

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 September 20, 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 and Joe Szoo, thus constituting a quorum. Gregg Kronenberger was absent.

Also present at the meeting were Lisa McKenzie, Scott Manuel, Kristi Hester, Allen Douthitt, David Malish, Venkat Mallya and John Chamblee.

3. CITIZEN COMMENTS

There were no citizen comments.

4. ACCEPT RESIGNATION BY MIKE DANSBY AND APPOINT REPLACEMENT DIRECTORS TO FILL THE UNEXPIRED TERM OF OFFICE

Motion was made by Joe Szoo and seconded by David I. Perl to accept the resignation of Mike Dansby and to appoint Lisa McKenzie to serve the remainder of his unexpired term. The motion carried unanimously. Lisa McKenzie executed the Statement of Appointed Officer and took the Oath of Office.

5. ELECTION OF OFFICERS

Motion was made by President Chet Palesko and seconded by Joe Szoo to keep the current officers in place, and to appoint Lisa McKenzie as Assistant Secretary. The motion carried unanimously.

6. MINUTES OF PRIOR MEETINGS

The minutes of the meetings of July 18, 2013 and August 27, 2013 were presented for consideration. David I. Perl made certain corrections to the August meeting minutes. Motion was made by President Chet Palesko and seconded by Joe Szoo to approve the July minutes as presented. The motion carried unanimously. Motion was then made by David I. Perl and seconded by Joe Szoo to approve the August minutes as amended by David I. Perl. The motion carried unanimously.

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

President Chet Palesko advised that he was waiting on a reply from Scott Cooley.

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

President Chet Palesko discussed the recent impact fee meeting and the lack of information on what the PUA rates will become.

President Chet Palesko moved to Item No. 11.

11. THE DISTRICT'S WASTEWATER TREATMENT PLANT

David Malish advised that the permit capacity in the wastewater treatment plant is 157,000 gallons a day, but that the District only needs between 100,000 and 110,000 gallons per day, even if the office building moves forward. He indicated that reducing the permit from 157,000 to 110,000 would be a minor amendment.

David Malish reported that he wants to take a look at different technologies. The District can continue to use the existing tanks, if it changes from membrane technology to the previous technology.

David Malish advised that the plans for the irrigation system have to be approved by Travis County before they can be submitted to the TCEQ.

12. PUBLIC HEARING ON TAX RATE

President Chet Palesko opened the public hearing on the tax rate. No citizens appeared and hearing no comments, President Palesko closed the public hearing.

13. ORDER APPROVING THE DISTRICT'S APPRAISAL ROLL AND SETTING THE DISTRICT TAX RATE FOR 2013

There was discussion of the tax rate for 2013. Motion was made by David I. Perl and seconded by President Chet Palesko to adopt the Order Approving the District's Appraisal Roll and

Setting the District's Tax Rate for 2013 as presented, which sets the total tax rate at \$.5490 per \$100 of taxable value. The motion carried unanimously.

President Chet Palesko then moved to Item No. 23.

23. 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

President Chet Palesko discussed the proposal on the office building and irrigation matters that had been sent by Kemp Gorthey on the preceding night. There was discussion on how to address that proposal. At the conclusion of the discussion, President Palesko advised that the committee consisting of himself and David I. Perl will report on any progress at next month's meeting.

President Chet Palesko then moved to Item No. 14.

14. RETAIN LEAK DETECTION COMPANY TO REVIEW WATER SYSTEM LEAKS

Scott Manuel reported that he had just received a report from the leak testing company during the meeting, but had not had a chance to review it. He said that in discussion with the leak testing company, a lot of the problem was caused by small leaks on the homeowner's side of the meters, with the meters not recording the flow. Kristi Hester said that she would report next month on all meters registering over 1.5 million gallons, so that they can be replaced. President Chet Palesko reminded the Board that the District previously had a meter replacement program but had to stop it when the District experienced financial constraints.

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

Allen Douthitt gave the bookkeeper's report and discussed the transfers in his report. After discussion, motion was made by David I. Perl and seconded by President Chet Palesko to approve payment of the bills and to approve the transfers as reported by Allen Douthitt. The motion carried unanimously.

16. BOTT & DOUTHITT, PLLC ACCOUNTING ENGAGEMENT LETTER

Allen Douthitt explained the need for the Bott & Douthitt PLLC accounting engagement letter, arising out of peer review of their status as a CPA firm. Motion for was made by President Chet Palesko and seconded by Joe Szoo to approve execution of the engagement letter as presented. The motion carried unanimously.

President Chet Palesko then moved to Item No. 19.

19. DISTRICT MANAGER'S REPORT ON OPERATIONS

Scott Manuel gave the operations report as presented in the agenda package. Kristi Hester said that she will review the Drought Contingency Plan and send a reminder to the residents via a mailer.

24. ADJOURN

President Chet Palesko adjourned the meeting.

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

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

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

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

18. BILLING ADJUSTMENTS

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

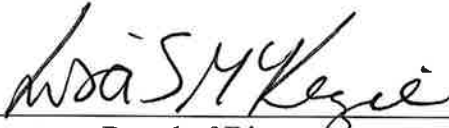
21. THE DISTRICT'S WATER AND WASTEWATER SYSTEMS AND RULES PERTAINING THERETO

22. THE DISTRICT'S WATER AND SEWER RATES



Vice-President, Board of Directors
Senna Hills MUD

ATTEST:



Secretary, Board of Directors
Senna Hills MUD

[SEAL]