

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 August 13, 2009, at 1502 San Juan Drive, Austin, Texas 78733, 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, Mike Dansby and Gregg Kronenberger, thus constituting a quorum. Kenneth A. Fox and David I. Perl were absent.

Also present at the meeting were Jerri Strain, Mike Willatt, Bruce Aupperle, Rip Miller, Robert Long and Ken Schroeder.

3.     CITIZEN COMMENTS

There were no citizen comments.

4.     ALL MATTERS PERTAINING TO THE DISTRICT BOND ISSUE NO. 4; \$5,200,000 SENNA HILLS MUNICIPAL UTILITY DISTRICT UNLIMITED TAX AND REVENUE BONDS; SERIES 2008

There was discussion as to how to respond to the draft order issued by the TCEQ staff authorizing Bond Issue No. 4. Attorney Mike Willatt explained that the draft order could not be accepted because it requires that \$700,000 of surplus bond proceeds be placed in escrow. The District cannot comply with this requirement because the funds have already been spent on acquiring equipment for the new wastewater treatment plant. Robert Long expressed Taylor Morrison's imperative need to have the bond proceeds in hand by the end of the current calendar year. There was discussion back and forth on whether to ask the TCEQ to issue Addendum No. 3 reflecting that the surplus bond proceeds have been spent, and reducing the escrow amount for the wastewater treatment plant construction funds from \$1,340,000 to \$640,000. Robert Long said that he recommends that the District accept Addendum No. 2 so as to authorize sale of the bonds, and that the District find funds to provide the \$700,000 to go into the escrow account. There was a discussion

of how many funds were on hand that are available to the District for this purpose, and whether the additional funds could be obtained by issuance of a bond anticipation note or a revenue note. Attorney Mike Willatt expressed his concern that the TCEQ would not accept this procedure as being in compliance with the terms of the existing draft order, in which case the delay would be worse than that caused by asking for Addendum No. 3. Rip Miller expressed his disappointment with ~~the~~ how long it has taken the District to process the application to approve Bond Issue No. 4, and particularly with the fact that the application for Bond Issue No. 5 has not yet been filed and that the application to amend the District's permit to authorize construction of the new wastewater treatment plant had not yet been filed either. Rip Miller advised the District to consider that they may have legal liability for the delay of issuance of the bonds.

After considerable discussion, President Chet Palesko informed Robert Long that the District's recommendation was to apply for Addendum No. 3, but, if Taylor Morrison wanted the District to proceed with its recommended course of action, the District would do so as long as Taylor Morrison, Rip Miller and Senna Hills, Ltd. would provide the District with a complete release of all claims arising out of delay in issuance of the bonds. Robert Long asked the Board to go ahead and ask for Addendum No. 3. Motion was then made by Gregg Kronenberger and seconded by Mike Dansby to ask the TCEQ to issue Addendum No. 3 to reflect the fact that the surplus funds have already been spent and to reduce the escrow requirement for the wastewater treatment plant funds from \$1,340,000 to \$640,000. The motion carried unanimously.

Robert Long asked the Board to require its consultants to come up with a schedule on what is necessary to sell the bonds. Attorney Mike Willatt said that he would place the Preliminary Official Statement and the Bond Issuance Schedule on the agenda for the August 26, 2009 meeting, and that he would ask Doug Whitt to forward the current version of the Preliminary Official Statement and a Bond Issuance Schedule as soon as possible.

5. ADJOURN

The meeting was adjourned.



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President, Board of Directors  
Senna Hills MUD

ATTEST:



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Secretary, Board of Directors  
Senna Hills MUD

[SEAL]

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