



Board of Supervisors
Meeting Minutes
January 21, 2021

Board Members Present:

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

Board Members Not Present:

Jemmie Hageon, Secretary Pro Tem

ANRA Staff:

Kelley Holcomb, General Manager
Chris Key, Operations Division Manager
Kimberly Wagner, Communications Director

Guests:

Gary Ford, CPA, Axley & Rode

1. Call to Order and Invocation: Mr. Richard Jones called the meeting to order at 5:35 p.m. Mrs. Belinda Ross gave the invocation on the request of Mr. Jones.
2. Confirm Quorum: Mr. Jones declared a quorum present.
3. Public Comment: No members of the public were present.
4. Consideration and Approval of the minutes from the September 8, 2020 meeting: Mr. Jones introduced the agenda item and asked if there were any questions or discussion. There were no questions or discussion.

Mrs. Ross made a motion to approve the minutes as presented. Mrs. Belva Hartsfield seconded the motion. All were in favor and the motion passed.

5. Consideration and Approval of Quarterly Financials: Mr. Kelley Holcomb provided a summary of the Quarterly Financials. Mr. Holcomb noted that information on page 16 of the Board Packet indicated a \$1,500 loss in revenue, and that although it was unclear why there is a loss, that ANRA staff would find out and resolve the issue as soon as possible and it would be discussed at the next meeting. He stated that it was likely due to over budgeting and not from an expense, possibly from overestimating revenue of Redland Estates and Rivercrest developments.

Mr. Holcomb stated that tax collections were going well and then listed the book balances. Mr. Jones asked if the tax collection amounts would roll into grant monies. Mr. Holcomb stated that they sources of income could not be blended, but that another \$30,000-\$45,000 in tax revenues would be collected by April 2021.

Mrs. Hartsfield made a motion to approve the Quarterly Financials. Mrs. Ross seconded the motion. All were in favor and the motion passed.

6. Consideration and Approval of the FY 2020 Financial Audit: Out of courtesy to Mr. Gary Ford, CPA, Axley & Rode, Agenda Item #6 was presented and considered before Agenda Items # 4 & 5. Mr. Ford presented a summary of the FY 2020 Financial Audit. Mr. Ford stated that everything is materially correct and that no adjustments or corrections were needed. He also stated that the audit process had gone smoothly and that ANRA had done a good job of providing information and had been very cooperative.

He noted a few points of interest in the audit. He referred to the balance sheet on page 8, which showed a balance of \$35,902, but that \$90,000 of grant money for construction projects had also been released, which created a higher than normal total. Mr. Ford stated that this anomaly made the overall balance look better that it actually is and reminded the Board that the normal account balance is around \$30,000. He also explained the budget and deficiencies and noted that even though there was a negative balance of \$9,000, this deficient was not that bad and all was fine. He stated that enough money was being made to keep the system running and that ACF was in good enough financial shape to expand.

Mr. Holcomb asked if the \$55,000 was inclusive of depreciation. Mr. Ford stated that it was not and that it was positive cash flow. He stated that normally appreciation is not budgeted because it's not set up to make money, but rather to survive. If a profit is made, then that means customers are being charged too much. There were no further questions.

Mrs. Ross made a motion to approve the FY 2020 Financial Audit. Mrs. Hartsfield seconded the motion. All were in favor and the motion passed.

7. Consideration and Approval of an Amendment to the District's Rate Order related to a discounted water and sewer tap fee structure: Mr. Holcomb summarized the Amendment. He stated that at the last Board Meeting, it had been recommended to amend the Rate Order to encourage new customers to tie on to the system. Mr. Key explained the changes made to the Rate Order. Mr. Holcomb stated that the Rate Order capped the District's buy-in and that the new fee structure was a good, middle-ground approach to the problem.

Mr. Holcomb made a recommendation to the Board to approve of the new calculations.

Mrs. Hartsfield made a motion to approve the Rate Order. Mrs. Ross seconded the motion. All were in favor and the motion passed.

8. Consideration and Approval of an Agreement with Superior Management LLC for the completion of a Rate Study: Mr. Jones read the proposed Agreement to the Board. Mr. Holcomb summarized the reason and need for a Rate Study. He noted that ACF had been working to secure a loan commitment through the Texas Water Development Board since October 2018. The amount of the project was lowered to \$2.6 million in order to move the project forward as originally negotiated. Mr. Holcomb stated that as part of the Agreement, ACF would commission a Rate Study and agree to implement the recommendations resulting from the study.

Mr. Holcomb noted that the results of the Rate Study would likely not be released for another 10 years. The Board engaged in general discussion regarding growth in the Redland and Rivercrest areas. Mr. Jones asked if another rate study would need to be performed once developments were under way to make sure everything was on the right track. Mr. Holcomb stated that rate increases should be done in small increments over time, rather than all at once. He also stated that the Rate Study would cost \$5,000.

Mrs. Ross made a motion to approve the Agreement for the Rate Study. Mrs. Hartsfield seconded the motion. All were in favor and the motion passed.

9. Consideration and Approval of items related to the District Business Office located at 3098 FM 2251, Lufkin, Texas: Mr. Holcomb summarized the agenda item.
 - a. Declare antiquated office furniture surplus: Mr. Holcomb made a recommendation to declare the office furniture as surplus and either dispose of it or donate it to a charitable organization. He noted that if the items were donated, he would ensure that documentation of the donation was filed.

Mrs. Ross made a motion to approve the recommendation to declare the antiquated office furniture as surplus. Mrs. Hartsfield seconded the motion. All were in favor and the motion passed.
 - b. Agreement for Repairs/Renovations: Mr. Holcomb stated that two contractors had reviewed the needed repairs and renovations, but that neither had provided quotes. He stated that he hoped to have a quote by mid-February. Mr. Jones declared that no action needed to be taken on Agenda Item 9b. The Board engaged in general discussion about future improvements.

Mrs. Hartsfield made a motion to approve the declaration of no action. Mrs. Ross seconded the motion. All were in favor and the motion passed.

10. Status Update of the Regionalization of Rivercrest Wastewater Treatment Plant: Mr. Holcomb updated the Board on the project. He stated that a rate study had been approved and that it would be submitted to the Texas Water Development Board. He also stated that

he hoped to close by May 2021 and that after closing, an environmental study would be performed within the following year. Mr. Holcomb also noted that the acquisition had been well-received and that customers were easy to get along with and were good about paying their bills. Mr. Key also noted that there had been no issues when field operations employees worked in the area.

11. Adjourn: Mr. Jones stated that he was working on finding someone to fill the vacant position on the Board of Supervisors as well as someone to staff the ACF office. Mrs. Hartsfield motioned to adjourn the meeting. Mrs. Ross seconded the motion. Mr. Jones adjourned the meeting at 6:31 p.m.

APPROVED THIS _____ DAY OF _____, 2021.

ATTEST:

Richard Jones, President

Belva Hartsfield, Secretary-Treasurer