

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 December 15, 2006, 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 David I. Perl, Mike Dansby and Fred Garcia, thus constituting a quorum. Directors Chet Palesko and Kenneth A. Fox were absent.

Also present at the meeting were Jerri Strain, Bruce Aupperle and Robert Long.

3. CITIZEN COMMENTS

There were no citizens present at the meeting.

4. MINUTES OF NOVEMBER 15, 2006 MEETING

Motion was made and seconded to approve the Minutes of the November 15, 2006 meeting as presented. The motion carried unanimously.

5. MODIFICATIONS TO THE DISTRICT'S EFFLUENT HOLDING POND

There was discussion as to how to proceed with the modifications to the District's effluent holding pond. The District's attorney, Mike Willatt, was engaged by telephone. Taylor Woodrow has proposed a Second Amendment to Utility Construction Agreement - 2004 for Senna Hills Municipal Utility District. The Second Amendment provides the following changes to the original contract:

a. The original contract called for the Project to be constructed in the name of the District, with the construction contracts being executed by the District. In practice, this has not happened. Instead, the customary procedure for development projects has been followed. This

allows the developer to construct the projects, pursuant to TCEQ requirements, with legal title to the improvements being transferred to the District at the time of bond reimbursement. The Second Amendment modifies the agreement to reflect this practice.

b. The District will contract for construction of the improvements to the effluent holding pond. The District will contribute the \$50,000 for the cost of those improvements. Prior to execution of the contract, TWH will deposit with the District an amount equal to the successful bid, less the \$50,000 District contribution. Taylor Woodrow will be responsible for any change orders that they request, and any change orders that are due to any unforeseen sight circumstances or any unit pricing trueup.

c. Neither SHL or TWH will seek reimbursement from proceeds of the District's bonds for the cost of the improvements and they will not pursue any legal action against the District based on whole or in part of the decision of the District's Board of Directors to authorize the District's engineer to advertise for bids.

d. The Second Amendment makes changes to how the District's bond reimbursements will be distributed.

Attorney Mike Willatt advised the Board that the contract did not address the cost of any litigation by the contractor, arising out of the construction contract. The District would be responsible for those expenses so the Directors have to consider the business risk of litigation arising out of the construction project. There was discussion of the possibility of Taylor Woodrow constructing the improvements, with Taylor Woodrow's current company indemnifying the District for any damage to the pond liner.

After discussion, motion was made and seconded to approve the proposed Second Amendment to Utility Construction Agreement - 2004 for Senna Hills Municipal Utility District, subject to such changes as may be negotiated by the District's attorney and Taylor Woodrow's attorney, and to authorize the President to sign the document on behalf of the District. The motion carried unanimously.

Motion was then made and seconded to direct the District's engineer, Bruce Aupperle to advertise for bids on the contract for construction of improvements to the District's effluent holding pond. The motion carried unanimously.

6. EXPANSION OF THE DISTRICT'S WASTEWATER TREATMENT PLANT

This is a standing item and there was no discussion.

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

Jerri Strain presented the Manager's Report and the invoices. Motion was made, seconded and unanimously adopted to authorize payment of the bills.

8. SECOND AMENDMENT OF UTILITY CONSTRUCTION AGREEMENT - 2004 FOR SENNA HILLS MUNICIPAL UTILITY DISTRICT

This was addressed in paragraph 5 above.

9. WELLS FARGO PUBLIC FUNDS ADMINISTRATION AGREEMENT AND AUTHORIZATION FORMS

This agreement and the authorization forms were approved and signed, for submittal to Wells Fargo.

10. RESPOND TO AUDITOR'S QUESTIONS

Jerri Strain advised that the fraud questionnaire must be completed by each Board member and consultant. Mike Dansby instructed Jerri Strain to follow-up and make sure that each person completed the questionnaire.

11. RATE ORDER

Revisions to the District's rate order were presented to the Board. These revisions were necessary to reflect changes made earlier to the District's rates. After discussion motion was made and seconded to adopt the revised rate order as presented. The motion carried unanimously.

12. DENIAL LETTER FROM CITY OF AUSTIN REGARDING SENNA HILLS MUD WWTP SLUDGE

Since the sludge hauling from Westlake Medical Center is no longer being accepted by the District, a new application has been submitted to the City of Austin for the District's sludge to be taken to the City of Austin's facility for disposal.

13. THE DISTRICT'S WATER AND WASTEWATER SYSTEMS

This is a standing item and there was no discussion on this topic.

14. STATUS OF EVANS WEAVER

This is a standing item and there was no discussion on this topic.

15. ADJOURN

Being no other business, the meeting was adjourned.



President, Board of Directors, Senna Hill MUD

ATTEST:



Secretary, Board of Directors, Senna Hills MUD

[SEAL]