

LAKEWAY MUD FINANCE COMMITTEE

Final Meeting Minutes – March 5, 2013

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

Members Absent: Bill Cobb

Meeting Called to Order: 2:37 pm

Agenda Items

1. Review January Financials

Earl handed out a prepared 3 page financial report detailing total revenues and expenses through January, 2013. The report showed total year-to-date revenue exceeding budget by \$133,786 or 8%, and total year-to-date expenses under budget by \$47,166 or 4%. The Committee then requested Earl to explain all budget deviations of 150% or more. Following his explanations, Earl concluded that revenues were over budget primarily due to a greater use of water during the current drought, and that most of the budget deviations were the result of his budgeting on an “average monthly basis”, rather than budgeting for expenditures which occur in specific months. He assured the committee that most of the current budget deviations would “flatten out” by year-end. Earl also pointed out that unanticipated repairs for a lift station, pump and blower, as well as street repairs will result in higher than expected maintenance costs. The Committee was satisfied with Earl’s explanation for all budget deviations. Earl was reminded that he is responsible for providing all Committee members with e-mailed copies of monthly financial reports, on the Friday before our committee meetings so they may have time to thoroughly review the reports.

2. Discussion of Bond Funding

As a follow-up to our last meeting, Earl presented the Committee with a preliminary three page written proposal for the refunding of \$830,000 of Unlimited Tax Bonds issued in 1997, with a call date of 05/01/2013. This preliminary proposal was prepared by Specialized Public Finance, Inc. and shows that, by refunding , LMUD could save approximately \$38,000 over the 4 year remaining life of these bonds. Following discussion concerning costs of refunding, possible interest rates, etc. the Committee concluded, unanimously, that we recommend to the LMUD Board that they authorize refunding of said bonds.

3. Discussion of proposed Interlocal Cooperations Agreement Regarding The Creation of “The Highland Lakes Firm Water Customers Cooperative”

Earl presented the Committee with a copy of the proposed Agreement and explained its purpose and how and why it was created, i.e to advance the interests of LMUD and other like-minded firm water customers who want to have a greater presence and “voice” in decisions being made by LCRA. Included in the proposed Agreement are four levels of membership, with fee schedules for each level of membership. Earl requested the Committee approve an unbudgeted expenditure of \$4,000 to become a Level IV member of the Co-Op. Following discussion, the Committee unanimously agreed to recommend that the LMUD Board approve the expenditure of \$4,000 for Level IV Membership in the Cooperative, with the caveat that

the Board should understand that there will undoubtedly be additional administrative costs associated with our membership in the Co-Op, especially considering the major role LMUD's manager will have in its operation.

Meeting Adjourned: 4:02 pm

Next Meeting Scheduled: Tuesday, April 2nd at 2:30 pm

The March 5, 2013 Minutes have been read by and approved by the majority of Committee Members by e-mail. The Minutes were approved the 8th day of March, 2013.

Yeas: 3 **Nays:** 0 **Abstain:** 2 (Bill Cobb Absent. Vince Maggio left the meeting early and prior to discussions of items #1 and #2))

Submitted by:

Jack Lewis

Secretary