

**Lakeway MUD Finance Committee
Meeting Minutes
June 5, 2018**

All Members Attended

Vince Maggio, Chair; Bud Wellborn, Vice Chair; Bill Cobb; Ann Smith; Hal Hirsch, Secretary; Lawrence Christian, (Board Liaison); and Earl Foster, (General Manager)

Fiscal Year To Date 2018 LMUD Profit and Loss

April was a non-revenue month. Through April, (Month 7 of Fiscal Year 2018):

- Revenues are better than Plan by \$106K and ahead of 2017 YTD by \$27 K.
- Costs and Expenses, however, are worse than Plan by \$53 K and more than 2017 YTD by \$98 K.
- Expenses have risen with the need for Purchased Services (Legal, Professional and Engineering)
- Additionally, there are \$47 K of Out Of District Wastewater project expenses that have been excluded in anticipation of Capitalization for the project.
- On a Net basis, the YTD P&L of \$575 K is \$53 K better than Plan and \$71 K worse than 2017 YTD.

Investments outside Texpool Total \$8.5 M

LMUD has \$6.5 M invested with FNC. The weighted Average Maturity is 0.97 years and the Weighted Average Yield is 1.77% per annum. Additionally, there is \$2 M invested with CDARS at Annual Yields varying from 0.9% up to 2.35%. As cash will be required for LMUD Capital Projects, the intent is to use the CDARS funds and rely more heavily on FNC for future investments. FNC has better rates, better reporting, and more responsiveness.

New Pumps for Water Recycling Plant

Chlorine has deteriorated the casing in the pumps at the Water Treatment Plant. There are three pumps that will need replacing of just the pump portion, not the motors. The Finance Committee concurred that Earl should present the replacement at the June LMUD Board Meeting. The estimate expenditure of \$75 K for the three pumps will be spread over three years by replacing one pump per year. The estimate includes epoxy coating so the pumps should achieve a 25 year design life.

Potential payment on callable Bonds issued in 2009

Earl is developing a plan to pay down the bonded indebtedness in September, 2018 as the 2009 LMUD Bond issue becomes callable for the first time. A pay down of \$1.2 M would avoid \$494 K in interest. This is a partial pay down, not the elimination of the remaining balance. There are fees for both legal and financial support that will effectively reduce the \$1.2 M. Earl will also look at paying down \$1.5 M to understand the relative cost / benefit relationship. Another bond issue is callable with a 3% pre-payment penalty so that was not financially attractive.

Next Meeting of the Finance Committee

Tuesday, July 31, 2018 at 1:30 PM