

County Clerk PC
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MOU Review and Preventive Modifications

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Cc: Eddie Arredondo Kelley Glaeser

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As a Burnet County taxpayer, I appreciate the opportunity to comment on the MOU with ARK, approved on July 8, 2025, as part of the Commissioners Court agenda, which designates ARK to manage funds, volunteers, and donations for disaster recovery. The MOU did not stand out until a recent funding request was placed on the August 5, 2025, agenda. I do not believe ARK will misuse funds, as their work has been integral in supporting our community's recovery efforts. However, it is your fiduciary duty to ensure our dollars are used only for Burnet County residents and properties without waste. There is no indication on the MOU, the funding request, or in the Commissioners Court minutes, that the County Attorney or County Auditor reviewed the MOU for compliance, particularly regarding FEMA, state, or other grants. Is there a way to indicate on documents that the County Attorney and County Auditor have reviewed for statutory compliance, such as their initials or an official stamp? Below are potential misuse risks and suggested changes to prevent them.

Potential for Misuse

The MOU allows ARK to receive and manage funds, including taxpayer money, FEMA (potentially millions of dollars), federal, or state grants: Commissioners, is it your intent to delegate the oversight of recovery monies? (see Sections 4-5). Several areas could allow misuse if not addressed:

- **Funds Used Outside Burnet County:** The MOU implies funds are for "individuals or families adversely affected by the disaster" in Burnet County (Sections 4-5), but it doesn't explicitly limit funds to county residents and properties. This could allow funds to be spent on non-residents (e.g., evacuees elsewhere) or properties outside the county.
- **Unclear Administrative Costs:** The MOU doesn't specify if ARK can use funds for its own expenses, risking diversion from direct aid to residents and properties.
- **Duplication of Efforts:** ARK's role in managing volunteers and donations (Sections 6-7) could overlap with the County's Office of Emergency Management or state agencies, potentially wasting taxpayer resources on redundant work without clear role definitions.
- **Limited Transparency:** Nonprofits sometimes claim exemption from Public Information Requests under Texas law, limiting taxpayers' access to financial records (Section 9).
- **Weak Oversight:** ARK reports only to the County Judge, with annual reports starting December 2025 or when requested (Section 9). Without County Auditor or Commissioners Court reviews, misuse could go undetected. There's also no way to recover misused funds if the MOU ends (Section 14).
- **FEMA and Grant Risks:** ARK can receive FEMA, federal, or state grants (Sections 4-5), but the MOU doesn't ensure compliance with strict grant rules (e.g., FEMA's 2 CFR Part 200), risking misuse if ARK misinterprets requirements or lacks oversight for grant funds.

Legal and Procedural Questions

1. Has the County Attorney's Office reviewed the MOU to ensure it complies with Texas law and prevents misuse of taxpayer funds, including FEMA, federal, or state grants?
2. Has the County Auditor reviewed the MOU for compliance with financial regulations, particularly for managing FEMA, state, or other grants, to ensure proper use and reporting?
3. Is it the intent of the MOU to allow ARK to receive and fully administer FEMA, federal grants, or state grants on behalf of Burnet County?

Suggested Improvements

To close loopholes and prevent misuse, following are some suggestions:

1. Add to Sections 4-5: "All funds, including taxpayer, FEMA, federal, or state funds, must be used only for Burnet County residents and properties affected by declared disasters, with no use for non-residents, non-county properties, or administrative costs."
2. Add a section: "ARK and the county shall create a plan, approved by the Commissioners Court, defining roles to prevent overlap in tasks like volunteer or donation management."
3. Amend Section 9: "ARK shall undergo semi-annual County Auditor reviews to verify funds benefit only Burnet County residents and properties, efforts are not duplicated, and FEMA or other grant rules are followed."
4. Amend Section 9: "ARK shall submit reports to both the County Judge and Commissioners Court for oversight."
5. Add to Section 9: "ARK shall submit a report within 30 days after each disaster, listing funds spent, confirming beneficiaries are Burnet County residents, verifying property-related aid is within the county, and documenting compliance with FEMA and grant regulations."
6. Add a section: "ARK shall track goals, like the number of residents aided, to ensure efficiency and compliance with federal/state grant rules."
7. Add a section: "ARK shall make financial reports publicly available on the county website, regardless of nonprofit status, to ensure transparency."
8. Add a section: "If funds are misused, Burnet County may recover them from ARK, even after MOU termination."

Conclusion

To protect taxpayer funds, including FEMA and other disaster funds directed for use in Burnet County, clear rules, stronger oversight, defined roles, and public transparency will ensure funds benefit only Burnet County residents and properties without waste. Thank you for considering these public comments.

Sincerely,