

MINUTES OF MEETING
OF
SENNA HILLS MUNICIPAL UTILITY DISTRICT

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

A meeting of the Board of Directors of Senna Hills Municipal Utility District, open to the public, was held at 7:00 a.m. on April 25, 2013, at 12117 Bee Cave Road, Building 3, Suite 120, Austin, Texas 78738, pursuant to notice duly given in accordance with law.

1. CALL TO ORDER

The meeting was called to order.

2. ROLL CALL OF DIRECTORS

A roll call of the Directors was taken. The Directors present were Chet Palesko, David I. Perl, Mike Dansby, Gregg Kronenberger and Joe Szoo, thus constituting a quorum. All Directors were present.

Also present at the meeting were Doug Whitt, Robert Ferguson, Jeff Garrett, Allen Douthitt, Mike Willatt, Christina Simpson, John Chamblee, Charles Collier, Lisa McKenzie, Kent Mehring, Neil Desai, Corey Newhouse, Nelisa Heddin, Don Rauschuber and Scott Cooley.

****President Palesko moved to Item No. 18.****

18. ALL ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, WITH RESPECT TO THE PROPOSED SENNA HILLS MUNICIPAL UTILITY DISTRICT UNLIMITED TAX AND WATERWORKS AND SEWER REVENUE REFUNDING BONDS, SERIES 2013

President Palesko introduced the District's financial advisor, Doug Whitt. Doug Whitt presented his report on the proposed refunding of all or part of the 2004 and 2009 bonds. Mike Willatt presented and explained the proposed bond resolution. Motion was made by Gregg Kronenberger and seconded by David I. Perl to approve the Resolution Authorizing the Issuance of Senna Hills Municipal Utility District Unlimited Tax and Waterworks and Sewer System Revenue Refunding Bonds, Series 2013, Prescribing the Terms and Provisions thereof, Making Provision for the Payment of the Interest thereon and Principal thereof, Authorizing the Execution of a Paying Agent/Registrar Agreement and an Escrow Agreement; Establishing Procedures for Selling and Delivering the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds as presented. The motion carried unanimously. Motion was then made by Gregg Kronenberger and seconded by David I. Perl to set a minimum limit on the savings in the amount of \$500,000. The

motion carried unanimously.

****President Palesko then moved to Item No. 17.****

17. REVISED MUD LAND USE PLAN AND CONSENT AGREEMENT WITH SENNA HILLS, LTD AND THE CITY OF AUSTIN; INCLUDING PROPOSED OFFICE BUILDING AND LITIGATION WITH SENNA HILLS, LTD. OVER WEAVER SEWER LINE PROJECT

President Palesko reviewed the meeting between the negotiating committee and Rip Miller. He identified four (4) categories required for approval of the proposed office building, being as follows:

1. Access off of Bee Cave Road is a non-negotiable condition.
2. There is a growing concern about development in front of the Senna Hills residential community.
3. There was discussion of how much Rip Miller would pay to reimburse the District's expenses for the Weaver sewer line lawsuit, the expenses moving forward and the expenses of expanding the treatment plant. No specific number was mentioned.
4. The HOA list of requirements was discussed.

President Palesko reported that Rip Miller indicated agreement to all of these items, subject to an agreement on specific levels of reimbursement.

Robert Ferguson then presented maps showing the available irrigation amount with 10% slope limitation, together with the need for 70 acres to handle the permit limit. Robert Ferguson said that the District needs 35 acres for the current production but should not release the office site until further discussion. If the current plant capacity is expanded by 25%, the District will need 52 acres for irrigation.

President Palesko recommended that all discussion on the office site be shelved until the District's irrigation site needs have been quantified. Following discussion, President Palesko said that he will make Rip Miller acquainted with the problem and ask Rip what he wants to do.

****President Palesko moved to Item No. 6.****

6. ALL MATTERS RELATED TO WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

Don Rauschuber and Nelisa Heddin gave an update on the water rates. Nelisa stated that the LCRA rates were different for different customers. Also, the LCRA was not paying debt from the fixed costs. The PUA is proposing a minimum bill to cover the debt service associated with the

amount reserved by each wholesale customer, with the volume charge to recover the operation and maintenance costs.

Nelisa mentioned that they can backload the debt for new development, but Senna Hills will not participate in that expense.

Nelisa also stated that the PUA is inviting everyone to revise their reservations, which will affect the minimum bill charged to recover debt. She recommended that the District pull its monthly operating reports and add a cushion for growth and revise the reservation accordingly. This information is needed by April 31, 2013.

Jeff Garrett said that he will get the maximum daily usage from the daily meter readings and provide this to President Palesko for transmission to the PUA.

Nelisa also said that the PUA needs a record of impact fees paid and reservation fees for credit against the \$4,089,000 paid by the LCRA on the debt. This information is also needed by April 31, 2013. Jeff Garrett said he would see what he could find.

****President Palesko then moved to Item No. 5.****

5. VACATION OR MODIFICATION OF EASEMENT AT 10318 INDIGO BROOM LOOP AND ADJACENT PROPERTY

Scott Cooley, attorney for the title company, said that the title company is willing to offer \$20,000 in return for reduction of the easement to where there is no overlap by the existing houses. He emphasized that he represents the homeowners, and that he is negotiating with claims counsel for Fidelity Title. After discussion, President Palesko asked Jeff Garrett and Robert Ferguson to look into the difference between the cost in repairing the pipeline with the easement as written, and with the easement as proposed to be amended.

Mike Willatt said that he would call TML to ask how the MUD's liability insurance affects this transaction.

****President Palesko then moved to Item No. 7.****

7. ENGINEER'S REPORT ON SOME OR ALL OF THE AGENDA ITEMS
19. RESOLUTION REQUESTING CHANGE OF SCOPE OF AND RELEASE FROM ESCROW OF \$216,562 PLUS ACCRUED INTEREST FROM THE DISTRICT'S \$1,510,000 SERIES 2010 BONDS AND APPROVAL OF USE OF THOSE FUNDS FOR EFFLUENT IRRIGATION FIELD EXPANSION AND IRRIGATION SYSTEM REHABILITATION EXPENSES AND MODIFICATIONS TO THE DISTRICT'S WASTEWATER TREATMENT PLANT

Item Nos. 7 & 19 were heard together.

Robert Ferguson reported that the contractor has made a lot of progress on the effluent irrigation repair. He recommended approval of the Resolution Requesting Change of Scope and Release from Escrow of \$216,562 Plus Accrued Interest from the District's \$1,510,000 Series 2010 Bonds and Approval of Use of those Funds for Effluent Irrigation Field Expansion and Irrigation System Rehabilitation Expenses and Modifications to the District's Wastewater Treatment Plant. Motion was made by Gregg Kronenberger and seconded by Mike Dansby to adopt the Resolution as presented. The motion carried unanimously.

Robert Ferguson said that a resident had complained that the fence around the pond needs painting. There was general consensus that this should be deferred.

****President Palesko moved to Item No. 10.****

10. BOOKKEEPER'S REPORT, INCLUDING AUTHORIZATION OF PAYMENT OF BILLS
11. ABC LOAN AGREEMENT AND RELATED MATTERS, INCLUDING RENEWAL AND INCREASE THEREOF

Items 10 & 11 were heard together.

Allen Douthitt reported that he, Robert Ferguson, Jeff Garrett and Mike Dansby met to discuss the financial future of the District. He indicated that the District should end the fiscal year \$250,000 ahead, which is less than the hoped for \$400,000. He said that the Board should look at the tax values in July and consider the balance of taxes versus rates. After discussion, motion was made by Mike Dansby and seconded by Gregg Kronenberger to approve payment of the bills. The motion carried unanimously.

Allen Douthitt then offered documents to extend the line of credit with ABC Bank. Motion was made by Gregg Kronenberger and seconded by Mike Dansby to approve and execute the documents. The motion carried unanimously.

****President Palesko then moved to Item No. 13.****

13. DISTRICT MANAGER'S REPORT ON OPERATIONS

Jeff Garrett presented his report. He said that there was a huge leak on Gilia. This was a recent break. Mr. Garrett reported that ST is picking up one, two or three leaks per month. He reported that he has scheduled smoke testing on the last three Wednesdays, but it rained on each day.

****THE FOLLOWING ITEMS WERE NOT DISCUSSED.****

3. CITIZEN COMMENTS
4. MINUTES OF PRIOR MEETINGS

8. TAYLOR LAKE EFFLUENT POND AND THE DISTRICT'S EFFLUENT DISPOSAL SYSTEM
9. THE DISTRICT'S WASTEWATER TREATMENT PLANT
12. BILLING ADJUSTMENTS
14. CONSTRUCTION PROJECTS WITHIN THE DISTRICT, INCLUDING CHANGE ORDERS, PAY ESTIMATES AND ACCEPTANCES
15. THE DISTRICT'S WATER AND WASTEWATER SYSTEMS AND RULES PERTAINING THERETO
16. THE DISTRICT'S WATER AND SEWER RATES
20. ADJOURN

The meeting was adjourned.



President, Board of Directors
Senna Hills MUD

ATTEST:



Secretary, Board of Directors
Senna Hills MUD

[SEAL]