

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 27, 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, Joe Szoo and Greg Kronenberger, thus constituting a quorum. All directors were present.

Also present at the meeting were Lisa McKenzie, David Malish, Robert Ferguson, Kristi Hester, Scott Manuel, Rip Miller, Kemp Gorthey, Allen Douthitt, Mike Willatt and John Chamblee.

3.     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 THE FOREGOING AND THE WEAVER SEWER LINE PROJECT

President Palesko outlined how he would proceed in talking with Rip Miller and his attorney Kemp Gorthey. President Palesko said that first the Board will ask questions, then he will open it up for the audience to ask questions, and then there would be further discussion with Rip Miller and his attorney, followed by the Board going into closed session. Kemp Gorthey then introduced himself. He said that one lawsuit involving the wastewater line has been filed. This lawsuit has been put on hold. He has Rip Miller's report on the irrigation requirements showing that the District does not need irrigation on the school tract. Mr. Gorthey said that the City and Senna Hills, Ltd. can change the land use plan without MUD approval, but the City in fact will not proceed without MUD agreement. They are thinking about suing the City to get a declaratory judgment saying that the MUD's consent is not required. President Palesko asked why the MUD is in the suit. Mr. Gorthey responded that the suit has to address all parties to the Consent Agreement.

President Palesko pointed out that the MUD's study shows that the tract is needed for irrigation.

David I. Perl asked a number of questions. He asked Mr. Gorthey if he had conducted any negotiations with the City. Mr. Gorthey responded that the engineer had done most of that.

Mr. Gorthey held up Rip Miller's last response to the proposal of the committee comprised of Chet Palesko and David I. Perl. Rip Miller had replied to each point in red ink. President Palesko asked Mr. Gorthey to read what we said, and Rip's responses. Mr. Gorthey read some of the proposals and responses. President Palesko and David I. Perl explained why the Bee Cave access is an upfront threshold requirement. There was considerable discussion of the need for Rip Miller to stipulate the Bee Cave Road access.

David I. Perl pointed out that the lawsuit is not what was presented to the City. Rip Miller replied he was taking the first step by dealing with the irrigation.

Mr. Gorthey discussed the idea of doing a development agreement, which would include deed restrictions. The agreement would be put in the hands of an escrow agent pending completion of the MUD's requirements by Rip Miller. Attorney Mike Willatt said that this could be done.

John Chamblee estimated that 80% of the homeowners are against any office building.

David I. Perl pointed out the proposed Plaintiff's Original Petition contains various misstatements. Mr. Gorthey said that he wrote down what he thought was the case, but there may be some mistakes.

Gregg Kronenberger observed that it was good to have this discussion because it verified that each side does not understand the other. Any proposal needs to be put in writing.

Mr. Gorthey said that he would rewrite Rip Miller's redlines in the response to our proposal.

David I. Perl asked questions on the wastewater line lawsuit. He asked how it said that the District's mission is to serve the subdivision. He pointed out that we serve the District. Kemp Gorthey and Rip Miller said that he did not know the Weaver tract had been annexed to the MUD.

Kemp Gorthey discussed his contention that the PUE in the lot in question is a 10-foot wide perimeter along the road. President Palesko pointed out that it is the 10-foot wide perimeter and the whole lot.

Kemp Gorthey said the owner has the right to develop the property and cannot because of the wastewater line. Rip Miller said that he agrees he cannot develop now, but he may be able to develop later.

President Palesko then announced that the Board would go into closed session.

The Board emerged from closed session, and President Palesko reopened the meeting.

President Palesko proceeded to Item No. 13, being the budget.

13. ORDER APPROVING BUDGET

Allen Douthitt pointed out his draft proposed budget. He discussed the increase of the assessed value of the homes. The budget provided three scenarios. He said that the second column in the proposed budget was based on the same tax rate as last year, being a total rate of \$.549 per \$100 of taxable value.

David I. Perl left the meeting during this discussion.

President Chet Palesko said that he did not know what the PUA would do with the treated water rate increase. Allen Douthitt said that he had factored in a 15.5% PUA increase. After discussion, motion was made by Gregg Kronenberger and seconded by Joe Szoo to adopt the Order Approving Budget, which kept the tax rate the same as last year. The motion carried unanimously.

\*\*President Palesko then moved to Item No. 14.\*\*

14. ORDER APPROVING PROPOSED TAX RATE FOR 2013 AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

Motion was made by President Chet Palesko and seconded by Gregg Kronenberger to adopt the Order Approving Proposed Tax Rate for 2013 and Providing for Publication of Notice Thereof, with the tax rate as set forth in the budget. The motion carried unanimously.

\*\*President Palesko then moved to Item No. 16.\*\*

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

Allen Douthitt went through the invoices and checks. He said that there were some customer refunds that needed to be verified. After discussion, motion was made by President Chet Palesko and seconded by Gregg Kronenberger to approve issuance of the checks as presented, subject to verification by Bott & Douthitt of the customer refunds.

There was discussion as to the September meeting. Those present had decided that the September meeting would be on September 20, 2013.

Gregg Kronenberger left the meeting at this point, so a quorum was no longer present.

After the departure of Gregg Kronenberger, there was a discussion of various items and a telephone call from Scott Cooley representing the title company on the easement at 10318 Indigo Broom Loop and adjacent property. Scott Cooley and President Palesko discussed the way the District's demand was structured. Scott Cooley said that he would get with the title company and respond by the next meeting.

23. ADJOURN

The present board members adjourned and the meeting was ended.

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

5. ACCEPT RESIGNATION BY MIKE DANSBY AND APPOINT REPLACEMENT DIRECTORS TO FILL THE UNEXPIRED TERM OF OFFICE
6. ELECTION OF OFFICERS
7. MINUTES OF PRIOR MEETINGS
8. VACATION OR MODIFICATION OF EASEMENT AT 10318 INDIGO BROOM LOOP AND ADJACENT PROPERTY
9. ALL MATTERS RELATED TO WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY
10. ENGINEER'S REPORT ON SOME OR ALL OF THE AGENDA ITEMS
11. TAYLOR LAKE EFFLUENT POND AND THE DISTRICT'S EFFLUENT DISPOSAL SYSTEM
12. THE DISTRICT'S WASTEWATER TREATMENT PLANT
15. RETAIN LEAK DETECTION COMPANY TO REVIEW WATER SYSTEM LEAKS
17. ABC LOAN AGREEMENT AND RELATED MATTERS, INCLUDING RENEWAL AND INCREASE THEREOF
18. BILLING ADJUSTMENTS
19. DISTRICT MANAGER'S REPORT ON OPERATIONS
20. CONSTRUCTION PROJECTS WITHIN THE DISTRICT, INCLUDING CHANGE ORDERS, PAY ESTIMATES AND ACCEPTANCES
21. THE DISTRICT'S WATER AND WASTEWATER SYSTEMS AND RULES PERTAINING THERETO
22. THE DISTRICT'S WATER AND SEWER RATES

*Chris Paul*

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President, Board of Directors  
Senna Hills MUD

ATTEST:

*Asst. Lisa M. Kelly*  
\_\_\_\_\_  
Secretary, Board of Directors  
Senna Hills MUD

