

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 May 22, 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, Mike Dansby, Gregg Kronenberger and Joe Szoo, thus constituting a quorum. All Directors were present.

Also present at the meeting were Mike Willatt, Robert Ferguson, Jeff Garrett, Allen Douthitt, and Lisa McKenzie.

President Chet Palesko moved to Item No. 4.

4. MINUTES OF PRIOR MEETINGS

President Chet Palesko noted that the proposed minutes for the meetings of February 19, March 20, April 1 and April 25, 2013 were presented for approval. David I. Perl noted some corrections to the February 19, 2013 meeting. After discussion, motion was made by Gregg Kronenberger and seconded by Mike Dansby to approve the minutes as amended. The motion carried unanimously.

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

President Chet Palesko noted that the District had received an offer from Scott Cooley, the attorney for the title company and homeowner, in the amount of \$20,000. He discussed the need to enter into a philosophical discussion on how to address a request for release of easements. There was discussion as to how to physically address the problem at 10318 Indigo Broom Loop. Engineer Robert Ferguson agreed to provide cost estimates of some alternatives. There was also discussion of the fact that, if the easement is reduced, there will be a need to obtain an additional easement as

originally presented on behalf of the homeowner. There was discussion of whether to act preemptively and solve the problem today, as perhaps by an insertion of a slip line in the existing line, or, whether to escrow any money received to use in the event action is necessary in the future. Jeff Garrett was in contact with a contractor at River Place with a similar project. He said that he would report back on the cost estimates from that project.

****President Chet Palesko then moved to Item No. 17.****

17. 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 WEAVER SEWER LINE PROJECT

President Chet Palesko noted that he had told Rip Miller that, because of the restriction against irrigation of land with more than 10% slope, the District had no land to give up, unless the TCEQ would change the permit to allow for irrigation of land with up to 15% slope. Rip Miller told Chet Palesko that he had Engineer Rhames working on the project. Robert Ferguson then reported that he had been contacted by Engineer Rhames who said that he had not been granted a budget to check on Robert Ferguson's calculations. There was discussion of how much the available acreage will handle. Robert Ferguson said that the existing available irrigation land will handle 80,000 gallons per day but will not handle the permitted amount of 157,000 gallons per day. With a 15% slope allowance the amount that can be handled is between 120,000 and 130,000 gallons per day. Therefore, if the District gives up the office site, which is about 14,000 gallons per day, the District will have 100,000 plus gallons per day available if it is allowed the 15% limitation. There was discussion on how to apply for a permit amendment to increase the allowable to 15% slope. One possibility was for Rip Miller to put up the money for Murfee Engineering to do that study. Another proposal was for Rip Miller to have his own engineer apply for the permit amendment with Rip Miller putting up sufficient funds for Murfee Engineering to monitor that effort. There was consensus that Chet Palesko should tell Rip Miller that the District cannot do anything, and that Rip Miller should make a proposal.

****President Palesko moved to Item No. 6.****

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

President Chet Palesko handed out a proposal from West Travis County Public Utility Agency with regard to the Minimum Bill and the Volumetric Rate, a copy of which is attached. It allows for two options. If the Board approves it, the rate will go down.

The District's contract calls for a peak daily flow rate of 900+ thousand gallons. Jeff Garrett has done a review of the historical data and concluded that the maximum daily flow to date is 535,000 gallons. President Palesko said that if the District reduces the peak daily flow rate to 575,000 gallons, there will be a significant reduction in the minimum bill.

Given the savings, the Board was interested in reducing the maximum to 575,000 gallons per day. There was discussion of how to manage the peak daily flow, involving spreading of the irrigation days over the week, so that the irrigation usage would be spread out, resulting in a reduction of the the peak daily flow. Motion was made by Gregg Kronenberger and seconded by Mike Dansby to authorize President Palesko to inform the West Travis County PUA that the District wants to reduce its peak daily flow rate to 575,000. The motion carried unanimously.

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

Robert Ferguson reported that he is looking at modifications to the wastewater treatment plant to equalize the flow through the plant, and thereby improve its performance.

President Chet Palesko then moved to Item No. 13.

13. DISTRICT MANAGER'S REPORT ON OPERATIONS

Jeff Garrett reported on the results of the smoke testing. The report was presented at the meeting. He noted several findings, such as a manhole with a berm around it. Panels have been replaced in the treatment plant. There may be some more that need replacement.

President Chet Palesko them moved to Item No. 10.

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

Allen Douthitt presented the bookkeeper's report, requesting approval of the bills and approval of certain transfers. After discussion, motion was made by Mike Dansby and seconded by David I. Perl to approve payment of the bills and the transfers as requested. The motion carried unanimously.

18. ALL ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, WITH RESPECT TO THE PROPOSED SENNA HILLS MUNICIPAL UTILITY DISTRICT UNLIMITED TAX AND WATERWORKS AND SEWER REVENUE REFUNDING BONDS, SERIES 2013

Mike Dansby reported that he had met with the due diligence team including the rate agency. The rate agency representative has advised that the District's rating is in jeopardy. If the rating is reduced, this will affect the cost of insurance. Doug Whitt will get the information when available and re-price the issue to determine if it is feasible.

19. 2013/2014 LIABILITY/PROPERTY RERATE EXPOSURE SUMMARY

Mike Willatt reported that the TML has requested its annual property rerate exposure summary. This requires that the District's facilities be identified and their costs also be identified. These numbers affect the amount of the premium and the amount of the coverage. Mr. Willatt said

that historically he had handed these requests to Aqua Texas. Robert Ferguson indicated that he had reviewed the numbers last year. Robert Ferguson undertook to address the property rerate exposure summary this year.

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

- 8. TAYLOR LAKE EFFLUENT POND AND THE DISTRICT'S EFFLUENT DISPOSAL SYSTEM
- 9. THE DISTRICT'S WASTEWATER TREATMENT PLANT
- 11. ABC LOAN AGREEMENT AND RELATED MATTERS, INCLUDING RENEWAL AND INCREASE THEREOF
- 12. BILLING ADJUSTMENTS
- 14. CONSTRUCTION PROJECTS WITHIN THE DISTRICT, INCLUDING CHANGE ORDERS, PAY ESTIMATES AND ACCEPTANCES
- 15. THE DISTRICT'S WATER AND WASTEWATER SYSTEMS AND RULES PERTAINING THERETO
- 16. THE DISTRICT'S WATER AND SEWER RATES
- 20. ADJOURN

The meeting was adjourned.



President, Board of Directors
Senna Hills MUD

ATTEST:



Secretary, Board of Directors
Senna Hills MUD



West Travis County Public Utility Agency
 FYE2014 Wholesale Customer Minimum Bill Analysis

DRAFT

Senna Hills

Comparison of Rates per Customer to Current Rates

Current Monthly Minimum	\$	4,308
Current Volumetric Rate	\$	2.77
Proposed New Monthly Minimum - 2014	\$	9,263
Proposed New Volumetric Rate	\$	2.18

Series 2013	Current Rates - No Change					Proposed New Rates				
	Minimum Bill	Volumetric Rate	Total Annual Cost	Average Monthly PUA Bill per TUE	Minimum Bill	Volumetric Rate	Total Annual Cost	Average Monthly PUA Bill per TUE		
2014	\$ 51,698	\$ 346,761	\$ 398,459	81	\$ 94,126	\$ 273,298	\$ 367,425	74		
2017	\$ 51,698	\$ 358,573	\$ 410,271	80	\$ 110,128	\$ 282,608	\$ 392,736	77		
2020	\$ 51,698	\$ 358,573	\$ 410,271	80	\$ 119,857	\$ 282,608	\$ 402,464	79		
2023	\$ 51,698	\$ 358,573	\$ 410,271	80	\$ 119,857	\$ 282,608	\$ 402,464	79		
2033	\$ 51,698	\$ 358,573	\$ 410,271	80	\$ 119,857	\$ 282,608	\$ 402,464	79		

*Analysis does NOT include future CIP projects which may be necessary to meet 27 MGD planned capacity, which would also be added to this cost when facilities are funded through future debt issuances. The analysis also does not include future increases in O&M costs.

** This analysis has been provided as an estimate ONLY and is in no way a guarantee of rates and fees.

*** Current rates have been provided for comparative purposes - however, it is unlikely that if the proposed new methodology is not utilized to arrive at rates and fees, that current rates will remain the same.