

MINUTES OF
REGULAR MEETING
VARNER CREEK UTILITY DISTRICT

August 15, 2012

STATE OF TEXAS :

COUNTY OF BRAZORIA :

The Board of Directors of Varner Creek Utility District of Brazoria County, Texas convened in regular session, open to the public in the Magnolia Room at the Columbia Lakes Clubhouse, West Columbia, Texas within the boundaries of the District on the 15th day of August, at 6:00 p.m. and the roll was called of the duly constituted officers and members of the Board, to-wit:

Ray D. Sauer	President
Gary Gius	Vice-President
James Gillenwaters	Secretary-Treasurer
Wayne Pollard	Asst. Secretary-Treasurer
Gene Pell	Financial Director

All members were present thus constituting a quorum.

Attendee list attached.

Director Sauer called the meeting to order at 6:00 pm in accordance with §49.236, Texas Water Code to receive public comment regarding proposed tax rate.

Director Sauer explained the calculation method for the debt service rate as follows: 2012 Debt Service needs (\$905,134.00)/ Certified Property Values (\$107,810,649.00) = .839/\$100 valuation. This is based on 100% collection. The rate based on a 95% collection rate, as recommended by our First Southwest Financial Counsel, is .87/\$100 valuation. The reasoning behind this decision was based on the number of lots in tax foreclosure and the continuing uncertainty of the commercial properties to maintain viability. The reserves currently held are to satisfy Bond Holder requirements. The 1996 Bond Issue will retire in 2016.

A. Several residents voiced comments, with the follow being a representation of the main topics for both the Debt Service and Maintenance/Operations components of the tax calculation:

1. Lack of transparency: Meetings held at an inconvenient time for those residents who work. No central location for information about the District exists and was suggested that the Board consider implementing a website for the District.
2. Tax rates decreasing across the board for taxing entities in Brazoria County.
3. District needs 5-year plan for the future.
4. The Water/Sewer rates are too high.

5. Levee system is a disaster. The project for the North Ditch relocation did nothing to improve the drainage.
6. To cut Operating cost, it was suggested that the District stop adding Phosphates to the drinking water. The cost of Phosphates is going up and the resident stated that this additive is toxic.
7. There were several questions and comments about the contract with the City of West Columbia for the processing of CL sewer flow.

Director Sauer explained to the residents that the M&O tax was not increased this year. The changes in the water and sewer rates at the beginning of the year gave relief to low users. The Board is monitoring the rates and revenues until the end of the year and will discuss revisions when preparing the 2013 Budget. All Districts in Texas have been advised by the Texas Commission on Environmental Quality to use higher rates to promote conservation of current ground water resources.

Motion to adjourn the public tax hearing was made by Director Gillenwaters, seconded by Director Pollard and the vote was unanimous.

Director Sauer called the Regular Meeting of the Board of Directors to order.

Motion to set the 2012 Debt Service rate to \$.87 per \$100 valuation made by Director Pell, seconded by Director Gillenwaters and the vote was unanimous.

Motion to set the 2012 Maintenance and Operations tax rate to \$.058 per \$100 valuation made by Director Pollard, seconded by Director Pell and the vote was unanimous.

2. Motion to adopt Order Levying Taxes made by Director Pollard, seconded by Director Pell and the vote was unanimous.
3. Motion to approve the Amended Information Form made by Director Pollard, seconded by Director Pell and the vote was unanimous.

The minutes will reflect the order of discussion according to the agenda, even though several of the agenda items were discussed out of order to accommodate the company representatives' earlier departure.

A. TRUST PROPERTY: No bids were received for VCUD trust property.

B. STANDBY, WATER AND SEWER BILLING AND COLLECTIONS REPORT

1. There was no standby report for July 2012.
2. Debra Lanehart presented the water and sewer billing and collections report. Accountability for the month was 91% for read dates 6/20 – 7/24/12.

B. STANDBY, WATER AND SEWER BILLING AND COLLECTIONS REPORT CONT.

The cut-off list was presented; cut-off for delinquent accounts is scheduled for August 28, 2012.

Director Gillenwaters made a motion to approve the cut-off list, seconded by Director Pollard, and the vote was unanimous.

Director Gillenwaters made a motion to accept the water and sewer reports, seconded by Director Pell, and the vote was unanimous.

C. ADMINISTRATOR REPORT

1. Debra Lanehart, District Administrator, presented her report reviewing account monies, transfers and balances in the District's operating, capital projects, and debt service accounts.

Motion made by Director Pell to accept the cash report as given, seconded by Director Pollard, unanimous approval.

2. Certified Tax Assessor report for July 2012 was presented. Current year collections for the month were \$7,989.92 and delinquent collections for the month were \$155.44.

Motion to accept the Tax Collection report made by Director Gillenwaters, seconded by Director Pell and the vote was unanimous

D. MINUTES

Motion made by Director Pell to accept the minutes of the July 18, 2012 regular meeting and July 30, 2012 special meeting as submitted, seconded by Director Pollard and the vote was unanimous.

E. SECURITY REPORT:

Geneva West, CLHOA President reported there were no major security events to report.

F. OPERATOR'S REPORT

1. Bacteriological samples were good.
2. Repaired leak on Lake Forrest
3. Mowed levee.
5. Repaired electrical problem @ lift station
6. Repaired leak on booster pump.

F. OPERATOR'S REPORT CONT.

Motion to accept the Operator's Report as given made by Director Gillenwaters, seconded by Director Pell and the vote was unanimous.

H. ENGINEER'S REPORT

1. Storm Pump Rehabilitation: Scheduled to have one pump returned tomorrow (8/16/12). Pump will be put in East pump station and on pump will be pulled from West pump station.
2. Status of Levee Certification: Engineer had been contacted by FEMA to explain the lagoon system and how it functions.

Director Sauer stated that the gear drives need to be taken in and looked at. He was not in agreement with the clearances stated by the machinist. He suggested that a camera be used to look at new pump to see clearance there.

Motion to inspect the gear drives made by Director Gillenwaters, seconded by Director Pell and the vote was unanimous.

I. PAYMENT OF BILLS

The Administrator distributed the list of bills to be paid with \$58,694.50 from the Operating Fund.

From the Prosperity Bank Capital Projects Fund, the following checks were presented:
Baker & Lawson: \$420.00 Right Angle Drives
Matula & Matula: \$24,840.00 Storm Water Pumps Rehabilitation

Director Gillenwaters made a motion to approve the bills for payment, seconded by Director Pell, and the vote was unanimous.

There being no other business to come before the Board, Director Pell made a motion to adjourn, seconded by Director Pollard, and the vote was unanimous.

(SEAL)

Debra Lanehart
District Administrator