

**NORTHTOWN MUNICIPAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS' MEETING**

April 14, 2009

THE STATE OF TEXAS §
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COUNTY OF TRAVIS §

A special meeting of the Board of Directors of Northtown Municipal Utility District was held on April 14, 2009, at the offices of Armbrust & Brown, L.L.P., 100 Congress Ave., Ste. 950, Austin, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the notice is attached as **Exhibit "A"**.

The roll was called of the members of the Board:

Robin Campbell	-	President
Brenda Richter	-	Vice President
William E. Henderson	-	Treasurer
Scott M. Gray	-	Secretary
Alex Martinez	-	Assistant Secretary

and all of the Directors were present, thus constituting a quorum. Also present at the meeting were Cheryl Allen and Crystal Kaylakie of Southwest Securities; Jana Hansen and Carol Polumbo of McCall Parkhurst & Horton, L.L.P.; Allen Douthitt of Peña Swayze & Co., L.L.P. and Sue Brooks Littlefield of Armbrust & Brown, L.L.P.

Director Campbell called the meeting to order at 12:05 p.m., and stated that the Board would first consider taking action regarding the District's \$7,560,000 Unlimited Tax and Revenue Bonds, Series 2009. Ms. Allen addressed the Board, reminding the Board that it had decided to go forward with the sale of the bonds as long as interest rates were not over 6.46%. She stated that the District had received seven bids, and that the low bid was that of Southwest Securities, with a rate of 4.84%, as indicated by the bid tabulation attached as **Exhibit "B"**. She reviewed a comparison of recent district bond sales, and also reviewed the impact of this interest rate on the District's "growth" tax rate as well as its "no growth" tax rate. She reminded the Board that it would actually set the District's tax rate in September, but stated that this information showed what she anticipated. Ms. Allen indicated that the projected tax rate would still allow plenty of funds for the District's operation and maintenance based on projected revenues and expenses, including a \$1 million annual transfer to the District's park fund. She stated that one reason the District had received such a favorable interest rate was that the market had improved, but noted that the District had also received an upgraded rating, and that its bonds were now A-rated securities. She advised the Board that she had received a good faith check from the low bidder. Ms. Allen stated that, because the market had changed so much, she had changed the schedule for the debt service payments from that which the Texas Commission on Environmental Quality had approved in its order. She added that this did not affect the tax rate, but that the District would need to send notice to the Commission, and stated that she had prepared a letter to do this.

Director Campbell then stated that the Board would consider awarding the sale of the bonds. Upon motion by Director Richter and second by Director Henderson, the Board voted unanimously to award the sale of the bonds to the low bidder, Southwest Securities.

Director Campbell stated that the Board would next consider approving an Order Authorizing the Issuance of \$7,560,000 Northtown Municipal Utility District Unlimited Tax and Revenue Bonds, Series 2009; Awarding the Sale of the Bonds; Authorizing the Levy of an Ad Valorem Tax in Support of the Bonds; Entering Into a Paying Agent/Registrar Agreement; Approving an Official Statement; and Other Matters Related to the Issuance of the Bonds. Ms. Pumbo reviewed the draft order, and explained that the order was the legal document for the sale of the bonds, which would include the term of the bonds and redemption provisions, noting that the bonds were callable after September 2016. She stated that the Depository Trust Company handled the bonds on a book-entry basis, and that all of the record keeping was done by computer rather than through coupons. She stated that the order also authorized entering into a paying agent/registrar agreement. Ms. Pumbo noted that, as part of the Federal Stimulus Package, two new provisions would be applicable during 2009 and 2010. She stated that the first was that new money bonds were not subject to the alternative minimum tax. She noted that this was designed to help the municipal bond market. She stated that the second provision was that, while formerly an issuer had to issue less than \$10 million of bonds per year for the bonds to be bank qualified, this had been increased to \$30 million for 2009 and 2010. Ms. Pumbo pointed out that the order included a covenant to levy the tax rate necessary to pay the principal and interest on the bonds. She stated that this was an important covenant with the bond holders, who had the right to mandamus the District to levy the tax if the Board failed to do so. Ms. Pumbo pointed out that the order also included a covenant on the part of the District to provide continuing disclosure information to the financial market. Ms. Pumbo advised the Board that the order authorized finalizing the official statement, which was based on the preliminary official statement which the Board had previously approved, but would include all information relating to the interest rate and other matters pertaining to the bond sale. She stated that the Board had seven business days to finalize the document, and asked that the Board members contact Ms. Allen if they noted any errors in the official statement. Ms. Pumbo pointed out that the District had received a \$151,200 good faith check from the winning bidder, which would be held uncashed. She stated that, if the winning bidder did not perform, the District could receive the money as liquidated damages. She stated that, otherwise, the District would return the check to the low bidder on the closing of the sale. Ms. Pumbo reminded the Board that the District had to go to the Attorney General to obtain its opinion on the bonds, and stated that this was in process. She then introduced Jana Hansen, noting that Ms. Hansen was a colleague in her Austin office. Ms. Allen introduced Crystal Kaylakie, pointing out that she had worked on the preliminary official statement, and had been involved in this bond transaction from the beginning. Ms. Pumbo advised the Board that the draft order included in its meeting packet would be conformed to the winning bid. After discussion, upon motion by Director Henderson and second by Director Gray, the Board voted unanimously to approve the Order and the Resolution Authoring Application to the Texas Commission on Environmental Quality for Approval of Revised Maturity Schedule attached as **Exhibit "C"**. A copy of the conformed Order, as finalized, is attached as **Exhibit "D"**.

Director Campbell then stated that the Board would consider approving the consent items on the Board's meeting agenda: the Amended and Restated Information Form attached as **Exhibit "E"** and the Amended Order Establishing Rates, Charges and Tap Fees and Adopting

Rules and Policies with Respect to the District's Water, Wastewater and Drainage Systems attached as **Exhibit "F"**. Ms. Littlefield pointed out that the revised Rate Order included the changes which had been discussed by the Board at its prior meeting and provided for a deposit for plumbing inspections and charges against the deposit. She stated that both Mr. Douthitt and Mr. Morin had reviewed and approved the revised Rate Order. Upon motion by Director Gray and second by Director Martinez, the Board voted unanimously to approve the consent items.

Director Campbell then recognized Mr. Douthitt, and stated that the Board would consider taking action regarding the payment of bills and invoices. Mr. Douthitt distributed the check register attached as **Exhibit "G"**, and reviewed it with the Board. He pointed out that the District had received a late-arriving invoice from the City of Austin for utility charges, which needed to be paid in order to avoid a late fee. After discussion, upon motion by Director Henderson and second by Director Richter, the Board voted unanimously to approve the payment of bills and invoices, as presented.

Director Campbell then advised the Board members that Mr. Morin was no longer with SWWC Services, Inc. Ms. Littlefield stated that she understood that Tony Elmer of SWWC Services, Inc. would contact Director Campbell to discuss representation from that company to the District on a going-forward basis.

There being no further business to come before the Board, the meeting was adjourned at 12:32 p.m.

Date: _____.

(SEAL)

Scott M. Gray, Secretary
Board of Directors