



Board of Supervisors  
Meeting Minutes  
March 24, 2017

Board Members Present:

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

Board Members Not Present:

Daryl Hart, Supervisor

ANRA Staff:

Kelley Holcomb, General Manager  
Dyan Stanford, Administration Division Manager  
Chris Key, Operations Division Manager

Guests:

Don Rush  
Pat Rush  
George Jones  
Patrick McKelvey  
Vernon White  
Otis Jenkins  
Betty Jenkins  
Ms. Whitmill

1. Call to order: Mr. Richard Jones called the meeting to order at 5:30 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: The Board recognized the guests in attendance.

5. Consideration and Approval of Meeting Minutes from January 30, 2017 Called Meeting: 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 Requests for Credits to Customer Accounts:

A. Ms. Shametric Taylor, 337 Jerri St. – Water Leak: Mr. Chris Key explained to the Board that Angelina & Neches River Authority (ANRA) field staff noticed water on the street when conducting meter reads recently. The leak had been going on for some time, approximately 3 weeks or more. The leak occurred on the customer's side of the meter. Mr. R. Jones noted that a company did do some plumbing work at that address in November 2016.

Mr. George Jones questioned what the property owner, Lufkin Property Management, responsibility is with regards to a leak/bill. Mr. Kelley Holcomb explained that Angelina County Fresh Water Supply District No. 1 (the District) cannot require the owner to put an account in their name. The District began requiring additional security deposits in order to ensure renters did not leave the District holding a large bill.

Mr. R. Jones agreed that the District is going to need to waive a large portion of the water debt. Mrs. Ross stated that the District Board has normally approved a credit of half of the water charge related to the leak. Mr. Key noted that the customer did mention a tree trimming company had been working in the area recent to the leak and a limb could have fell and hit the water meter.

Mr. Patrick McKelvey, Mr. Otis Jenkins, Mrs. Betty Jenkins, and Ms. Whitmill arrived at 5:41 PM.

Mr. Holcomb agreed the District had previously allowed a 50% credit, with 90 days to payout the charge related to the leak. Mr. Holcomb did suggest that the District consider a higher deposit on that account if Lufkin Property Management does not ensure that the bill is paid.

Mrs. Ross motioned to approve a credit for ½ of the total water charge of \$2,160.06 associated with Ms. Taylor's bill, along with an allowance of 90 days and not to exceed 180 days for Ms. Taylor to take care of the charges. If for some reason the bill is not taken care of in full, the District would then place a \$500 additional security deposit on that account. Mr. Hageon seconded the motion. All members voted in favor and the motion was approved.

7. Consideration and Approval of Budget Amendment No. 1 to the Tax Budget: Mr. Holcomb discussed with the Board that the proposed changes to the Tax budget related to an oversight at the beginning of the fiscal year, but what is being presented results in a net revenue decrease of \$400.

Mr. Hageon motioned to approve the budget amendment as presented, with a second by Mrs. Ross. All members voted in favor and budget amendment number one was approved.

8. Consideration and Approval of a Resolution authorizing supporting the Dissolution and Consolidation of Angelina County WCID No. 3 into the District: Mr. R. Jones explained the developing issues regarding the consolidation being presented.

Mr. Vernon White arrived at 5:52 PM.

Angelina County WCID No. 3 (ACWCID3) currently has a sewer treatment plant for its service area. Mr. Holcomb presented background information on the system. There are currently 90 active customers. The system has had issues with making debt service payments due to lack of projected growth. Tonight the Board needs to make a decision as to whether the District is willing to accept the consolidation or not. If accepted, consolidation would require legislative action, with the bill becoming law immediately after the Governor's signature.

Ms. Whitmill left the meeting at 5:53 PM.

The Texas Water Development Board (TWDB) would pay off the existing debt of ACWCID3 with this consolidation. The District will receive more details around mid-April. Mrs. Pat Rush asked if ACWCID3 plant is up to the District's standards or if improvements would be required. Mr. Holcomb responded that the District would take the entire system as is on the date of consolidation. Numbers have been reviewed and it seems that the system will bring the District \$10,000 in surplus revenue each year. Mr. R. Jones agreed this consolidation will not be a burden on the District. ANRA used to operate the facility in good standing.

Mr. McKelvey stated that the District should not want the ACWCID3 system because the customers currently do not pay. Mrs. Rush noted that the State should bring the system up to standards. Mr. McKelvey asked if ANRA can take over the system instead of the District. Mr. Holcomb explained that without the District's M&O tax rate, which ANRA is not allowed to charge, the system would not generate enough revenue to operate and therefore cannot be taken over by ANRA. Mrs. Rush questioned if the District has a choice in the matter, which Mr. Holcomb agreed it does have a choice. Mr. R. Jones reminded those in attendance of the benefits and room for growth and expansion of the District. Mr. McKelvey asked if the District can change its mind once the consolidation occurs, but Mr. Holcomb explained that is not an option. Mr. McKelvey suggested the District should speak to Redland Water Supply Corporation. Mr. McKelvey and Mr. R. Jones got into a heated debate over the proposal.

Mr. R. Jones noted the District will be attempting to talk to customers from ACWCID3 who are upset and will try to keep everyone updated as to what is going on. Initially,

ACWCID3 may have someone from that specific area to serve on the District's Board. Mr. Otis Jenkins stated that the District needs to be careful not to overload itself with work. Mr. R. Jones asked if ANRA previously dealt with the customers of ACWCID3, but Mr. Holcomb responded that ANRA did not bill customers, it only operated the wastewater treatment plant. Mr. McKelvey questioned what happens to customers who do not pay their bill. Mr. Holcomb responded that if payment is not received, water service will be terminated. If more issues occur, the matter will be brought before the Justice of the Peace Court and eventually to District Court if necessary.

Mr. Holcomb explained that this issue has been escalating over time. ANRA has dealt with the area previously with regards to septic systems. A majority of the customers are expected to pay because a lot of the issues there relate to how customers were treated. Mr. R. Jones agreed this endeavor will generate monies for the District and help assist with a problem. Mr. McKelvey questioned if ACWCID3 monies will be kept separate from the District's money, but Mr. Holcomb responded that all of the funds of ACWCID3 will be merged into the District's bank accounts at consolidation. Mr. McKelvey asked who has to pay if a pump goes out at ACWCID3's treatment plant, which Mr. Holcomb explained the District would be responsible to fix it.

Mr. Don Rush stated that he thinks the District is doing well, but is worried it is trying to grow too quickly. He questioned what is required to bring the ACWCID3 plant up to the District's standards. Mr. R. Jones explained that based on the reports received, there are no major mechanical issues with the wastewater treatment plant, and anything that might need to be addressed should be covered with current funds. All bills would be forgiven and the District would start fresh with that service area and customers. Mrs. Betty Jenkins asked again what happens if a customer does not pay their bill. Mr. Holcomb noted the District would follow its normal process of terminating water service and then moving to court if required.

Mr. R. Jones assured those in attendance that the District has done its research on this project. Those on the Board have been elected and entrusted to carry out the District's work, yet meetings are met with anger and arguments. The Supervisors would not present information that they did not believe would be beneficial. Currently it looks like this consolidation will occur in May. ACWCID3 customers will then be notified of the District's policies, etc. Mrs. Belva Hartsfield noted that through her work in the nursing field in that area, the people living in ACWCID3 territory do not like to be helped.

Mr. G. Jones asked if the records currently being kept by ACWCID3 would be utilized by the District after the consolidation. Mr. Holcomb explained that the records have not seemed to be very accurate and thus only equipment/asset information would be carried over, noting that the District would assume custody of all of the records. Mr. G. Jones asked what happens to ACWCID3's plant once it is connected to the District sewer system. Mr. Holcomb responded that the system would be demolished in place, buried and salvageable material would be sold off as scrap. Mr. G. Jones asked if the customers of ACWCID3 will pay the same rates as those within the District, which Mr.

Holcomb responded was correct. Mr. G. Jones questioned if promises can be made for no additional debt to be incurred by the District related to ACWCID3, but Mr. Holcomb explained there can be no guarantees.

Mr. R. Jones highlighted a positive note that Kurth Lake is in close proximity to ACWCID3 territory. Mrs. Hartsfield agreed that growth is coming to that area. Mr. Hageon agreed that there are good people that still live in the territory of ACWCID3. Mr. Holcomb explained that this is not a done deal until the Governor signs the bill associated with it. The District negotiated the best deal possible for this situation. Mr. Holcomb expressed his confidence in ANRA being able to carry out the work for the District associated with consolidation and noted that over time growth will occur. Mr. Holcomb also noted that there will be short term issues, but reiterated that the District and ANRA will work to resolve them. Mr. R. Jones agreed, reminding those in attendance that the District had its own troubles in the past, but it has stayed strong and is currently doing well.

Mrs. Ross motioned to approve the resolution as presented. Mr. Hageon requested clarification on the existing customers of ACWCID3. Mr. R. Jones agreed that customers of ACWCID3 will be contacted and informed of the situation. Mr. Holcomb noted that the contact is not allowed to occur until the Bill is filed, which would be April 15<sup>th</sup> at the earliest. Mr. Hageon seconded the motion. All members voted in favor and the resolution was approved.

9. Consideration and Approval of a Petition and Order for the annexation of property described as:

- A. ACAD Property ID 17069, Abstract 0029, V Michelli, Track 43:
- B. ACAD Property ID 17070, Abstract 0029, V Michelli, Track 44:

Mr. Key noted that the sewer project currently underway required easements along the east side of Hwy 59 related to a sewer line running across the front of properties owned by Ms. Jan Futch and Ms. Joan Futch. Both ladies agreed to annex their properties into the District and donate the land required for the easement in exchange for sewer taps at their respective properties. Mr. Holcomb noted that this is the ninth or tenth annexation the District has dealt with.

Mrs. Hartsfield motioned to approve the annexation petition as presented, with a second by Mr. Hageon. All members voted in favor and the motion passed.

10. Discussion and Possible Approval regarding a change to the District's Rate Order:

- A. Changing from a "30 day arrears" bill cycle to a "due upon receipt" bill cycle: Mr. Holcomb discussed the timelines associated with current billing, as well as the proposed billing cycle. Mr. McKelvey agreed the billing system worked well the way it was done previously. Mr. Holcomb reminded the Board that the law requires ten days notice before services can be terminated. Mr. Holcomb suggested that the

District give 60 days notice before this change in cycle is implemented, along with one month of no cutoffs to encourage bill payments be caught up.

Mr. Hageon motioned to approve the change in billing cycle as presented, with a second by Mrs. Ross. All members voted in favor and the motion carried.

- B. Late fee assessment and amount: Mr. R. Jones suggested that the District leave the \$3.00 late fee as is. Mr. Jenkins discussed issues with meter readings and notifications of problems, which Mr. R. Jones assured Mr. Jenkins that customers were notified of problems.

Mrs. Hartsfield motioned to leave the late fee assessed at the current rate of \$3.00. Mr. Hageon seconded the motion. All members voted in favor and the late fee will remain the same.

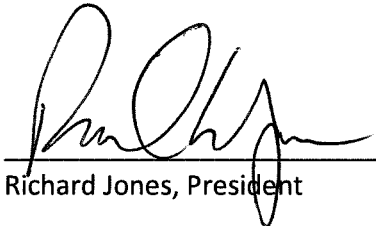
12. Appoint a Facilities Committee: Mr. R. Jones recommended a committee be setup to work on making improvements to the District's Office. Mr. R. Jones appointed Mrs. Ross to the committee as Chair. Mrs. Hartsfield volunteered to join Mrs. Ross on the committee. Mr. R. Jones noted that improvements will not be made until after the sewer project is completed.

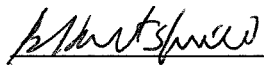
Mr. Key informed the Board that the District's roof was replaced per their decision at the last Board meeting. Mrs. Jenkins thanked the Board for their bill assistance granted per her request.

11. Mortgage Burning Ceremony: Members and guests moved outside to burn a copy of the District's mortgage on their Office which was recently paid in full.
13. Establish Date, Time and Agenda Items for the Next Meeting: Nothing was discussed with regards to this agenda item.
14. Closure of Business: Mr. R. Jones closed the meeting at 7:30 PM.

APPROVED THIS 11<sup>th</sup> DAY OF July, 2017.

ATTEST:

  
Richard Jones, President

  
Belva Hartsfield, Secretary-Treasurer