

Minutes  
Finance Committee  
Monday, November 1, 2010  
2:30pm

Committee members present: Buddy Cook, Steve Swan, Pat Wendland, Allan Hitchcock, Earl Foster and Margaret Cathey.

1. Presentation by Financial Advisor, Dan Wegmiller

Dan Wegmiller gave an overview of the District's debt. He stated that the District has the highest rating of a MUD in the state of Texas. Ratings are based on four factors: economy, District performance, District management, and debt load. Swan asked if the District had too much debt; Wegmiller answered that the District debt levels are not unreasonable, hence the excellent rating we have. Bonds are not callable for at least 7-10 years; in other words, you cannot pay them off early unless they are callable. The members discussed Bond authorizations and bond sales; BANs; capital projects and reallocation of those projects. Cook questioned the sale of CT-1 and whether all proceeds had to be used for debt service.

2. Rate Order Changes

Staff presented proposed changes to the Rate Order. One part was more clean-up than change; staff wanted to define tampering with our meter; increasing credit history to two years (currently one year) to waive security deposit; holding security deposits for three years (currently one year); and discontinuing the practice of waiving a security deposit when a customer signs up for drafting. The District has experienced more and more write-offs and needs to decrease this liability. This change will now be more in-line with other utilities in this area. The Committee recommends all of the proposed changes.

3. Return Check Policy Changes

Staff presented proposed changes to the Policy. This Resolution needed to be changed to coincide with the changes in the Rate Order regarding waving of security deposits. The Committee recommends all of the proposed changes.

4. Financial Policy

The Committee reviewed the current policy and requests no changes.

5. Investment Policy

Staff presented proposed changes to the Policy. The two main changes are: allowing the purchase of CDs from Credit Unions, which offer a much higher interest rate than banks and adding the Treasurer as an Investment Officer. A few changes were added by the Committee and they recommend all of the changes.

6. Committee Resolution

The Committee recommends one change to the Resolution. They do not feel that they are knowledgeable enough to “develop” RFPs and request the change to “review” RFPs.

7. Uninsured Motorist Insurance Coverage

This item had already been discussed at the August meeting. No action taken.

8. Stimulus Money from the Federal Government

No discussion. No action.

9. Discussion of Franchise Tax

Cook wanted the District to be aware of an informal discussion on a franchise tax with Austin Energy.

10. Balance Sheet and Monthly Income & Expense

The September financials were distributed to the members.

11. Financial Audit Schedule

The Schedule will be emailed to the Committee members.

Meeting was adjourned at 4:20pm.