

LAKEWAY MUD FINANCE COMMITTEE

Meeting Minutes – April 2nd, 2013

Members in Attendance: **Larry Burmeier** (Chair), **Lawrence Christian** (Vice-Chair), **Bill Cobb**, **Vince Maggio**, **Jack Lewis** (Sec’y), **Earl Foster** (General Manager), and **Kay Andrews** (Board Liaison)

Guests in Attendance: **Jerry Hietpas** (Board Member), **Patrick Rossmiller** (Member of E&O Committee) and **Karen Bradford** (Customer/Observer)

Members Absent: None

Meeting Called to Order at: 2:34 PM

Agenda Items

1. Series 2013 Bond Issue – Use and Distribution of Proceeds

Earl provided the Committee with a handout showing several options (A, B and C) for the distribution of proceeds from Series 2013 Bonds. A total of \$7,430,000 remains available to be issued from authorization given in 2008. **Option A** would authorize the issuance of the total amount of \$7,430,000 in 2013 bonds to finance five (5) essential projects (W3 Disinfection Safety, I-4 Disinfection Safety, Clearwell/HSP, L-1 improvements, and Reuse improvements). **Option B** would only authorize the issuance of \$4,580,000 in 2013 bonds and would finance the first four (4) projects, and delay the issuance of the remaining \$2,850,000 to the year 2015 to finance Re-use improvements. **Option C** would authorize the issuance of \$5,895,000 in 2013 bonds to finance two (2) projects (Clearwell/HSP and Reuse improvements, and delay the remaining issuance of bonds to the year 2015 to finance the remaining three (3) projects. The Committee then listened to Guests, **Jerry Hietpas** and **Patrick Rossmiller**, of the E&O Committee, who spoke in favor of option **B**, basically citing the safety needs and urgency of completing the disinfection projects. Rossmiller also questioned whether the LMUD was in a financial position to issue bonds to finance all 5 projects at this time. After lengthy discussion among the members, the Finance Committee concluded (from a financial perspective): (1) All five (5) projects needed to be done; (2) The LMUD is currently in a good financial position to issue \$7,430,000 in bonds; (3) The cost of these bonds will be somewhat offset by declining principal and interest payments on existing bonds; (4) Construction costs will undoubtedly increase if we delay some projects to the year 2015 (5) We are currently in a position of having favorable bond interest rates and they will likely increase by 2015. Given these conditions, **the Committee voted unanimously to recommend that the LMUD Board adopt Option A and authorize the issuance 2013 bonds in the amount of \$7,430,000 to be used to complete the five (5) projects listed in Option A.**

2. Review of February 2013 Financial Report

The Committee optimistically noted that year-to-date Total Revenues exceeded budget by \$160,008 or 9%, and that Total Expenses (excluding “Other Items”) are under budget on a year-to-date basis by \$11,719 or 1%. Earl provided satisfactory explanations for all Expense items that exceeded year-to-date budget by at least 150%. It was noted that heavy, unanticipated, expenses were incurred as a result of repairs needed in both treatment plants and pumping stations. While we expect to be over maintenance expense budget by year-end. all other expense categories are expected to be at or below budget.

3. Status Report on Bond Refunding for 1997 Bonds

Earl advised the Committee that the LMUD’s financial advisor, Dan Wegmiller was still in the process of receiving bids from banks to refund the Unlimited Tax Bonds issued in 1997, and that he had received one bid that was lower than the current interest rate of 2.509%. No further discussion ensued.

4. Request for Approval to Provide Financial Support for New Hazardous Household Waste Facility

Earl brought to the Finance Committee the project of providing \$10,000 in financial support for an inter-local group who purchased property for a Hazardous Waste facility to serve the residents of Lakeway, Village of the Hills and Bee Caves. The \$10,000 would ostensibly provide LMUD with an 8% ownership in said property. The City of Lakeway has already agreed to provide \$40,000. Earl explained that the benefit of having the facility would be that hazardous waste would no longer find its way into our creeks and water. Discussion ensued about the impact this expense would have on LMUD customers. It was agreed that, since Lakeway is already contributing \$40,000, LMUD customers would indirectly be making “double payments” for this facility, i.e. once as a Lakeway resident and secondly through the LMUD. **The Committee voted and unanimously agreed that it would recommend that the Board not approve this expenditure.**

5. Consideration of “All Things Wild” Proposal to Lease LMUD Property behind Serene Hills Elementary School

Earl explained that a wildlife rescue group, named “All Things Wild”, has made an offer to lease 7.463 acres of LMUD property, located behind Serene Hills School, for ten years at \$10 per year. This property was last appraised in 2008, to have a value of \$298,000. The Committee agreed that this property was too valuable to tie up for 10 years and that All Things Wild’s proposal was economically unsound. **The Committee voted and unanimously agreed to recommend that the LMUD Board not accept the offer to lease.**

Meeting Adjourned at: 4:00 PM

Next Meeting Scheduled for: 2:30 pm, Tuesday, May 7th

The April 2, 2013 Minutes have been read by and approved by all Committee Members by e-mail.]

These minutes approved the 4th day of April, 2013.

Yeas: 5 Nays: 0 Abstain: 0

Submitted by:

Jack Lewis

Secretary

