

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 June 18, 2012, 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. Mike Dansby presided over the meeting.

2.     ROLL CALL OF DIRECTORS

A roll call of the Directors was taken. The Directors present were Kenneth A. Fox, Mike Dansby, David I. Perl and Gregg Kronenberger, thus constituting a quorum. President Chet Palesko was absent.

Also present at the meeting were Robert Ferguson, David Ripley, Jerri Strain, Allen Douthitt, Mike Willatt, Brent Reeh and Michael Slack.

3.     CITIZEN COMMENTS

No comments were offered.

4.     MINUTES OF PRIOR MEETINGS

Robert Ferguson noted a typographical error in Item No. 14. Motion was made by David I. Perl and seconded by Gregg Kronenberger to approve the minutes of the May 14, 2012 meeting as corrected. The motion carried unanimously.

\*\*Mike Dansby moved to Item 24.\*\*

24.    “WILL SERVE LETTER” FOR TAYLOR MORRISON RESUBDIVISION AND  
“CUT AND FILL” VARIANCE

Michael Slack appeared for Taylor Morrison. Mike Willatt explained that Taylor Morrison had asked Aqua Texas for a “will serve” letter with respect to some replatting and variances that Taylor Morrison was seeking from the City of Austin. Aqua Texas had informed Taylor Morrison that it had to pay the LCRA impact fees in advance. Mike Willatt explained that was not consistent

with what the District does. After discussion, there was a general consensus that the “will serve” letter should be issued. Kenneth A. Fox signed the letter and it was delivered to Michael Slack on behalf of Taylor Morrison.

**\*\*Mike Dansby moved to Item 16.\*\***

16. THE DISTRICT’S WATER AND WASTEWATER SYSTEMS AND RULES PERTAINING THERETO

President Chet Palesko joined the discussion by telephone.

Mike Dansby moved to this item to discuss the enforcement action filed against the District by the TCEQ. Mike Willatt explained the history of the TCEQ policy for bringing enforcement actions, and the matrix used to attempt to assess penalties on an objective basis. President Chet Palesko agreed to call the contact person at the TCEQ to discuss the inappropriateness of the action and to seek relief.

**\*\*Mike Dansby moved to Item 7.\*\***

7. AQUA TEXAS BUSINESS RELATIONSHIP

Brent Reeh appeared on behalf of Aqua Texas. He said that Aqua Texas needs payment. Kenneth A. Fox questioned the payment on the basis that Aqua Texas was saving money by having been relieved of the bookkeeping responsibilities. Mike Dansby explained the District’s financial condition and asked if payment in 30 days would suffice. Brent Reeh said it would. Mike Dansby said that the District intends to obtain a loan from ABC Bank and that if anything changes to where it might not be available in 30 days, he will so notify Brent Reeh.

President Chet Palesko said that he will draft the letter that is required by Aqua Texas and get with Glen Lewis on the wording of the letter.

**\*\*Mike Dansby moved to Item 6.\*\***

6. OPERATIONS MANAGEMENT COMPANY SEARCH

Gregg Kronenberger reported that he had sent a request for proposals to ST Environmental and Crossroads. After discussion, Gregg Kronenberger said that he will send a request for proposal to Aqua Texas.

Gregg Kronenberger said that he expects to have proposals ready by the next meeting. There was discussion as to how the transition will work. The major time constraint is that there has to be a joint meter reading so that the current company can send its final bill and the new company will have its starting point. It was noted that the next meeting is scheduled for July 16, 2012. After discussion, motion was made by Kenneth A. Fox and seconded by Mike Dansby to authorize David I. Perl and Gregg Kronenberger to hire a new operator if some emergency or special need requires

that action before the next Board meeting. There was discussion of the fact that David I. Perl and Gregg Kronenberger do not expect to hire an operator in the absence of some emergency. The motion carried unanimously.

**\*\*Mike Dansby moved to Item 25.\*\***

25. LOAN AGREEMENT WITH ABC BANK AND LOAN FROM ABC BANK

Mike Dansby reported on his discussions with ABC Bank and his intent to get a revolving line of credit of up to \$200,000. He noted that the District could only issue a tax revenue note for one year so if it was not feasible to pay off the loan in its entirety, he expects that the note will be renewed from year to year and be paid off in about three years. After discussion, motion was made by Gregg Kronenberger and seconded by David I. Perl to authorize Mike Dansby and President Chet Palesko to negotiate a loan from ABC Bank. The motion carried unanimously.

**\*\*Mike Dansby moved to Item 5.\*\***

5. WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

There was no discussion on this topic.

**\*\*Mike Dansby moved to Item 8.\*\***

8. AUSTIN ELECTRIC RATES

Mike Willatt explained that the group opposing the increase in the Austin electric rates for out of city customers has organized to get the necessary number of signatures on the petition and proceed to the PUC. He explained that in the past, the PUC has limited all rates to cost of service without any contribution to the City's general fund or other projects. No action was taken.

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

There was no discussion on this topic.

10. EXPANSION OF THE DISTRICT'S WASTEWATER TREATMENT PLANT

This was discussed in the engineer's report.

11. PAY ESTIMATES AND CHANGE ORDERS FOR WASTEWATER TREATMENT PLANT CONSTRUCTION CONTRACT

No action was required.

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

Allen Douthitt presented the bookkeeper's report including payment of the bills. After discussion, motion was made by Gregg Kronenberger and seconded by David I. Perl to approve payment of the bills as presented. The motion carried unanimously.

13. DISTRICT MANAGER'S REPORT ON OPERATIONS

David Ripley presented the operations report. It was noted that sludge hauling came in at \$5,000. This proved to be two months of bills. The same was true of the \$5,000 lab fees.

David Ripley reported that the City of Austin Consent Agreement requires a lot of what is probably unnecessary testing. Mike Willatt said that he will review the Consent Agreement so that the District can take up with the City of Austin the concept of reducing the required testing.

14. ENGINEER'S REPORT

- a. Wastewater Treatment Plant
- b. Effluent Irrigation System
- c. Weaver Wastewater Service
- d. Escrow Release Change in Scope Application

Robert Ferguson presented the engineer's report. He noted on page 6 of his report, that the connections between the two basins have helped a lot in the plant operation. He also noted that the 2010 bond issue escrowed \$200,000 for repair and rehabilitation of the effluent system. He said that he had talked with David Ripley and the fact is that the irrigation system requires repair and rehabilitation. It is therefore not possible to recommend reallocation of these funds until the extent of repair and rehabilitation has been determined. Robert Ferguson reported that he will look at the TCEQ file to see if there has been any prior correspondence on a 210 permit. Of the amount in escrow, \$217,000 is being held to repair and rehabilitate the effluent irrigation system.

Mr. Ferguson reported that the City of Austin has installed a pole on the Weaver property and that the contractor will be out today to connect the grinder pump to the electrical supply. The contractor can then test the system. Mr. Ferguson stated that the contractor will probably be ready to present the system as complete at the next meeting.

Mr. Ferguson then reported on the process to authorize release of funds from escrow and use of those funds to reimburse the operations account. After discussion, motion was made by Gregg Kronenberger and seconded by David I. Perl to approve the Resolution Requesting Release from Escrow \$48,321 Plus Accrued Interest from the District's \$1,820,000 Series 2004 Bonds and Approval of Use of those Funds to Reimburse Certain Expenses Paid out of the District's Operating Account, as presented. The motion carried unanimously.

15. CONSTRUCTION PROJECTS WITHIN THE DISTRICT

There was no discussion on this topic.

17. THE DISTRICT'S WATER AND SEWER RATES

There was no discussion on this topic.

18. BILLING ADJUSTMENTS

There was no discussion on this topic.

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

There was no discussion on this topic.

20. LETTER TO TXDOT REQUESTING APPROVAL OF AN ENTRANCE OFF BEE CAVES ROAD FOR THE PROPOSED SENNA HILLS OFFICE PARK

There was no discussion on this topic.

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

There was no discussion on this topic.

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

There was no discussion on this topic.

23. APPLICATION TO TCEQ TO AUTHORIZE USE OF SURPLUS BOND PROCEEDS AND RELEASE OF SAME FROM ESCROW

This topic was discussed earlier under Item 14.

26. TCEQ CHAPTER 210 PERMIT

This topic was discussed earlier under Item 14.

\*\*The Board then went into Closed Session to discuss threatened litigation with Aqua Texas.\*\*

The Board emerged from Closed Session and confirmed that no action had been taken.

27. ADJOURN

The meeting was adjourned.



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President, Board of Directors  
Senna Hills MUD

ATTEST:



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Secretary, Board of Directors  
Senna Hills MUD

