

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 February 19, 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, 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 Joe Szoo, David Malish, Allen Douthitt, Jeff Garrett, Robert Ferguson, Mike Willatt and Scott Cooley.

Terry Irion joined the meeting at a later time.

3. CITIZEN COMMENTS

There were no citizen comments.

4. MINUTES OF PRIOR MEETINGS

David I. Perl pointed out several corrections to the minutes. Motion was made by Gregg Kronenberger and seconded by David I. Perl to approve the minutes of the January 22, 2013 meeting as amended. The motion carried unanimously.

5. VACATION OR MODIFICATION OF EASEMENT AT 10318 INDIGO BROOM LOOP AND ADJACENT PROPERTY

This item was postponed until later in the meeting.

6. DISTRICT'S ANNUAL AUDIT

Mike Dansby reported that the District's annual audit is not yet ready for consideration.

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

President Chet Palesko asked Mike Willatt about the proposed legislation changing the structure of West Travis County-PUA. Mike Willatt advised that it was basically converting West Travis County-PUA to something between Senna Hills MUD on the one hand and the LCRA on the other. President Palesko is on the wholesale rate study committee and reported on the status.

8. ENGINEER'S REPORT ON SOME OR ALL OF THE AGENDA ITEMS

Robert Ferguson presented his memo as included in the agenda package. He brought the application for the 210 permit. He said that last month he talked about all three basins going into equalization. Murfee Engineering is now looking at two basins in equalization and keeping the other one for chlorination and storage for delivery to the HOA irrigation system.

Mr. Ferguson reported that Jeff Garrett had found an inexpensive cover for the plant. He also said that Jeff Garrett is looking into smoke testing.

ST found a break in a vacant lot off of Strawflower, due to a rotten copper line. The water loss was a large part of the District's water loss problem. Mike Dansby noted that it seemed that the cost of the work authorized at the last meeting may be lower than anticipated. He noted that with current rates and maintenance tax, the District can stand \$15,000 per month for maintenance. He also noted that it now appears that it will be difficult to get into the irrigation money because of the needs of the irrigation system. Mike Dansby said that he would talk to Doug Whitt about the possibility of new money and refunding.

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

Allen Douthitt presented his financial report and the invoices to be paid. Motion was made by Mike Dansby and seconded by Gregg Kronenberger to approve sending certain overdue accounts to collection. The motion carried unanimously. Motion was made by Mike Dansby and seconded by Gregg Kronenberger to pay the invoices as presented. The motion carried unanimously.

President Chet Palesko then returned to Item No. 5.

5. VACATION OR MODIFICATION OF EASEMENT AT 10318 INDIGO BROOM LOOP AND ADJACENT PROPERTY

Scott Cooley said that he is with the in-house litigation group with Fidelity Title Insurance. He works for Fidelity National Title Group. However, if he is appointed, his fiduciary responsibility

will be to the insured, being the McKenzies and Marshs. Both homeowners are concerned about the effect of the easement when they sell their houses.

Terry Irion advised that he represents Sarah Gibb, who sold the house to the McKenzies. At that time, the title insurance was with Chicago Title. Two weeks before closing, they found out about the separate easement. Chicago Title missed it when the house was built. The closer said that they would have a covered claim and did not tell her that she should file the claim while she was still the owner. Chicago Title said they would write a title policy not accepting the easement. The buyer then sought and received a \$16,000 discount from Sarah Gibb.

Mr. Irion reported that he is working on a claim against the title company.

There was discussion of the fact that the easement runs under the house. The pipe is on or close to the boundary line. Mr. Marsh wants to sell his house but does not think he can with the easement. He has filed a claim against the title company. Scott Cooley said that he would get with Fidelity and make a proposal in the future. Terry Irion and Scott Cooley then left the meeting.

12. ABC LOAN AGREEMENT AND RELATED MATTERS, INCLUDING RENEWAL AND INCREASE THEREOF

Allen Douthitt confirmed that the District will repay the ABC Bank loan, and then re-borrow in a couple of months.

13. BILLING ADJUSTMENTS

This is a standing item. There was no discussion.

14. DISTRICT MANAGER'S REPORT ON OPERATIONS

Jeff Garrett said the plant is still foaming. Lift stations have been cleaned and they have not found any more leaks. The roof cover for the plant can be built for about \$4,700.

15. TCEQ CHAPTER 210 PERMIT

Robert Ferguson presented the Chapter 210 permit application. Motion was made by Gregg Kronenberger and seconded by Mike Dansby to authorize the President to sign the permit application on behalf of the District. The motion carried unanimously.

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

Robert Ferguson presented the land plan on which Evans Weaver drew his wastewater collection lines. It was noted that it included a provision for donkeys. David Malish agreed to get with the City of Austin's Environmental inspector to look into installing the service lines without a site plan. Mike Willatt said that he would review previous correspondence with Terry Irion.

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 not discussed.

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

The Board reviewed a letter from Axiom Engineering dated January 31, 2013 to the City of Austin requesting changes to the Consent Agreement. The Board authorized Mr. Willatt to write to the City of Austin review team expressing the fact that the District is not prepared to consent to these changes at this time.

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

This item was not discussed.

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

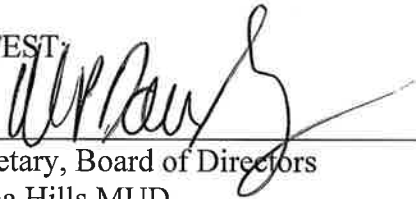
This item was not discussed.

22. ADJOURN



President, Board of Directors
Senna Hills MUD

ATTEST:



Secretary, Board of Directors
Senna Hills MUD

[SEAL]

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