

**Board of Supervisors
Meeting Minutes
June 7, 2018**

Board Members Present:

Richard Jones, President
Belinda Ross, Vice President
Belva Hartsfield, Secretary-Treasurer

Board Members Not Present:

Jemmie Hageon, Secretary Pro Tem
Daryl Hart, Supervisor

ANRA Staff:

Kelley Holcomb, General Manager
Chris Key, Operations Division Manager

Guests:

Daniel Raney, Goff & Herrington
Kevin Strickland

1. **Call to order:** Mr. Richard Jones called the meeting to order at 5:31 PM.
2. **Confirm Quorum:** Mr. Jones declared a quorum present.
3. **Invocation:** Mrs. Belinda Ross gave the invocation at the request of Mr. Jones.
4. **Recognition of Guests:** Mr. Jones introduced Mr. Daniel Raney of Goff & Herrington and Mr. Kevin Strickland.
5. **Consideration and Approval of Meeting Minutes from November 20, 2017 Called Meeting:** Members reviewed the minutes, Mr. Jones called for a motion.

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

6. **Consideration and Approval of 1st and 2nd Quarter Financial Reports:** Mr. Kelley Holcomb presented the financial reports. He noted the miscellaneous income beginning in December 2017 of \$555,000 in the Wastewater fund was the grant from the Texas

Water Development Board for the payoff of the debt for the Rivercrest system. Mr. Holcomb noted that there was approximately \$180,000 remaining from that grant for the rehabilitation of that sewer system. Mr. Holcomb also noted the overall tax collections percentage as of March 2018 was at 80.77%, which was slightly lower for this time of year.

Mrs. Ross motioned to approve the 1st and 2nd Quarter Financial Reports as presented, with a second by Mrs. Hartsfield. All members voted in favor and the motion was approved.

7. Consideration and Approval of an Order of Cancellation declaring the May 5, 2018 Supervisors Election as Unopposed: Mr. Holcomb explained that the two candidates, Mrs. Belva Hartsfield and Mr. Jemie Hageon, ran unopposed during the May 5th election cycle and therefore, the election was canceled. The Order of Cancellation was the official act of the Board to make that declaration.

Mrs. Hartsfield motioned to approve the Order as presented. Mrs. Ross seconded the motion. All members voted in favor and the motion was approved.

8. Consideration and Approval of FY 2017 Annual Financial Audit: Mr. Daniel Raney presented the FY 2017 Audit to the Board. Goff & Herrington issued an unmodified audit report, which is a clean opinion. Taxes show to be beneficial to the District's financials. FY 2017 was a good year.

Mr. Holcomb asked for clarification regarding the deficiencies on page 16 of the Audit. Mr. Raney speculated that it was due to the accounting transition that the District and ANRA completed at the end of 2017.

Mrs. Ross motioned to approve the FY 2017 Financial Audit as presented. Mrs. Hartsfield seconded the motion. All members voted in favor and the motion was approved.

9. Consideration and Approval of a Petition and Order for the annexation of property described as:
 - a. ACAD Property ID 127122, Abstract 0029, Micheli V., Track 476.5 (631 Barbeque Road):

Mr. Chris Key presented the voluntary annexation, noting that the property owner's wife had passed away several months ago during the early stages of connecting customers to sewer. The account had initially been marked for disconnection because of the issues. After the husband was notified, he was emphatic about being able to be connected to public sewer. Mr. Key made it very clear what the process entailed and the customer immediately petitioned the District for voluntary annexation.

Mrs. Ross motioned to approve the Petition and Order for annexation as presented. Mrs. Hartsfield seconded the motion. All members voted in favor and the motion was approved.

10. Consideration and Approval of the purchase of materials necessary for the Master Meter and Water Line Improvements Project designed and to be installed by the City of Lufkin: Mr. Key reported that he had recent discussions with the City of Lufkin regarding the installation of a new 8" water line and master meter along FM 2251 to serve the District. He presented the cost estimate of \$46,996 for materials from the City that he had received in April of this year. Mr. Key noted that the prices could vary based on fluctuations in cost for materials.

There was general discussion regarding the location of the proposed line and the general responsibilities of the parties. Mr. Key noted that the current 6" water line has blown out twice in the past two years and that this upgraded line would be constructed to current regulatory standards by the City of Lufkin's crews. Mr. Holcomb noted that the larger line size would also increase the District's ability to serve its customers and because the City of Lufkin is performing the work, the costs are significantly less expensive.

Mrs. Hartsfield motioned to approve the purchase of materials necessary to construct the mater meter and new 8" water line for a cost not to exceed \$50,000 as presented, with a second by Mrs. Ross. All members voted in favor and the motion was approved.

11. Consideration and Approval of the Utility Commitment Agreement for the development owned by Mr. Kevin Strickland: Mr. Key presented the Utility Commitment Agreement for Mr. Kevin Strickland. He explained that Mr. Strickland is constructing a mobile home park located on FM 2251, just south of County Barn Road, and would like water and sewer services from the District. Mr. Strickland engaged a professional engineer to evaluate the existing condition of the District's water and sewer utilities to determine if any improvements would be necessary in order to serve the development. It was determined that some water distribution line improvements were necessary and a construction project has been designed by Mr. Strickland's engineer to increase the size of a small segment of water distribution line. The Utility Commitment Agreement is an agreement between the District and Mr. Strickland that will allow the construction project to proceed to the bidding phase and construction of the necessary water and sewer improvements.

There was general discussion regarding who is responsible for the costs associated with the engineering study, the design of the project, and the construction of the project. Mr. Key explained that all costs incurred are paid for by Mr. Strickland.

Mrs. Ross motioned to approve the Utility Commitment Agreement with a second by Mrs. Hartsfield. All members voted in favor and the motion was approved.

12. Consideration and Possible Approval of a change in method by which late fees on unpaid customer accounts should be applied for the purposes of determining disconnection of services for the current bill cycle: Mr. Holcomb noted that there have been a significant number of complaints from customers regarding the issue of services being disconnected because of late fees. He further explained that late fees are assessed on the 11th of each month if the bill isn't paid and that if a customer doesn't pay the late fee when they pay their bill after that date, their service is terminated for non-payment of the late fee.

Several of the Members did not realize that was how the process worked. There was significant discussion regarding how the billing process flowed and how disconnects were processed. Mr. Holcomb noted that we have terminated service because customers have owed pennies on their accounts. Mr. Holcomb noted that there is not fiscal impact either way regarding how late fees are applied to customer accounts.

The proposal for consideration is to take late fees that are incurred on the 11th of each month, and for the purposes of determining service disconnects, push those balances forward to the next month's billing cycle.

Mrs. Ross motioned to approve the proposed change as presented. Mrs. Hartsfield seconded the motion. All members voted in favor and the motion was approved.

13. Update on the exposed sewer trunk line between Jerri Street and Susie Street: Mr. Key noted that there is a 6" sewer trunk line in an alley between Jerri Street and Susie Street and that a portion of the line is exposed due to erosion.

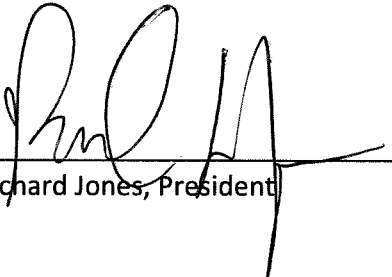
There was general discussion regarding the exposed sewer trunk line. Mr. Key indicated that an immediate repair is not necessary at this moment but it would need to be addressed by the District in the future.

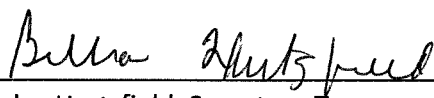
14. Establish Date, Time and Agenda Items for the Next Meeting: There was no discussion relating to the next meeting date.

15. Closure of Business: Mr. Jones closed the meeting at 6:40 PM.

APPROVED THIS 18th DAY OF September, 2018.

ATTEST:


Richard Jones, President


Belva Hartsfield, Secretary-Treasurer