

LAKEWAY MUD FINANCE COMMITTEE

Meeting Minutes – August 6, 2013

Members in Attendance: Larry Burmeier (Chair), Lawrence Christian (Vice-Chair), Bill Cobb, Jack Lewis, Earl Foster (General Manager), and Kay Andrews (Board Liaison)

Members Absent: Vince Maggio

Meeting Called to Order at: 2:30 PM

Agenda Items

1. Review of June Financials

The Committee reviewed the 3 page Financial Report prepared by Earl, and focused primarily on budget deviations of 150% or greater through June, 2013. Explanations provided by Earl for these deviations were deemed both reasonable and acceptable by the Committee. Through June 2013, year to date net income exceeded the budgeted net income by \$45,189 or 5%.

2. Selection of Auditor for 2013 Audit

Earl recommended to the Committee that we continue to use PMB Helin Donovan for our Financial Audit . He requested approval to send a letter to PMB Helin Donovan, requesting a bid. Discussion ensued, wherein the Committee learned from Earl and Kay that: (1) PMB Helin Donovan has conducted three previous audits for LMUD (2) PMB Helin Donovan were considered to be both professional and conscientious (3) Last year their cost was \$12,650, which was only a slight increase from previous year. (4) When Earl last requested bids from other Audit firms, PMB Helin Donovan's bid was the lowest (5) Neither Earl nor Kay were aware of any law or LMUD policy requiring that LMUD change Auditors periodically, or that LMUD is obligated to request multiple bids. Following the discussion, all Committee members present, agreed to recommend that the Board approve sending a letter to PMB Helin Donovan, requesting a bid for conducting the 2013 Audit.

3. Review LTRRC Budget and Agreement

Earl provided the Committee with copies of the "FY 2014 Preliminary Budget" for the Lake Travis Regional Reuse and Recycling Facility. The proposed expense budget totals \$74,527.53 which is to be allocated among its 6 constituent members. LMUD's share of this annual expense budget is 2%, or \$1490.55 (Ed. Note: which is in addition to the estimated \$10,000 already approved for LMUD's share of the cost to purchase property for the facility). Committee members questioned why was LMUD involved with this facility when the City of Lakeway is a major player. Larry noted that Board has made the decision to become a participating member of LTRRC, so we should not rehash that issue. It was agreed that the Committee should detail its additional concerns, which include:

1. LMUD's potential legal liability (e.g. negligence of handlers, hazardous waste, etc.).
2. Will there be additional Labor expense? How many people are involved?
3. If some waste is re-useable and sold, how is recovered money allocated?
4. Cost of LMUD's General Manager spending time on this project (Budget, Communications, etc)

Not on the Agenda, but discussed by Earl was the subject the Firm Water Customer Cooperative pursuing relief from LCRA for charging LMUD et al, "Reservation Fees" for water that is not available (i.e. water sold to farmers or used to produce electricity). Earl wanted to keep the Committee apprised of the Cooperative's efforts to achieve a reduction or rebate of reservation fees. Earl states that our Attorney has reviewed the short term sale verbiage in the contract with LCRA and feels that the Cooperative has a right to pursue. Earl noted that reservation fees in 2011 amounted to \$2.5 million for 8 Utilities in the Cooperative.

Meeting Adjourned at: 4:35 PM

Next Meeting Scheduled for: 2:30 pm, Wednesday, September 4th, 2013.

The August 6, 2013 Minutes have been read by and approved by all Committee Members by e-mail. These minutes approved the 8th day of August, 2013.

Yeas: 4. Nays: 0. Absent: 1

Submitted by:

Jack Lewis

Secretary

