District provide financials for the past three years so everyone can review the documentation. Mr. McKelvey agreed that the tax rate does not need to be raised, and stated that the Board needs to show why they are asking for more money through a higher tax rate. Mr. Jones responded that individuals do not need to base any decisions by only coming to one of the District's meetings. The financial information being discussed can be viewed downtown at ANRA's office. Mr. McKelvey stated that he should not have to go downtown to view documents, the District should provide them at the meetings.

Mr. Holcomb stated that the District's fiscal year begins each October 1st. Mr. Jones provided the history of the District and how sewer did not pay for itself in the past. Ms. Clarady stated that those in attendance agree that they do not want a higher tax rate, which Mr. Jones stated would be taken into consideration by the Board. Mr. Stua noted that the District's taxpayers pay other taxes besides those for the District. Those items need to be taken into consideration by the Board. Ms. Clarady asked about the retirees of the District and how they will be affected by a tax rate increase when they are already struggling.

Mr. Jones stated that at the District's auditors' advice, the District needs to generate money. Mr. McKelvey advised that the District customers want to know where the money is going and to see documentation related to expenses. Mr. Stua asked if the item can be tabled until a later meeting, but Mr. Holcomb responded that there are requirements for a rate to be passed by September 18th.

Ms. Clarady asked for the Board to consider the bills of those paying a sewer rate, but not receiving sewer service. Those bills are not fair compared to those customers receiving a service. Mr. Jones stated that he does pay a sewer bill, but the only way to get others sewer service is to pay the rate now. Ms. Clarady stated that customers need to stay afloat. Mr. McKelvey asked why a tax increase is needed. Mr. Holcomb responded that the District is required to publish the rates, but if agenda items can be continued, a discussion can occur regarding the actual rate to be proposed. Mr. McKelvey asked why more money is needed to operate. Mr. Holcomb stated he would provide Mr. McKelvey with documents at the end of the meeting.

The public hearing was closed at 6:28 PM.

9. Consideration and Approval of the 2015 Maintenance and Operation Tax Rate: Mr. Holcomb provided calculations to the Board to determine the amount of revenue generated from a particular tax rate. Mr. Jones reminded the Board to keep in mind that the District only collects around 86% of the taxes that are charged. Mr. Hart asked who gets the rest of the money, which Mr. Holcomb explained that it goes into arrears payments and is charged interest and penalties like the Internal Revenue Service (IRS). Mr. Jenkins asked what land taxes have to do with water, to which Mr. Holcomb stated that they do not have anything to do with water. Mr. Jenkins noted it was the same situation with street lights, but Mr. McKelvey clarified that the District had nothing to do with that in the past.

General discussion occurred regarding tax collections.

Mr. Hart noted that he needs to see the documents. Mr. Jenkins stated that the District needs someone on the Board that knows what is going on. Mr. Stua reminded everyone that Board members are not paid. He suggested that people run for the Board, but be thankful for those who do run. Mr. Jones noted that cash on hand for the District as of August 1st was \$21,000. If a problem occurs, it is funded with that money and \$21,000 is not a lot. Mr. Holcomb discussed the costs associated with the District. Mr. Jones reminded those in attendance that the District does not hide anything.

Mr. Stua asked the Board to consider a lower tax rate but have another meeting in the future regarding water rates. Mr. Jones responded that water and sewer rates have been decided already. The only change would be related to if the City charges more. Mr. Holcomb stated that the City is looking at a 6% increase. Mr. Hunt noted that the District should talk to the City of Lufkin because they have wells on his property.

General discussion occurred, of which details could not be understood.

Mr. McKelvey stated that the District has \$21,000 in cash today, but how much was received from 2014 taxes, to which Mr. Holcomb replied \$51,000. Mr. Jenkins asked how many men work for ANRA, which Mr. Holcomb responded 19. ANRA currently houses all of the District's data. Customers are welcome to come by ANRA's office and look at whatever they wish. Mr. Jones stated that the District is asking the community for \$20 more a year.

Mr. Hart asked if the Board is able to choose a rate in the middle. Mr. Jones stated a middle rate would be \$0.475, which could work for the District as a whole, and Mr. Hart expanded to note it could cost the District more in the long run. Mr. Hunt stated that the District should consider digging its own well. Mr. Jones noted that digging a well is not feasible at this time for the District. Mr. Holcomb asked the Board if they would consider keeping the same rate as last year because property values went up. Mr. Jones stated that keeping the rate the same would result in a raise for the District, but a

decrease from the City increase. Mr. Hart asked if more can be discussed at future Board meetings.

Ms. Hartsfield asked if the District is able to change the rate if they end up passing the same rate as last year, but then go into the hole. Mr. Holcomb explained that the tax rate is set once per year. Mr. Stua reminded the Board that they can adjust water/sewer rates to compensate. Mr. Jenkins asked if Mr. Holcomb was the only one with access to the District's money. Mr. Holcomb responded that the Board has access to the money. Mr. Jones reminded those in attendance that at some point, the rate will increase.

Mr. McKelvey stated he believes the District has enough cash on hand. Mr. Jenkins asked if the District can have a fundraiser. Mr. Holcomb explained that the District cannot, but customers can and then donate the money earned to the District.

Mr. Hart motioned to leave the tax rate the same as last year's rate, which was \$0.464262 per \$100 of valuation. Mr. Hageon seconded the motion. All members voted in favor and thus the tax rate was established at \$.464262 per \$100 valuation.

Mr. Stua stated that he goes to public meetings all the time and that the District's meeting has been the best. He asked that information be provided on upcoming Board elections.

All guests left at 7:01 PM.

6. Consideration and Approval of Meeting Minutes from July 7, 2015 Called Meeting: Mr. Hart motioned to approve the minutes as presented. Mr. Hageon seconded the motion. All members voted in favor and the minutes were approved.
7. Consideration and Approval of Financials: Mr. Jones questioned the \$10,000 difference noted in financials. Mr. Holcomb explained the difference is due to a tap fee that was paid in FY 2014, but work was expensed in 2015. Mr. Holcomb stated that bills are being paid and the reserve account currently has a decent balance.

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

8. Consideration and Approval of the 2015 Certified Appraisal Roll: Mr. Holcomb explained that technically the Board needs to approve the appraisal roll before the tax rate. The appraisal is proposed and then the Board reviews and accepts. Mr. Holcomb is unsure what happens if the Board disagrees with the appraisal numbers, but he is sure there is some process that can be followed. Mr. Jones stated that the Board knows property valuations went up.

Mr. Hart motioned to approve the 2015 Certified Appraisal Roll as presented. Mr. Hageon seconded the motion. All members voted in favor and the roll was approved.

10. Consideration and Approval of FY 2016 Annual Tax Budget: Mr. Holcomb stated that ANRA has provided a list of the tasks it completes for the District.

Mr. McKelvey entered the meeting again at 7:09 PM.

Mr. Holcomb stated he is unsure what effect the tax rate will have, but other factors will affect the budget. Mr. Hart stated that the problem with property taxes is, if you get behind, you will not ever catch up. Mr. Holcomb noted that based on the budget, it should balance.

Mr. Hageon motioned to approve the FY 2016 Annual Tax Budget. Ms. Hartsfield seconded the motion. All members voted in favor and the tax budget was approved.

Mr. Stua entered the meeting again at 7:15 PM.

11. Consideration and Approval of an Appeal relating to the Additional Security Deposit for the account located at 3581 FM 2251:

General discussion occurred regarding the property at 3581 FM 2251. Mr. Holcomb explained the usage of a higher deposit on properties within the District. Mr. Jones stated there is a difference with this property because the old house is gone and a new one is being built. Mr. Hart asked how much the deposit was for the property, which Mrs. Stanford stated was \$330. Mr. Holcomb noted that the process was discussed with the customer on coming to speak with the Board, but she has not shown up.

Mr. Jones stated the item will be tabled unless the customer contacts the District again for discussion.

Mr. McKelvey stated that on the rentals that have the higher deposits, the District should only give them 30 days to pay. Mr. Holcomb explained that the District can only charge one rate structure. Mr. McKelvey asked how sewer can be capped off in Rivercrest. Mr. Stua stated that an agreement was setup between Redland WSC and Angelina County WCID #3.

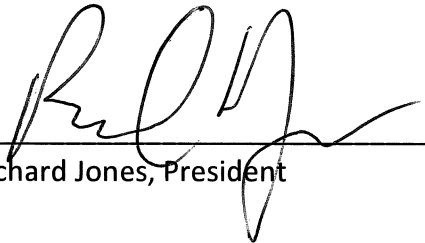
12. Establish Date, Time and Agenda Items for the Next Meeting: Mr. Jones asked if there will be a November meeting. Mr. Hart stated the engineers are behind. Mr. Jones agreed there will probably be one more meeting before the end of the year, which could occur in November. Mr. Hart asked if the engineers have a map, to which Mr. Holcomb responded that they do have some. The meeting before the end of the year

could possibly include a public hearing on the sewer project to discuss matters with District customers. Mr. Hart stated he has been seeing the engineers in the area. Ms. Hartsfield noted that she wants to see how they navigate around US 59.

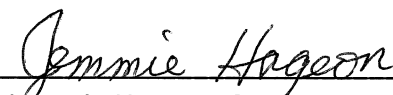
13. Closure of Business: Mr. Hart motioned to adjourn the meeting, with a second by Mr. Hageon. All members voted in favor and the meeting was closed at 7:33 p.m.

APPROVED THIS 19th DAY OF FEBRUARY, 2016.

ATTEST:



Richard Jones, President



Jemmie Hageon, Secretary Pro Tem