

**A RESOLUTION REGARDING THE "FINANCE COMMITTEE,"
PROVIDING A CONFLICT CLAUSE AND SEVERABILITY CLAUSE;
AND ESTABLISHING AN EFFECTIVE DATE.**

WHEREAS, in 2010 the Board of Directors of the Lakeway Municipal Utility District established various committees to assist it in carrying out its duties, including the Finance Committee; and

WHEREAS, the Board desires to memorialize the membership, qualifications, duties, responsibilities, and other matters pertaining to the Finance Committee; and

WHEREAS, the Board finds it to be in the best interest of the public to establish the Finance Committee as set forth herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LAKEWAY MUNICIPAL UTILITY DISTRICT, THAT:

SECTION 1. The Finance Committee ("Committee") shall be created as follows:

1. **Membership; Qualifications; Quorum.** The Committee shall be composed of five (5) members appointed by majority vote of the Board of Directors. At least three (3) members shall own property within the boundaries of the District (In District Customers). Any member who does not own land within the District must be a customer of the District (Out of District Customers). Committee members may continue to serve until their successors are appointed by the Board. No employees or Board members of the District or any person related to an employee or a Board member in the first degree of consanguinity or affinity shall be eligible to serve as a member of the Committee. A quorum shall consist of a simple majority of the total number of members of the Committee.
2. **Purpose and Duties:** The purpose of the Committee is to advise the Board of Directors on matters relating to the finances of the District. It shall be the responsibility of the Committee to:
 - a. Assist in developing financial RFP's, interview candidates and recommend approval of consultants, as directed by the Board President.
 - b. In June/July of each year, review expense and capital budgets for all departments for the next fiscal year and make recommendations to the Board.

- c. By August 1 of each year, review rate design and tax rate for the next fiscal year and make recommendations to the Board.
 - d. Ensure a Financial Audit of all funds and accounts is performed at the end of the Fiscal Year by a public accounting firm. Review audit and present to Board for acceptance.
 - e. Monitor District financial reports. Compare actual versus budget, revenues and expenses at least semi-annually.
 - f. On or about May 1 of each year, review mid-year rate analysis prepared by staff and report to Board.
 - g. Monitor District Investments and make an annual report to the Board.
3. **Meetings.** The Committee shall meet at least quarterly, and more often if needed or requested by the Board. Meetings shall be held at the District's offices.
 4. **Terms.** The terms of office shall be two (2) years. Committee members may be re-appointed to subsequent terms.
 5. **Vacancies.** Any vacancies shall be filled for the unexpired term by the Board of Directors in accordance with the qualifications of Section 1(1) of this Resolution.
 6. **Removal.** All committee members serve at the will of the Board, and any member may be removed by an affirmative vote of three (3) members of the Board of Directors. There shall be no requirement to show cause for removal.
 7. **Officers.** The Committee shall designate from among its members a Chair, Vice-Chair and Secretary. The Chair shall preside over the meetings, and in the Chair's absence the Vice-Chair shall preside. If both the Chair and the Vice-Chair are absent, the remaining members, if a quorum exists, shall select from among themselves a person to preside over the meeting. The Secretary (or another member if the Secretary is absent) shall prepare minutes of every meeting and shall be responsible for transmitting the final copy of all minutes to the Finance/Administration Manager. Items needing Board action shall be transmitted as soon as possible to the Finance/Administration Manager for inclusion on the next available Board agenda.
 8. **Advisory Nature of the Committee.** The Committee is advisory in nature and shall be responsible to and shall report to the Board of Directors. The Committee and its members have no authority to set policy, expend funds or make obligations on behalf of the Board of Directors and/or the Lakeway Municipal Utility District.

9. **Board Reports.** The Committee shall report on its activities to the Board at least quarterly, and more often if needed or requested by the Board. The Board Report can be either oral or written and shall include a description of the activities of the committee for the preceding period and any on-going or outstanding activities or tasks. Committee meeting minutes can be used to satisfy this requirement.
10. **Board Liaison and Staff Support.** The Committee shall have the following Board and/or staff members to assist it with its work from time to time as may be necessary or desired by the Committee and/or the Board: one (1) Board member (who shall be designated by the Board President); the General Manager, and the Finance/Administration Manager. The Board Member, General Manager and Finance/Administration Manager shall (a) not be regular or *ex officio* members of the Committee; (b) not have the right to vote; and (c) not be counted for purposes of determining the presence of a quorum.

SECTION 2. The current members of the Finance Committee and the ending dates of their current terms are shown on "Exhibit A," which is attached hereto and incorporated herein by reference as if set forth in full. Upon the expiration of each of their current terms, new members shall be appointed or reappointed consistent with the qualifications set forth in Section 1(1) of this Resolution.

SECTION 3. The facts and recitations contained in the preamble of this resolution are hereby found and declared to be true and correct, and are incorporated by reference herein and expressly made a part hereof as if copied verbatim.

SECTION 4. This resolution shall be and is hereby declared to be cumulative of all other resolutions of the Board of Directors of the Lakeway Municipal Utility District on this subject, and this resolution shall not operate to repeal or affect any of such other resolutions, except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this resolution, in which event such conflicting provisions, if any in such other resolutions are hereby superseded.

SECTION 5. If any provision of this resolution or application thereof to any person or circumstance shall be held invalid, such invalidity shall not affect the other provisions, or application thereof, of this resolution which can be given effect without the invalid provision or application, and to this end the provisions of this resolution are hereby declared to be severable.

SECTION 6. The President is hereby authorized to sign this resolution and the Secretary to attest.

SECTION 7. This resolution shall become effective upon its adoption.

PASSED AND APPROVED on the 10 day of November, 2010.

LAKEWAY MUNICIPAL UTILITY
DISTRICT

By: K. A. Ansbach
Karl Ansbach, President

ATTEST:

Alan Hitchcock

Secretary