

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 24, 2012, 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, David I. Perl and Gregg Kronenberger, thus constituting a quorum. Kenneth A. Fox was absent.

Also present at the meeting were David Ripley, Allen Douthitt, Rip Miller, Brent Reh, Allen Rhanes, Jeff Garrett, Joe Szoo and Mike Willatt.

3. CITIZEN COMMENTS

There were no citizen comments.

4. MINUTES OF PRIOR MEETINGS

Motion was made by David I. Perl and seconded by Gregg Kronenberger to adopt the minutes of the July 16 and July 23, 2012 meetings as presented. The motion carried unanimously.

5. WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

President Chet Palesko reported that he had not heard from West Travis County PUA until two weeks ago when he got a call saying that the PUA was thinking about setting up an advisory council. He will continue to explore whether he should be a member of that advisory council.

6. OPERATIONS MANAGEMENT COMPANY SEARCH

There was discussion of the transition between Aqua Texas and ST Environmental. Jeff Garrett said he will put an insert in the bill advising of the transition. He will also install ST

Environmental signs. Brent Reh said that Aqua Texas will work with ST to transfer the billing and other functions. David Ripley said that he and Jeff would review the plant operations so that ST will be ready to take over on September 1. Mike Willatt advised that ST Environmental had made all of the contract changes requested by he and Gregg Kroneneberger. Motion was made by Gregg Kroneneberger and seconded by David I. Perl to accept the ST Environmental Operations Management Contract and to authorize its signature by President Palesko. The motion carried unanimously.

David I. Perl suggested that the Board should thank David Ripley and Jerri Strain for their long time efforts and good work on behalf of the District. There was an unanimous agreement to that sentiment.

7. AUSTIN ELECTRIC RATES

Mike Willatt reported that HURF had filed its petition with the PUC appealing the Austin Energy electric rates. HURF was waiting to see if the PUC would accept the number of signatures necessary to meet the jurisdictional requirements. He advised that HURF at this point was not funded and that its most promising source of funds would be the MUDs.

8. TAYLOR LAKE EFFLUENT POND AND THE DISTRICT'S EFFLUENT DISPOSAL SYSTEM

Joe Szoo reported that he had one complaint of the pond being low. David Ripley confirmed that with October coming up, the pond level is being reduced.

9. EXPANSION OF THE DISTRICT'S WASTEWATER TREATMENT PLANT

David Ripley said that the plant is running well. A lift station pump was noisy and will need to be rehabilitated or replaced. Since the cost difference between rehabilitation and replacement was in the range of \$1,000, there was consensus that the faulty pump should be replaced with a new one. David Ripley reported that the plant is in compliance with the permit and that the monthly average flow is 70,000 gallons.

10. PAY ESTIMATES AND CHANGE ORDERS FOR WASTEWATER TREATMENT PLANT CONSTRUCTION CONTRACT

There was no discussion on this item.

11. BOOKKEEPER'S REPORT, INCLUDING AUTHORIZATION OF PAYMENT OF BILLS

Allen Douthitt reported that the LCRA is charging for exceeding the limit under the old contract, on a pro-rata basis for the current year. Allen will call Anissa Menefee to seek relief from this. He stated that there is a \$40,000 balance in the operating fund. Motion was made by Mike Dansby and seconded by Gregg Kroneneberger to approve payment of the bills. The motion carried

unanimously.

12. BUDGET

The proposed budget was presented by Allen Douthitt. Three scenarios were presented for the tax rate. There was discussion of the need to levy a special tax for payment of the note being issued to ABC Bank. Allen Douthitt reported that he was using a 98% collection rate on the debt service tax. He said that the District could go to \$.22 at a 98% collection basis on the debt service. Next year the debt service tax will have to be restored to its former value. The current tax rate is \$.5326. A tax of \$.5490 is within the 8% increase allowable. After discussion, motion was made by Mike Dansby and seconded by Gregg Kronenberger to approve the budget as presented, the approved budget being that shaded in blue on the proposal presented by Mr. Douthitt. The motion carried unanimously.

13. ORDER SETTING THE DISTRICT'S PROPOSED TAX RATE FOR 2012 AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

Motion was made by David I. Perl and seconded by President Chet Palesko to adopt a tax rate of \$0.2290 for maintenance and operation, \$0.10 for debt service on the note being issued to ABC Bank and \$0.22 for debt service on the District's bonds. The motion included adoption of the Order Setting the District's Proposed Tax Rate for 2012 and Providing for Publication of Notice Thereof as presented, with a tax rate as described above. The motion carried unanimously.

Skipped to Item 22 at this time.

22. REVISED MUD LAND USE PLAN AND CONSENT AGREEMENT WITH SENNA HILLS, LTD AND THE CITY OF AUSTIN; INCLUDING PROPOSED OFFICE BUILDING

Allen Rhanes reported that Rip Miller had asked him to look at the District's irrigation needs. He has turned in his report. He presented a blow up of the land use plan from the Second Amended Consent Agreement. He estimates that the District needs 81-acres to serve 459 LUEs. He was estimating Weaver at 10 LUEs. He concluded that the District can serve the real number, which is 455 LUEs, without Rip Miller's school site. Currently the District is serving 428 LUEs, which leaves a 27 LUE surplus. President Chet Palesko reported that the Board is looking to identify the preference of the residents. Joe Szoo said that the HOA only had a little over half of the District's residents reporting and that the HOA is trying to get more votes in.

Rip Miller said that he wants to put forth the land plan amendment to reduce the irrigation land, which is all that he is trying to do at this point in time. In other words, Rip Miller said that he is asking to change the irrigation acreage but is not seeking to change the school designation at this point.

Skipped to Item 25 at this time.

25. LOAN AGREEMENT WITH ABC BANK AND LOAN FROM ABC BANK

Motion was made by Gregg Kronenberger and seconded by Mike Dansby to approve the Resolution Authorizing Issuance of a Promissory Note in Favor of American Bank of Commerce, Prescribing the Terms and Provisions Thereof, Making Provision for the Payment of the Interest Thereon and Principal Thereof, Authorizing the Execution of a Loan Agreement, and Related Documents, and Containing Other Provisions Relating to the Subject. The motion carried unanimously.

Motion was made by Mike Dansby and seconded by Gregg Kronenberger to authorize transfer of the District's bank accounts from Wells Fargo to American Bank of Commerce. The motion carried unanimously. Motion was then made by Mike Dansby and seconded by Gregg Kronenberger to approve the Resolution Adopting Written Procedures to Monitor Requirements of Internal Revenue Code, Section 148 as presented. The motion carried unanimously.

Motion was made by Mike Dansby and seconded by Gregg Kronenberger to authorize a draw on the American Bank of Commerce line of credit in an amount sufficient to pay the wastewater treatment plant contractor, the G Creek line extension contractor and the bills of the consultants that have been deferred. The motion carried unanimously.

14. ESTABLISHMENT OF CAPITAL IMPROVEMENT FUND

There was no discussion on this item.

15. REFUNDING OF SOME OR ALL OF THE DISTRICT'S OUTSTANDING BONDS

There was no discussion on this item.

16. DISTRICT MANAGER'S REPORT ON OPERATIONS

There was no discussion on this item.

17. ENGINEER'S REPORT

There was no discussion on this item.

18. CONSTRUCTION PROJECTS WITHIN THE DISTRICT

There was no discussion on this item.

19. THE DISTRICT'S WATER AND WASTEWATER SYSTEMS AND RULES PERTAINING THERETO

There was no discussion on this item.

20. THE DISTRICT'S WATER AND SEWER RATES

There was no discussion on this item.

21. BILLING ADJUSTMENTS

There was no discussion on this item.

23. PROVISION OF SEWER SERVICE TO EVANS WEAVER TRACT, INCLUDING CONTRACT FOR 10340 FM 2244 WASTEWATER SERVICE PROJECT

This topic was discussed earlier under Item 14.

24. LITIGATION WITH SENNA HILLS, LTD. OVER WEAVER SEWER LINE PROJECT

There was no discussion on this item.

26. TCEQ CHAPTER 210 PERMIT

This topic was discussed earlier under Item 9.

27. POSSIBLE LITIGATION TO RECOVER DAMAGES EXPERIENCED BY REASON OF THE WASTEWATER TREATMENT PLANT AND ASSOCIATED TRANSACTIONS

28. ADJOURN

The meeting was adjourned.



President, Board of Directors
Senna Hills MUD

ATTEST:



Secretary, Board of Directors
Senna Hills MUD

[SEAL]