

MINUTES OF
REGULAR MEETING
VARNER CREEK UTILITY DISTRICT

April 19, 2017

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 Oak Room at the Columbia Lakes Clubhouse, West Columbia, Texas within the boundaries of the District on the 19th day of April, 2017 at 9 am. and the roll was called of the duly constituted officers and members of the Board, to-wit:

Allan Sassin	President
Gene Pell	Vice-President / Financial Director
Becky Carroll	Secretary/Treasurer
Wayne Pollard	Asst. Secretary/Treasurer
Ray Sauer	Director

Also present were the following: Debra Lanehart, 1st Capital Business Services; Morris Ryder, Ryder & Co.; Denise Kemp, City of West Columbia and Doug Roesler, Baker & Lawson; Wade Whitlow and Kristen Effenberger, Kennemer, Masters and Lunsford, LLP. All members were present, thus constituting a quorum.

Allan Sassin called the meeting to order at 9:00am.

Minutes are presented in order of the stated agenda even though actual order of topics were discussed out of agenda order.

A. STANDBY, SEWER AND WATER BILLING AND COLLECTION REPORTS

1. Debra Lanehart reported the collection of standby fees in March totaled \$5,220.00.

Director Pollard made the motion to accept the standby collection report. Director Carroll seconded the motion and the vote was unanimous.

2. Denise Kemp presented the water and sewer billing and collections report for the read dates of 2/17-3/20/17. Accountability for the month was 80%. (pumped 4,931,000 and consumption 3,935,700).

The cut-off list was presented; cut-off for delinquent accounts is scheduled for April 25, 2017.

STANDBY, SEWER AND WATER BILLING AND COLLECTION REPORTS CONT.

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

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

B. OPERATOR'S REPORT

1. Update on maintenance:
 - a. Bacteriological samples were good .
 - b. Levee inspection good
 - c. Breakdown & repair fire hydrant Riverside & Countryside
 - f. Replaced check valve at lift station
 - g. Changed meter on St. Andrews
 - h. Mowed and weeded pump stations and levee, North Ditch
 - i. Cleaned storm drains
 - j. Changed 2" valve on Ridgewood Ct.
 - k. Sewer Taps: 232, 263, 259, 215, 219, 223, 227 Mossy Meadow, 2205 Lake Forrest, 241 Edgewater, 2418 and 2422 Ridgewood
 - l. Wireless alarm system installed at water plant and lift station. System is used to call out Operator during malfunctions.
 - m. Cleaned Wet Well at Lift Station (\$2800 charge). This needs to be added to the annual maintenance schedule.

Motion to accept the Operator's report made by Director Sauer and seconded by Director Carroll and the vote was unanimous.

C. ENGINEER'S REPORT

1. Baker & Lawson, Inc. is continuing to investigate concerns with Ponding Issue according to Doug Roesler.
2. Baker & Lawson will schedule the annual facilities inspection.

D. ADMINISTRATOR REPORT

1. Debra Lanehart presented the Administrator's report reviewing account monies, transfers and balances in the District's Operating, Capital Projects, and Debt Service accounts.
 - o Motion made by Director Pell to accept the Cash Balance Report, seconded by Director Pollard and the vote was unanimous.

D. ADMINISTRATOR REPORT CONT.

2. Tax Assessor/Collector's report for March was presented. The Current year collections totaled \$28,524.17. Prior period collections totaled \$481.22.

Motion to accept the Tax Assessor report was made by Director Pell, seconded by Director Sauer and the vote was unanimous.

3. Budget Report for March 2017 was presented. Revenues to-date are \$209,323.27 or 30% of the Current Budgeted revenue amount of \$719,260.00. Expense to-date total \$156,068.51 or 22% of the Budgeted expenses amount of \$719,260.00.

Motion to accept the Budget Report for March was made by Director Pell, seconded by Director Sauer and the vote was unanimous.

4. Sewer Flow Analysis for the 6-month period from October 1, 2016 to March 31, 2017 indicates VCUD rate of total flow is 39.60%. The current to-date expenditures for the Sewer Treatment plant is \$221,602. The calculation shows that the District has an underpayment of \$32,121 through the end of March.

Motion to accept the report as presented made by Director Carroll, seconded by Director Pell and the vote was unanimous.

5. 2016 Audit Presentation:

Financial Highlights:

The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$841,635. Of this amount, \$156,295 (unrestricted net position) may be used to meet the government's ongoing obligations.

The District's total net position increased by \$144,103.

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,096,981. 14.25% of this total amount, \$156,295 (unassigned fund balance) is available for use within the District's fund designation.

At the end of the current fiscal year, fund balance for the general fund was \$159,037. Of this amount, \$2,742 is non-spendable leaving an unassigned balance of \$156,295. The unassigned balance represents 23.38% of current general fund expenditures.

The General Fund fund balance decreased by \$22,781, the Debt Service Fund fund balance increased by \$113,087, and the Capital Projects Fund fund balance decreased by \$49,875.

Major capital asset events during the current fiscal year included the Water production pump replacement.

D. ADMINISTRATOR REPORT CONT.

At the end of the current fiscal year, the District had a total bonded debt of \$7,460,000.

6. Director Pell made the motion to authorize Hilltop Securities/First Southwest to prepare and file the District's Continuing Disclosure Report for 2016. Director Pollard seconded the motion and the vote was unanimous.
7. Director Sauer brought to the Board's attention that there are five lots (Lots 1-5, Block 30 Ridgewood) that the District owns the land from the Levee to Varner Creek. Kendall Homes submitted a house plan for Lot 1. It came to light at that point that the builder was not aware of the District's ownership.

E. TRUST PROPERTIES

Legal Description: Section 3, Block 24, Lot 34
Physical Address: Ridgewood
Sheriff's Deed filed: 6/16/16
Offer: \$7,250.00

Motion to approve bid of \$7,250.00 for presented lot made by Director Sauer, seconded by Director Pell and the vote was unanimous.

F. MINUTES

Director Sauer made the motion to accept the minutes from the March 15, 2017 regular meeting as presented, seconded by Director Pell and the vote was unanimous.

G. SECURITY REPORT

None

H. LEGAL

Legal and Financial Advisers were unable to attend the meeting.

1. No Report.
2. Bond refinancing finalized on April 5, 2017.
3. Motion to renew Ryder & Co. contract for 2017 made by Director Sauer, seconded by Director Carroll and the vote was unanimous.
4. Street Sweeping:
Motion to renew the street sweeping contract with Ryder & Co. for \$2,400.00/cleaning made by Director Pell, seconded by Director Pollard and the vote was unanimous.
5. Director Carroll made the motion to approve the Resolution for Application to TCEQ for continuation of Standby Fees for the years 2018-2020. Director Sauer seconded the motion and the vote was unanimous.

I. PAYMENT OF BILLS

Debra Lanehart distributed the list of bills to be paid with \$76,473.25 out of Operating Funds.

Director Carroll made the motion to pay bills as presented, seconded by Director Pollard and the vote was unanimous.

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

Debra Lanehart
District Administrator

(SEAL)