

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 November 26, 2008, 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 Chet Palesko, Kenneth A. Fox and David I. Perl, thus constituting a quorum. Mike Dansby and Gregg Kronenberger were absent.

Also present at the meeting were Mike Willatt, Bruce Aupperle, Jerri Strain, Steve Bowers and David Merritt.

3.     CITIZEN COMMENTS

There were no citizens present.

4.     MINUTES OF PRIOR MEETING

Motion was made by Kenneth A. Fox and seconded by David I. Perl to approve the minutes of the October 14, 2008 meeting as presented. The motion carried unanimously.

5.     DAVID L. MERRITT, P.C. AUDIT ENGAGEMENT LETTER, INCLUDING CONTROL ENVIRONMENT AND RISK ASSESSMENT

David Merritt explained that the American Institute of Public Accountants has adopted additional requirements for audit procedures. He has furnished a questionnaire to the District's Manager. Mr. Merritt presented a Control Environment and Risk Assessment for consideration by the Board. Motion was made by David I. Perl and seconded by Kenneth A. Fox to adopt the Control Environmental and Risk Assessment document as presented and authorize the President to sign same. The motion carried unanimously. David Merritt presented his engagement letter. Motion was made by David I. Perl and seconded by Kenneth A. Fox to approve the engagement letter and

authorize execution by the President. The motion carried unanimously.

6. HOA WATER USAGE AND CHARGES

President Chet Palesko stated that the HOA has done well on its water consumption this year. The District is still waiting on a counterproposal from the HOA, which will be used by the District's attorney, Mike Willatt to prepare a letter agreement.

7. EXPANSION OF THE DISTRICT'S WASTEWATER TREATMENT PLANT

Bruce Aupperle reported that the City of Austin approved Bond Issue No. 4. The District's financial advisor, Doug Whitt, advises waiting on selling the bonds until April because the current interest rate is projected to be 6.5%. Mr. Aupperle reported that this will not be a significant delay because it will be the first of the year before the TCEQ authorizes sale of the bonds.

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

Jerri Strain presented the manager's report. Motion was made by Kenneth A. Fox and seconded by David I. Perl to approve payment of the bills as presented. The motion carried unanimously.

9. ALL MATTERS RELATING TO BOND ISSUE NOS. 4 & 5

Attorney Mike Willatt reported that the TCEQ requires the Board to approve a new Resolution Authorizing Application to the TCEQ for Approval of Bond Issue No. 4, because the TCEQ staff wants the Resolution to include requesting waiver of the 30% developer contribution and the market study by reason of the fact that, after issuance of the bonds, the certified assessed value will be in excess of ten times the amount of authorized bonds. Motion was made by Kenneth A. Fox and seconded by David I. Perl to adopt the Resolution as presented. The motion carried unanimously. Mr. Willatt then presented the Resolution Authorizing Application to the TCEQ for Approval of Bond Issue No. 5. Motion was made by Kenneth A. Fox and seconded by David I. Perl to adopt the Resolution as presented. The motion carried unanimously.

10. RESOLUTION APPOINT INVESTMENT OFFICER

This item was discussed below.

11. CODE OF ETHICS AND FINANCIAL INVESTMENT, TRAVEL AND PROFESSIONAL SERVICES POLICY

Attorney Mike Willatt presented the Code of Ethics and Financial Investment, Travel and Professional Services Policy. He explained that this is required by Water Code and Local

Government Code. After discussion, motion was made by David I. Perl and seconded by Kenneth A. Fox to adopt the Code of Ethics and Financial Investment, Travel and Professional Services Policy as presented. The motion carried unanimously. Motion was then made by David I. Perl and seconded by Kenneth A. Fox to adopt the Resolution Appointing Investment Officer (Jerri Strain) as presented. The motion carried unanimously.

12. RAW WATER CONTRACT WITH LCRA

Jerri Strain recommended that the District approve the new LCRA Raw Water Contract. She advised that she is requesting a letter amendment to increase the amount from 210 acre-feet per annum to 230 acre-feet per annum. Motion was made by Kenneth A. Fox and seconded by David I. Perl to approve the new LCRA Raw Water Contract and to authorize the President to sign same on behalf of the District. The motion carried unanimously.

13. CONSTRUCTION PROJECTS WITHIN THE DISTRICT

Bruce Aupperle reported that Section 9 is under construction. When it is completed, so far as the residential construction is considered, the District will be built out.

14. THE DISTRICT'S WATER AND WASTEWATER SYSTEMS

This item was not discussed.

15. EVANS WEAVER LITIGATION, INCLUDING RULE 11 T.R.C.P. MEDIATED SETTLEMENT AGREEMENT AND ANNEXATION OF THE "EVANS WEAVER" TRACT

President Chet Palesko announced that the Board would go into executive session at 7:54 a.m. to discuss the Evans Weaver litigation, pursuant to the provisions of Section 551.071, Government Code. The Board returned to open session at 8:25 a.m. No action was taken.

16. ADJOURN

The meeting was adjourned.

  
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President, Board of Directors  
Senna Hills MUD

ATTEST:



Secretary, Board of Directors  
Senna Hills MUD

