

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 March 27, 2015, the CE-Bar Fire Department, 353 South Commons Ford Road, 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

At the start of the meeting the Directors present were Chet A. Palesko, David I. Perl, Lisa McKenzie, Corey Newhouse and Joe Szoo, thus constituting a quorum. No Director was absent.

Also present at the meeting were Robert Ferguson, Allen Douthitt, Scott Manuel, Kristi Hester, and Bill Flickinger.

3. CITIZEN COMMENTS

There were no citizen comments.

4. MINUTES OF PRIOR MEETINGS

The Board reviewed the minutes from the prior Board meeting on February 27, 2015. Motion was made by David I. Perl and seconded by Lisa McKenzie to approve the minutes as presented. The motion carried unanimously.

5. VACATION OR MODIFICATION OF EASEMENT AT 10318 INDIGO BROOM LOOP AND ADJACENT PROPERTY, AND ALL RELATED ISSUES

This item was discussed in connection with Item 19 below.

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

Allen Douthitt stated that there are no current PUA matters that affect the District directly.

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

Robert Ferguson presented the Engineer's Report.

1. Robert Ferguson reported that the effluent irrigation system is functioning and that they are in the process of establishing vegetation. The retainage will be held until the vegetation has been established.
2. In connection with the wastewater treatment plant expansion, OVIVO is working on recommendations regarding the membrane system. The design will include improved screening, OVIVO-based control systems and better equalization. This should help with the consistent performance of the plant. The Board discussed whether or not it would be more advantageous to convert to a conventional treatment plant. This option will be more costly to the District than pursuing an expansion of the membrane technology. Robert Ferguson explained that the technology is continuing to develop and that given the fact that the District currently has a membrane system that it will be more cost effective to expand that system rather than convert to a conventional treatment plant.
3. The TCEQ has issued its draft notice and instructions to publish in connection with the MS4 permit renewal. Robert Ferguson will handle the necessary notices.
4. In connection with the bond application, Robert Ferguson has reported that he has started his review of the draft report.

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

Allen Douthitt presented the bookkeeper's report. Motion was made by Lisa McKenzie and seconded by Joe Szoo to authorize payment of the bills and the fund transfers as presented. The motion carried unanimously.

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

Note: Item No. 10 was discussed prior to Item No. 9.

Allen Douthitt presented the documentation for renewal of the District's line of credit with ABC Bank in the amount of \$200,000. Motion was made by David I. Perl and seconded by Lisa McKenzie to approve the renewal and execution of the promissory note to extend the line of credit. The motion carried unanimously.

9. DISTRICT MANAGER'S REPORT ON OPERATIONS

Scott Manuel provided the Manager's Report.

In connection with the wastewater treatment plant, Scott Manuel reported that the permeate actuator valve failed and was replaced with a new valve, and a motor for the old valve was ordered so that the District has a spare for future repair. Membrane train #1 failed, 71 membranes were replaced, and they cleaned rags and trash from the membrane basin. 17 extra loads of wastewater were hauled due to maintenance issues.

In connection with the effluent irrigation system and fields, repairs were completed to the pond liner. Irrigation Pump #1 Cla-Val repairs were completed. Scott Manuel reported that the Irrigation Pump #2 Cla-Val needs to be rebuilt, and the estimated cost is \$5,100. Motion was made by Joe Szoo and seconded by President Chet A. Palesko to approve the repair to the Irrigation Pump #2 Cla-Val in the amount of \$5,100. The motion carried unanimously. Scott Manuel reported that Irrigation Pump #1 is developing only 40 psi at the discharge and should be 135 psi. He will be pulling this pump to determine what repairs are needed. Also, an hour meter has been added to the irrigation pumps so that the use of the pumps can be tracked for future maintenance issues.

In connection with the distribution and collection system, Scott Manuel reported that a major leak on Senna Hills Drive at the entrance to the effluent pond was located and repaired two days ago. This was an older 12-inch line which may have been installed about 25 years ago. The leak was at the bell joint. Scott Manuel estimated that somewhere between 800,000 to 1,000,000 gallons of water could have been leaking at that point in the system. This is the leak that they have tried to locate for some time. Water accountability should improve next month due to the repair of this major leak.

Lisa McKenzie noted the outstanding account receivables, and the Board discussed collection of past due amounts. Lisa McKenzie also reported some problems with construction debris and recommended that notice be provided to the HOA to clean up the area and enforce requirements for construction sites. David I. Perl asked if fencing around the lift stations is a requirement, and the Board discussed whether or not the TCEQ would require installation of that fencing.

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

This item was discussed as part of the District Manager's Report on Operations in Item 9 above.

12. THE DISTRICT'S WASTEWATER TREATMENT PLANT

This item was discussed as part of Item 9 regarding District Manager's Report on Operations.

13. BILLING ADJUSTMENTS

There were no billing adjustments this month.

14. CONSTRUCTION PROJECTS WITHIN THE DISTRICT, INCLUDING CHANGE ORDERS, PAY ESTIMATES, ACCEPTANCES AND AWARD OF CONTRACTS.

This item was not discussed.

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

This item was not discussed.

16. THE DISTRICT'S WATER AND SEWER RATES

This item was not discussed.

17. HOA NEWSLETTER

Lisa McKenzie provided a copy of the current HOA newsletter and discussed opportunities to provide information for upcoming newsletters.

Director Joe Szoo left the meeting after Item No. 17 and prior to Item No. 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

The Board President announced that the Board of Directors will now go into closed session for consultation with the District's attorney pursuant to Section 551.071 of the Texas Government Code regarding matters related to Agenda Item No. 18. The Board went into closed session at 8:30 a.m.

At 8:46 a.m., the Board President announced that the Board of Directors has concluded its closed session and is returning to open meeting, and that no action was taken during the closed session.

Director Lisa McKenzie left the meeting after consideration of Item No. 18 and prior to consideration of Item Nos. 5 and 19 below.

19. CAUSE NO. D-1-GN-14-005177; WILLIAM D. MARSH AND MARIA ELLENA CUEVAS SANTANA V. SENNA HILLS MUNICIPAL UTILITY DISTRICT; IN THE DISTRICT COURT OF TRAVIS COUNTY, TEXAS; 419TH JUDICIAL DISTRICT

The Board President announced that the Board of Directors will now go into closed session for consultation with the District's attorney pursuant to Section 551.071 of the Texas Government Code regarding matters related to Agenda Item Nos. 5 and 19. The Board went into closed session at 8:47 a.m.

At 9:53 a.m., the Board President announced that the Board of Directors has concluded its closed session and is returning to open meeting, and that no action was taken during the closed session.

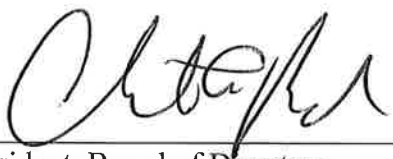
Motion was made by David I. Perl and seconded by Corey Newhouse to authorize the District's attorney to offer to settle Cause No. D-1-GN-14-005177 on the following terms and conditions:

1. Payments must be delivered by the title company to the District in the total amount of \$85,280 within 10 calendar days.
2. In exchange for the payments, the Board President is authorized to sign and the District will deliver the documents regarding the partial release of the easement on the property owned by William D. Marsh and Maria E. Cuevas as presented at today's meeting, and the title company would then be authorized to record the prior documents for the McKenzie partial release that were previously delivered to the title company.
3. Plaintiffs would file a notice of nonsuit with prejudice to dismiss the lawsuit no later than two business days after the receipt of the payments and exchange of the partial release documents.

The Board decided to change the date of the April Board meeting from April 24th to April 17th. The May meeting will be held on May 29, 2015, and the June meeting will be held on June 26, 2015.

20. ADJOURN

The meeting was adjourned.



President, Board of Directors
Senna Hills MUD

ATTEST:



Secretary, Board of Directors
Senna Hills MUD

[SEAL]

