

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 26, 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, Gregg Kronenberger, Kenneth A. Fox and David I. Perl, thus constituting a quorum. All Directors were present.

Also present at the meeting were Jerri Strain, David Ripley, Mike Willatt, Bruce Aupperle, Doug Whitt, Dave Walker, Joe Szoo and Robert Long.

3. CITIZEN COMMENTS

There were no citizen comments.

4. MINUTES OF PRIOR MEETING

Motion was made by Gregg Kronenberger and seconded by David I. Perl to approve the Minutes of the August 13, 2009 meeting. The motion carried unanimously.

5. TAYLOR LAKE EFFLUENT POND

David Ripley reported that he had to withdraw effluent from the holding pond twice a week to avoid the effluent turning septic in the lines. He was also having to irrigate the landscape around the effluent pond. He said that the pond level should be fairly stable through October.

6. TRAILS WITHIN THE DISTRICT

Dave Walker presented the proposal to build trails on the MUD's open space with a request that the MUD provide legal authorization for the HOA to build the trails and for a \$40,000

contribution. There was considerable discussion. Discussion of the Board's financial contribution was deferred until the discussion of the budget. Motion was made by Kenneth A. Fox and seconded by David I. Perl to authorize and direct the District's attorney to prepare a usage agreement with appropriate controls. The motion carried unanimously.

7. IMPLEMENTATION OF DROUGHT CONTINGENCY PLAN

There was discussion of the LCRA request to reduce usage by 25%. Jerri Strain advised that the District is currently in Stage 2, which estimates a 20% reduction of usage and that Stage 3 estimates a 30% reduction. Stage 2 still allows two days a week for irrigation, as is true for all of the LCRA retail service areas. No action was taken to change the Stage 2 status.

Jerri Strain advised that the only penalty provided in the Drought Contingency Plan is installation of a water reducing valve. Attorney Mike Willatt advised that installation of a water restriction valve was not realistic. He said that he will prepare an amendment to the rules to provide for penalties and bring it back to the September Board meeting. A summary of the rules will have to be published in the newspaper after that meeting, following which the penalties will be enforceable.

8. EXPANSION OF THE DISTRICT'S WASTEWATER TREATMENT PLANT


Bruce Aupperle reported that Firoz now wants to do the permit renewal rather than act on the preceding minor amendment. This means that the permit renewal will be a major amendment rather than a minor amendment. There was discussion as to how long this will take. Bruce Aupperle said that Firoz was probably thinking that "early" would be five to six months. Mike Willatt pointed out that 12 to 15 months would be more likely.

Attorney Mike Willatt said that he would look at the Commission rules on construction of a plant prior to permit issuance to see if it was advisable to file such an application with the TCEQ.

9. DISTRICT MANAGER'S REPORT AND PAYMENT OF DISTRICT EXPENSES AS PRESENTED BY AQUA TEXAS

David Ripley presented the management report. Jerri Strain presented the financial report. Motion was made by Mike Dansby and seconded by Greg Kronenberger to approve the checks as presented. The motion carried unanimously.

10. CONSTRUCTION PROJECTS WITHIN THE DISTRICT

Bruce Aupperle said that he is  staring on the engineering work for the lift station rehabilitation. This is the oldest and largest of the District's lift stations located on Senna Hills Drive. Attorney Mike Willatt said that he would look at the IRS Code to see if the District needed to adopt a reimbursement resolution for the cost of the design work.

11. THE DISTRICT'S WATER AND WASTEWATER SYSTEMS

Bruce Aupperle reported that there was nothing new on this item.

12. BUDGET

Mike Dansby presented the proposed budget. He also presented a proposed tax rate. There was discussion of adding the trails to the budget. Bruce Aupperle noted that if the interest rate is as expected, there will be surplus bond proceeds that may be usable for trails. The discussion moved to bond issue nos. 4 and 5 to determine the debt service needs. After discussion, motion was made by David I. Perl and seconded by Gregg Kronenberger to approve the Order Approving Budget as presented. The motion carried unanimously.

13. PROPOSED TAX RATE

Pursuant to the preceding discussion, motion was made by Gregg Kronenberger and seconded by David I. Perl to adopt the Order Setting the District's Proposed Tax Rate for 2009 and Providing for Publication of Notice Thereof, with a tax rate of \$0.50 for debt service and \$0.0774 for maintenance, as presented. The motion carried unanimously.

14. HOA WATER USAGE AND CHARGES

President Chet Palesko stated that the MUD has not billed the HOA for water. The MUD did resolve to bill the HOA if they exceeded a certain amount, but this has so far not happened.

15. ALL MATTERS RELATING TO BOND ISSUE NOS. 4 & 5

Doug Whitt presented a tax rate study on the Series 2009 bond requirements. He also presented sales of comparable district bonds so as to get a better estimate of the possible interest rates.

16. PRELIMINARY OFFICIAL STATEMENT FOR THE DISTRICT'S \$5,200,000 UNLIMITED TAX AND REVENUE BONDS, 4TH ISSUE, SERIES 2009

Doug Whitt presented the Preliminary Official Statement and asked everyone to read it and to provide comments.

17. SCHEDULE FOR ISSUANCE OF THE DISTRICT'S \$5,200,000 UNLIMITED TAX AND REVENUE BONDS, 4TH SERIES 2009

Doug Whitt presented the proposed schedule for issuance of the Series 2009 bonds. President Chet Palesko said he would stay behind with the consultants after the Board adjourned to go over the schedule.

18. ALL MATTERS CONCERNING THE "EVANS WEAVER" TRACT AND THE EVANS WEAVER LITIGATION

Kenneth A. Fox stated that Evans Weaver is back to using the property for industrial use despite his promises. Attorney Mike Willatt said that he would look at the Rule 11 Agreement to see what enforcement remedies are available to the District.

19. ADJOURN

The meeting was adjourned.



President, Board of Directors
Senna Hills MUD

ATTEST:



Secretary, Board of Directors
Senna Hills MUD



[SEAL]