

**Lakeway MUD Finance Committee
March 3, 2016 Meeting Minutes**

Members in Attendance: Lawrence Christian (Chair), Vince Maggio (Vice Chair), Bud Wellborn, Hal Hirsch (Secretary), Kay Andrews (Board Liaison), Earl Foster (General Manager), **Absent:** Bill Cobb

We reviewed the **January and Year to Date P&L Performance** which is summarized:

LMUD P&L				
Jan YTD (Fiscal Month 4)				
(\$ Thou)				
	<u>Actual</u>	<u>Fav / (Unf) Plan</u>	<u>Fav / (Unf) 2015 YTD</u>	<u>Memo: FY Plan</u>
Revenue	\$1,825	230	145	\$5,353
Expenses	<u>1116</u>	<u>49</u>	<u>32</u>	<u>3803</u>
Net*	\$709	279	177	\$1,550

* Before Bond Payments & Capital

Earl responded to our questions regarding specific areas and variances. January contained a charge, which was reflected in the Plan, of \$105 K to include the unused portion of the LCRA “set aside”. P&L performance is trending well. We appreciate the visibility into the **Balance Sheet**, which currently contains \$17.3 Mill of Cash, much of which is designated for Construction, Expansion and Debt Service.

Given the **Cash Position**, it is time to recommend investments to the LMUD Board that allow for improved returns vs. Texpool. The staff had polled local financial institutions, as well as the Internet, and provided rates for late January. We discussed a modest recommendation of \$250 K each for CD’s maturing at: 6 months, 12 months, 18 months, and 24 months. The \$250K limits catastrophic exposure to only the interest earned vs FDIC insurance. This \$1 Mill Laddering approach is conservative and enables us to take advantage of anticipated rate increases while gaining experience in this new area which is enabled by the recently revised and approved Investment Policy. We’ll need an update on the rates from local area banks ranging from around 0.75% to 1.50%, depending on maturity, versus approximately 0.017% from Texpool.

The LMUD Board will discuss the **Land Sale** at their March 9th Meeting. We may get an idea of the amount and timeframe for additional funds. We’ll then proceed to look at alternatives for Capital Usage based on the Present Value of Capital Projects, which Earl is addressing with the E&O Committee, plus the potential for “calling” selected Bond Issues prior to maturity to avoid interest payments.

We discussed replacement of the **Vac-tron**, essentially a large 9 year old Vacuum Trailer, which burnt at a vendor fire. The new \$44 K unit would only cost around \$12 K after the insurance settlement, while also avoiding the \$2 K repair. A Capital Credit of \$21.8 K from the initial Insurance check was reflected in the January P&L.

Next Finance Committee Meeting: Tuesday April 5th at 1:30