

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 October 18, 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, Gregg Kronenberger, Joe Szoo and Lisa McKenzie, thus constituting a quorum. All Directors were present.

Also present at the meeting were Rip Miller, Kemp Gorthey, John Chamblee, Lance Lackey, Kristi Hester, Scott Manuel, Allen Douthitt, David Malish, Robert Ferguson and Mike Willatt.

3. CITIZEN COMMENTS

There were no citizen comments.

****President Chet Palesko moved directly to Item No. 22****

22. 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 THE FOREGOING AND THE WEAVER SEWER LINE PROJECT

There was a brief conversation between President Palesko, Rip Miller and Kemp Gorthey. The Board then went into closed session.

The meeting was re-opened and Kemp Gorthey and Rip Miller came back into the room. There was discussion amongst the Board members, John Chamblee, Lance Lackey, Rip Miller and Kemp Gorthey. Kemp Gorthey said that based on that discussion, he would send a revised version of the Settlement Agreement.

President Chet Palesko then moved to Item No. 13

13. THE DISTRICT'S WASTEWATER TREATMENT PLANT

President Palesko addressed the pressing problems at the District's wastewater treatment plant. Kristi Hester and Scott Manuel explained that they were going through a trial and error process to discover the problem, but had not yet been able to diagnose what the problem might be. David Malish said that he has been gathering data. He said that the plant is at 80% capacity, so the District is in design as required by the 75/90 rule. David Malish explained the need to expand the plant from .08 to .10. The permit allows .08 as the first phase and .157 as the next phase. He does not want to give up the .157 permit amount. He will therefore recommend applying for a minor amendment to make the next phase to .10.

Mr. Malish reported that they had looked at three options, namely:

1. Stay with the existing membrane plant.
2. Convert to a conventional plant.
3. Put in a parallel plant.

Mr. Malish reported that converting to a conventional plant had problems. The tanks are not deep enough. Instead of being the usual 12', they are only 8' deep. He did say that the tankage is sufficient to go to .10 with the membrane technology. The main concern is to correct the aeration.

Mr. Malish went on to say that since the existing tankage can support an increase to .10 mgd, some new membranes have come out that offer hope. The immediate problem is to diagnose the current problem. He thinks that the problem is caused by lack of aeration. This can be fixed by a couple of blowers and better air diffusion. He stresses the need to apply for a minor amendment to go from 0.8 to 0.10 mgd. If the District goes to improved aeration and installation of the new membranes, the 0.10 mgd capacity can be reached with the existing facilities. Mr. Malish said that it would be best to wait until next spring to see if additional equalization tanks are needed to take the stress off of the plant.

President Chet Palesko stressed the need to address the immediate problem. He asked ST to report to the Board on a daily basis about problems and solutions at the plant. Kristi Hester said that ST would do so.

There was a discussion of the line of credit from ABC Bank. Kristi Hester said that in some cases, ST has advanced funds to help districts who have taxing authority.

After discussion, the Board resolved to hold a special meeting on the following Friday to discuss the plant problems.

President Chet Palesko then moved to Item No. 5

5. ELECTION OF OFFICERS

Mike Willatt explained that Lisa McKenzie had been appointed as Assistant Secretary when in fact she should have been appointed Secretary since Mike Dansby, the former Secretary had resigned. Motion was made by President Chet Palesko and seconded by Gregg Kronenberger to appoint Lisa McKenzie as Secretary and Joe Szoo as Assistant Secretary. The motion carried unanimously.

6. INSURANCE COVERAGE THROUGH TML

Lisa McKenzie reported that she and Joe Szoo had increased the District's errors and omissions policy to \$3 million per event and \$6 million per annual aggregate. There was discussion of whether the District should increase its general liability coverage as well. After discussion, motion was made by President Chet Palesko and seconded by Gregg Kronenberger to increase the District's general liability coverage to \$3 million per event and \$6 million per annual aggregate. The motion carried unanimously.

7. AUDIT ENGAGEMENT LETTER SUBMITTED BY DAVID MERRITT

The audit engagement letter and Control Environmental and Risk Assessment were discussed. After discussion, motion was made by Gregg Kronenberger and seconded by Lisa McKenzie to authorize the President to sign the audit engagement letter and the Control Environmental and Risk Assessment on behalf of the District. The motion carried unanimously.

President Chet Palesko then moved to Item No. 9

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

President Palesko discussed the letter from Don Rauschuber on the rate increase. There was a general consensus that the rate increase was a break even, and perhaps a little less. The Board will wait to do anything until after the PUA acts on the proposal.

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

Robert Ferguson reported that he had submitted the effluent irrigation plans to Travis County. An expansion of the irrigation is required under the permit. The check for the Travis County filing fee is in the checks to be authorized at this meeting.

11. AUTHORIZE PRESIDENT TO REQUEST RELEASE OF FUNDS FROM ESCROW

Robert Ferguson explained the need to apply to release funds from escrow. After discussion, motion was made by Gregg Kronenberger and seconded by Lisa McKenzie to authorize the President to sign a request for release of funds from escrow. The motion carried unanimously.

Robert Ferguson reported that the increase in irrigation area would reach Senna Hills Drive and that this will be sufficient to serve 0.10 mgd sewage treatment capacity.

President Chet Palesko asked Robert Ferguson to report at the next meeting on what capacity can be served by irrigation of the arch between Senna Hills Drive and Bee Cave Road. Robert Ferguson said he would do so.

President Chet Palesko then moved to Item No. 15

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

Allen Douthitt handed out the financial report and went through same with the Board. Kristi Hester said that she would talk to the TML about the reimbursement for the lighting strike on the lift station. After discussion, motion was made by Gregg Kronenberger and seconded by Lisa McKenzie to approve payment of the bills and issuance of the checks. The motion carried unanimously.

Mike Willatt discussed the TML settlement offer of \$7,159.49 on the lightning strike to the lift station. Kristi Hester explained that the TML disallowed some overtime and perhaps some other matters. Motion was made by Gregg Kronenberger and seconded by Joe Szoo to authorize President Chet Palesko to sign the settlement agreement on behalf of the District, but for Mike Willatt to hold it in escrow until Kristi Hester has checked out the omissions and, if necessary, discussed them with TML. The motion carried unanimously.

24. ADJOURN

President Chet Palesko adjourned the meeting.

THE FOLLOWING ITEMS WERE NOT DISCUSSED.

4. MINUTES OF PRIOR MEETINGS

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

12. TAYLOR LAKE EFFLUENT POND AND THE DISTRICT'S EFFLUENT DISPOSAL SYSTEM
14. RETAIN LEAK DETECTION COMPANY TO REVIEW WATER SYSTEM LEAKS
16. ABC LOAN AGREEMENT AND RELATED MATTERS, INCLUDING RENEWAL AND INCREASE THEREOF
17. BILLING ADJUSTMENTS
18. DISTRICT MANAGER'S REPORT ON OPERATIONS
19. CONSTRUCTION PROJECTS WITHIN THE DISTRICT, INCLUDING CHANGE ORDERS, PAY ESTIMATES AND ACCEPTANCES
20. THE DISTRICT'S WATER AND WASTEWATER SYSTEMS AND RULES PERTAINING THERETO
21. THE DISTRICT'S WATER AND SEWER RATES
23. CITY OF AUSTIN CONSENT AGREEMENT REQUIREMENT FOR DEDICATION OF LAND BY SENNA HILLS, LTD.


U. I. M. = President, Board of Directors
Senna Hills MUD

ATTEST:


Secretary, Board of Directors
Senna Hills MUD

[SEAL]