

**AMENDED ORDER TO THE FINANCIAL POLICY FOR THE  
ACCUMULATION OF AN ADEQUATE RESERVE IN THE  
DISTRICT'S GENERAL FUND**

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WHEREAS, the District desires to have a sound financial posture that will enable it to demonstrate good financial management and retain the confidence of its taxpayers, customers and bondholders; and

WHEREAS, the District desires to maintain an adequate reserve in its Operations category of the General Fund to insure the continued adequate operations and maintenance of District facilities and to provide for unforeseen failures or damages thereto;

**THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF  
THE LAKEWAY MUNICIPAL UTILITY DISTRICT**

1. That it shall continue to be the policy of the Board of Directors of the District to accumulate cash in the District's Operations Fund not to exceed a maximum balance at the end of any month of \$400,000 as an amount available to the General Manager for general operating disbursements. Other amounts in the General Fund can only be expended as outlined below.
2. Specific additional fund categories, as designated by the Board of Directors, are excluded from the Operations Fund balance as designated in paragraph 1 above. Examples of these specific fund categories are Inflow & Infiltration Fund, Capital Expenditure Fund, and Contingency Fund.
3. It shall be the policy of the Board to transfer funds in excess of the \$400,000 maximum balance from the Operations Fund to the designated Tax Interest and Sinking Fund at the end of each monthly reporting period. However, transfers to the Interest and Sinking Fund may be delayed upon verbal direction of the Board of Directors if emergency situations exist.
4. At each November Board of Directors meeting, the Board will review what monies are available above the Operations Fund \$400,000 base amount denoted in section 1 above. They shall consider transferring to the Interest and Sinking Account at least enough to retire principal and interest for the water debt service as determined by the prior fiscal years rate design. Excess funds above this amount may either be transferred to the Tax Interest & Sinking Account, or retained in a specific fund category for special projects approved by the Board of Directors.
5. All provisions of Resolutions heretofore adopted which are in conflict herewith are repealed, the most recent being dated the 18th day of November 2009.

6. This policy is being adopted after due and diligent study of the needs of the District and shall be in full force and effect immediately upon its adoption this the 14th day of December, 2011.

ATTEST:

  
Secretary, Board of Directors

  
President, Board of Directors

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