

**Lakeway Municipal Utility District
Finance Committee
February 1, 2022
Meeting Minutes**

Attendees: Vince Maggio, Chairperson; Ann Smith; Hal Hirsch, Secretary; Earl Foster; General Manager; Lawrence Christian, LMUD Board Liaison

Absent: Bud Wellborn, Vice Chairperson

Profit & Loss Trend

Starting with data from the recently completed audit, Earl provided this P&L trend which illustrates the financial consistency that LMUD has been able to achieve:

LMUD P&L				
(\$M)	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Plan
Revenue	\$5.3	\$6.0	\$5.8	\$5.6
Costs & Expenses	<u>4.4</u>	<u>5.0</u>	<u>4.8</u>	<u>4.8</u>
Net Before Capital and Bond Repayment	<u>\$0.9</u>	<u>\$1.0</u>	<u>\$1.0</u>	<u>\$0.8</u>

Thanks again to all LMUD personnel for their continuing emphasis on strong financial performance. The Finance Committee appreciates all the hard work and the good results.

December YTD

The Committee discussed some of the larger account variances to the P&L Plan. Overall LMUD is roughly \$150 K better than Plan through the first 3 months of FY22. Earl provided the single page Financial Summary that is prepared for the LMUD Board. The current cash position is \$17.8 M. The Engineering Committee may need to look at project scope and timing.

Cash Projection

After injecting a 10% uplift for inflation, Earl is now predicting shortfalls of cash in FY25 and FY26 and a serious shortfall in excess of \$2 M in FY28. The current thinking is to raise the base rate for water and the upper tiers starting in FY23 to offset this major risk.

Possible Federal Benefit

The US Infrastructure Bill includes funds that MAY become available to LMUD for the Out of District Waste Water project. A grant writer has been engaged to help on the application.

Info Sharing

- LMUD has been able to earn \$0.4 M in interest via the CD investments now at FNC.
- Texas Senate Bill 3 necessitates the purchase and installation of backup generators for freeze mitigation. The associated cost of \$2 M starts in FY22 and completes in FY24.
- The group expressed appreciation for LMUD recognizing Bill Cobb for his 10+ years of service on the LMUD Finance Committee. Earl presented a plaque at the Men’s Club.

The **next Finance Committee meeting** is anticipated on Tuesday March 1st at 1:30.