

Minutes
Lakeway Municipal Utility District
Board of Directors Meeting
April 15, 2009

The Board of Directors met in SPECIAL session at 11:30 a.m., 1097 Lohmans Crossing, Lakeway, Texas, with the following:

Directors Present:	Kay Andrews Allan Hitchcock Tom Priddy Tom Rogers
Director Absent:	Jerry Hietpas
Staff Present:	Richard W. Eason Margaret A. Cathey
Others Present:	Paul Phy Dan Wegmiller

AGENDA ITEMS

1. Receive Bids for the District's proposed Issuance and Sale of its \$5,870,000 Unlimited Tax Bonds, Series 2009, and take action thereon.

Dan Wegmiller stated that Standard & Poor's had given us a rating of AA-, which is an outstanding rating. There are four classes; BBB, A, AA, AAA. He said you seldom see a MUD in this high a level. Bond ratings are for investor purposes. The rating process goes through the financial information; offering documents; proposed official document. Past audits were used along with pulling from independent sources. Wegmiller showed the Board a 10-year history of bond indexes; rates are down at the moment from six months ago. He then showed the Board the most recent bond sales of MUDs. With bond insurance, our rating will go up to AAA. There were eight bids with Morgan Keegan & Co with the low bid of 4.406%; it is outstanding to receive eight bids. The range of rates was from 4.4 to 4.8%, which is a nice spread. Wegmiller estimates that the District will save \$1M with this interest rate. The bid included bond insurance with Assured Guaranty. He recommends awarding the bid to Morgan Keegan and keeping the same paying agent that we currently use, Bank of New York Mellon Trust Co. This money will be used to pay off the Bond Anticipation Note in June and the rest will be used for the Capital Improvements Projects program already underway.

The Financial Advisor fee is 1% and the Bond Counsel fee is 1% of the bond.

Paul Phy presented an Order to the Board authorizing the selling of the bonds. Andrews was concerned on why the Board had to make such a quick decision after the bids came in. Both Wegmiller and Phy explained that no one in the market these days wants to wait any longer than a few hours because of the volatility of the market; if there was a delay in awarding bid, a risk premium would be added to the bid. The investors want to know immediately because if they don't get the bid, they go on to the next one. These bonds are registered and we reserve the right

to call (redeem) them all or in part in 10 years. Phy submits the Order for approval. Hitchcock made a motion to approve the Order Authorizing the Issuance and Sale of the Bonds. Priddy seconded the motion. Motion passed unanimously.

ADJOURNMENT

The meeting was adjourned without objection at 12:33 p.m.

Respectfully Submitted,

Margaret A. Cathey, Assistant Secretary/Treasurer
Board of Directors

Minutes approved on the _____ day of _____, _____.

President, Board of Directors

ATTEST:

Secretary, Board of Directors