

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 February 19, 2014, 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 Mike Willatt, John Chamblee, Robert Ferguson, Kristi Hester and Robert White.

3. CITIZEN COMMENTS

No citizens were present.

4. MINUTES OF PRIOR MEETINGS

Lisa McKenzie and David I. Perl presented proposed revisions to the minutes. After discussion, motion was made by David I. Perl and seconded by Gregg Kronenberger to approve the minutes as revised. The motion carried unanimously.

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

Lisa McKenzie said that she is trying to identify the replacement for Scott Cooley so as to close out the transaction.

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

President Chet Palesko said he is on the PUA impact fee committee and that they are not considering changing any impact fees this year, but expects to do so next year.

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

Robert Ferguson presented the engineer's report. He said that he is finalizing the application to release the escrow funds. There was much discussion as to what acreage could be irrigated in the absence of a permit amendment. Mr. Ferguson said that he went to the plant visit with Ovivo and the ST representatives. The man that designed the program for the plant recently died so that is a problem. Robert is talking to people at Municipal Pump and Controls to see who the deceased's successor is. Kristi Hester said that there are probably other vendors who can address the controls. She also described what happened in October when the sludge hauling bills totaled \$100,000. She said that the pumps would not keep a prime. They thought it had to be an air leak. They did a lot of plumbing to fix it and changed out the pump. Things began to improve when the membranes were changed. Robert Ferguson announced that Ovivo took the expected position that nothing was wrong with the membranes, but he said that was not accurate. There was extensive discussion of the problems with the plant. President Chet Palesko asked if we have confidence that ST has the expertise to run the plant, and he also asked whether the MUD should bear all the costs of the sludge hauling problems. Mrs. Hester said that she cannot guarantee anything because the plant has issues and, more important, it is running at capacity.

There was much discussion of the irrigation needs. Robert Ferguson noted that the permit comes up for renewal this year. There was discussion of billing Senna Hills, Ltd., for one-half of the recent fine.

President Chet Palesko moved to Item No. 19

19. REFUNDING OF THE DISTRICT'S BONDS, INCLUDING RESOLUTION AUTHORIZING THE ISSUANCE OF SENNA HILLS MUNICIPAL UTILITY DISTRICT UNLIMITED TAX AND WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2014, PRESCRIBING THE TERMS AND PROVISIONS THEREOF, MAKING PROVISION FOR THE PAYMENT OF THE INTEREST THEREON AND PRINCIPAL THEREOF, AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT; ESTABLISHING PROCEDURES FOR SELLING AND DELIVERING THE BONDS; AND AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS

Robert White appeared from Southwest Securities. He handed out a document indicating that currently a refunding would result in a savings of approximately \$475,000. There was discussion

as to whether the pricing officer should have any limitation, but instead should be allowed to make a decision when the time comes. Lisa McKenzie presented typographical corrections to the Resolution Authorizing the Issuance of Senna Hills Municipal Utility District Unlimited Tax and Waterworks and Sewer System Revenue Refunding Bonds, Series 2014, Prescribing the Terms and Provisions Thereof, Making Provision for the Payment of the Interest thereon and Principal thereof, Authorizing the Execution of a Paying Agent/Registrar Agreement and an Escrow Agreement; Establishing Procedures for Selling and Delivering the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds. After discussion, motion was made by David I. Perl and seconded by Gregg Kronenberger to approve the Resolution with correction of the typos noted by Lisa McKenzie. The motion carried unanimously.

President Chet Palesko then moved to Item No. 8

8. RELEASE OF FUNDS FROM ESCROW

Robert Ferguson said that he would get a letter ready for President Chet Palesko to sign to turn into the TCEQ.

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

There was no discussion.

10. THE DISTRICT'S WASTEWATER TREATMENT PLANT

Lisa McKenzie asked about expansion of the wastewater treatment plant. Robert Ferguson noted that the District will be living with the plant as-is for at least a year.

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

Allen Douthitt noted that the line of credit expires next spring.

13. BILLING ADJUSTMENTS

There was no discussion.

14. DISTRICT MANAGER'S REPORT ON OPERATIONS

Kristi Hester said that the leak detection report was in the package. It notes two major leaks. One is at a service line, after the 4" meter serving the swimming pool. This meter was not set up as a tracking meter, unlike the irrigation meters. The loss is probably 25,000 gallons per month. The meter is designed as a pool makeup and irrigation of the area around the pool. ST is guessing

262,000 gallons a year loss. The meter was not working, but it is now and it is set up as a tracking meter. Kristi Hester thinks that this is the only meter supplying potable water to the HOA, but there could may be one other.

The other major leak was at Senna Hills Drive and Gilia. Mrs. Hester said that ST would start fixing that leak tomorrow. It will require blocking off traffic and reducing the lanes available.

She described leaks at two fire hydrants, which were gasket leaks and have been fixed.

There was discussion of the leaks in the meters on Prezia Street. There were problems at 603, 605 and 609. There was a discussion of whether this was a bad batch of meters.

David I. Perl then went on to ask about people being dunned for payment when they had in fact paid. There was a discussion of the check clearing process.

President Chet Palesko moved to Item 18

18. 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 discussion of the process of producing a settlement document with input from the HOA.

President Chet Palesko moved to Item 16

16. THE DISTRICT'S WATER AND SEWER RATES

Lisa McKenzie presented some typographical corrections to the rate order. Kristi Hester presented a provision with customer service inspections. After discussion, motion was made by Gregg Kronenberger and seconded by David I. Perl to approve the rate order as amended to correct the typographical errors, and to add the customer service inspections provision. The motion carried unanimously.

David I. Perl left the meeting.

President Chet Palesko moved to Item 11***

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

Allen Douthitt presented the bookkeeper's report. He said that the District did not need to tap the line of credit. He talked about fund transfers and reviewed the checks. Motion was made by Gregg Kronenberger and seconded by Lisa McKenzie to approve payment of the bills and the fund transfers as presented. The motion carried unanimously.

Allen Douthitt then went on to discuss the financials.

There was discussion of a night meeting. President Chet Palesko and Gregg Kronenberger preferred not to do a night meeting until getting through with the Senna Hills, Ltd. issues. There was talk about picking a time in the summer to hold a night meeting.

THE REMAINING ITEMS WERE NOT DISCUSSED.

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

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

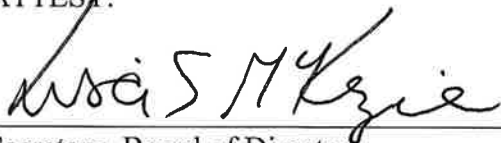
20. ADJOURN

The meeting was adjourned.



Vice President, Board of Directors
Senna Hills MUD

ATTEST:



Secretary, Board of Directors
Senna Hills MUD

[SEAL]

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