

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 18, 2012, 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, Kenneth A. Fox, Mike Dansby, David I. Perl and Gregg Kronenberger, thus constituting a quorum. All Directors were present.

Also present at the meeting were Allen Douthitt, Robert Ferguson, Jeff Garrett, Joe Szoo, Mike Willatt and Billy Kilgo.

3. CITIZEN COMMENTS

There were no citizen comments.

4. MINUTES OF PRIOR MEETINGS

David I. Perl made some corrections to the minutes. Motion was made by David I. Perl and seconded by Kenneth A. Fox to approve the minutes of the November 21, 2012 meeting as corrected. The motion carried unanimously.

5. REQUEST BY BILLY KILGO TO PURCHASE LAND FROM THE MUD
(APPROXIMATELY 8,000 SQUARE FEET) BEHIND HIS RESIDENCE

Billy Kilgo approached the Board requesting that he be allowed to purchase certain land behind his lot at 1912 Heliotrope. Kenneth A. Fox advised that the land cannot be developed in any way because it was subject to a conservation easement. Mr. Kilgo accepted that information and thanked the Board for hearing his request.

6. ORDER ESTABLISHING WATER AND WASTEWATER SERVICE RATES, CHARGES AND TAP FEES, AND ADOPTING GENERAL POLICIES WITH RESPECT TO THE DISTRICT'S WATER, WASTEWATER AND DRAINAGE SYSTEMS

Mike Willatt presented the Order Establishing Water and Wastewater Service Rates, Charges and Tap Fees, and Adopting General Policies with Respect to the District's Water, Wastewater and Drainage Systems providing the revised water rates. David I. Perl drew attention to Section 8 of the Order addressing grinder pumps. It was agreed that this section needed to be clarified so as to emphasize the fact that the District will maintain and operate grinder pumps but will bill the cost to the customer. Attached is a compare-write showing the changes. Motion was made by Mike Dansby and seconded by Gregg Kronenberger to adopt the Order as amended. The motion carried unanimously.

7. ALL MATTERS RELATED TO WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

President Chet Palesko said that he wants to spend some time on West Travis County PUA next year, particularly in an effort to avoid next year's proposed 15% rate increase.

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

Mike Dansby said that the HOA sprinklers ran continuously for several days. He contacted Jeff Garrett on Sunday afternoon who contacted Elliot, the landscaper and asked him to turn off the system. There was discussion of the fact that the HOA sprinklers are chronically running for hours at a time. This will be addressed in the 210 contract between the District and the HOA.

9. EXPANSION OF THE DISTRICT'S WASTEWATER TREATMENT PLANT

This item was not discussed.

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

Allen Douthitt presented the bookkeeper's report and discussed several proposed transfer of funds and payment of invoices. There was considerable discussion of the ST bill, most of which was for cleaning lift stations. Jeff Garrett advised that with this maintenance, the lift station should be in good shape for some time to come. He advised that some membranes in the sewage treatment plant will need to be replaced. President Chet Palesko expressed his concern that some of the costs billed by ST for maintenance should be part of the base fee. Jeff Garrett agreed to look into this. Motion was made by Gregg Kronenberger and seconded by Mike Dansby to approve the transfer of funds as requested and to approve the payment of bills as recommended by Bott & Douthitt. Pursuant to that recommendation, all ST Environmental invoices are being withheld until the results of the last two month's billings are received. The motion carried unanimously.

Jeff Garrett said that he would add a water loss report to the District Manager's report on operations. Allen Douthitt reported that he is assembling records for the auditor.

11. BILLING ADJUSTMENTS

This item was not discussed.

12. DISTRICT MANAGER'S REPORT ON OPERATIONS

Jeff Garrett said that the plant is currently running at 89% of capacity.

13. ENGINEER'S REPORT

14. APPLICATION TO THE TCEQ FOR RELEASE OF FUNDS FROM ESCROW TO REHABILITATE EFFLUENT IRRIGATION SYSTEM

15. TCEQ CHAPTER 210 PERMIT

16. CONSTRUCTION PROJECTS WITHIN THE DISTRICT, INCLUDING CHANGE ORDERS, PAY ESTIMATES AND ACCEPTANCES

Items 13, 14, 15 and 16 were heard together.

Robert Ferguson reported on Item 14, the application to the TCEQ for release of funds from escrow to rehabilitate the effluent irrigation system. Motion was made by Mike Dansby and seconded by Kenneth A. Fox to adopt the Resolution Requesting Release from Escrow of \$216,536 Plus Accrued Interest from the District's \$1,510,000 Series 2010 Bonds, and Approval of Use of those Funds for Effluent Irrigation Field Expansion and Rehabilitation Expenses as presented. The motion carried unanimously.

Mr. Ferguson also reported that there are various trenches crisscrossing the property, and construction appears to have started on a slab. The Weavers may be considering hooking up multiple structures to the grinder pump. Robert Ferguson noted that the District can ask for a copy of the site plan to evidence City of Austin approval. He stated that the grinder pump capacity is limited to 10 gpm so if the Weavers attempt to go beyond 10 gpm, it will be beyond the capacity of the grinder pump.

Robert Ferguson recommended approval of the pay request for G Creek construction contract for the grinder station and force main installation. Motion was made by Mike Dansby and seconded by Gregg Kronenberger to approve the pay request. The motion carried unanimously.

Mike Willatt stated that he would write a letter to Terry Irion cautioning as to the 10 gpm capacity.

Robert Ferguson said that he should have some information on the wastewater treatment plant next month. The 210 permit application is in preparation.

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

This item was not discussed.

18. THE DISTRICT'S WATER AND SEWER RATES

This item was discussed earlier.

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

There was discussion as to how to address Rip Miller's request for consent to the office building. The general consensus was that there should be no communication until Rip Miller's lawsuit relating to the Weaver sewer line is dismissed, and that the District is reimbursed for its legal costs in connection with that lawsuit.

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

This item was discussed earlier.

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

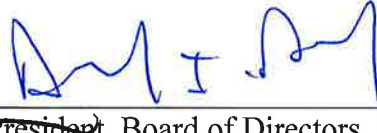
Mike Willatt advised that the parties argued the Motion for Partial Summary Judgment and that the Judge took the matter under advisement. A decision from the Judge has not yet been received.

22. LICENSE AGREEMENT WITH TRAVIS COUNTY FOR MAINTENANCE OF SENNA HILLS RIGHT-OF-WAY LANDSCAPING AND IMPROVEMENTS

Mike Willatt reminded the Board that the HOA attorney had suggested that the MUD pursue an amendment to the license agreement with Travis County. Mr. Willatt advised that this would be expensive. There was consensus that Taylor Morrison or the HOA should pursue execution of the assignment of and amendment to the license agreement.

23. ADJOURN

The meeting was adjourned.



Assistant
Secretary

President, Board of Directors
Senna Hills MUD

ATTEST:



Secretary, Board of Directors
Senna Hills MUD

[SEAL]

c. At any residence or establishment where it has been determined by a customer service inspection, that there is no actual or potential contamination hazard, as referenced in Section 290.47(i) Appendix I, Assessment of Hazards and Selection of Assemblies of the TCEQ Rules and Regulations for Public Water Systems, then a backflow prevention assembly or device is not required. Outside hose bids do require, at a minimum, the installation and maintenance of a working atmospheric vacuum breaker.

d. All backflow prevention assemblies or devices shall be tested upon installation by a TCEQ certified backflow prevention assembly tester and certified to be operating within specifications. Backflow prevention assemblies which are installed to provide protection against health hazards must also be tested and certified to be operating within specifications at least annually by a certified backflow prevention assembly tester.

e. If the District determines that a backflow prevention assembly or device is required, the District will provide the customer or applicant with a list of TCEQ certified backflow prevention assembly testers. The customer will be responsible for the cost of the installation and testing, if any, of backflow prevention assembly or device. The customer should contact several qualified installers to compare prices before installation. The customer must pay for any required maintenance and annual testing and must furnish a copy of the test results demonstrating that the assembly is functioning properly to the District within 30 days after the anniversary date of the installation unless a different date is agreed upon.

8. Grinder Pumps.

Prior to installation of Sewer Service Lines, a customer must apply to the District's Representative for a determination as to whether or not a Grinder Pump will be required to be installed on the customer's property as a condition for sewer service. In the event a Grinder Pump is required for sewer service, the District's Representative shall determine the type and size of Grinder Pump to be installed. Any pressurized sewer lines or other sewer lines located within the customer's house or on the customer's property up to ~~and including the check valve at the street~~ the Grinder Pump that discharges wastewater into the District's wastewater collection system shall not be a part of the grinder pump system and is a part of the home plumbing. Such sewer lines shall not be maintained by the District and shall be the sole responsibility of the customer for design, installation, maintenance and operation. At the time a customer pays his sewer tap fee to the District's Representative, the customer shall execute the District's standard Service Agreement ("Agreement"), to be promulgated by the District's Representative. No water or sewer service shall be provided to a customer until any required Grinder Pump has been installed and the Agreement has been executed by the Customer. The Customer shall pay for the cost of operating the Grinder Pump. The District shall maintain and repair or replace the Grinder Pump, at the cost of the Customer, and shall bill the Customer by including the actual charges on the Customer's utility bill.

9. Site Plan Review Fee.