

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 MUD was held at 7:10 a.m. on March 27, 2020 by remote access only in accordance with the March 27, 2020 Order by Governor Abbott temporarily suspending certain requirements of the Texas Open Meetings Act to advance the goal of limiting face-to-face meetings to slow the spread of COVID-19. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act and as modified by the Governor's Order.

1. CALL TO ORDER

The meeting was called to order.

2. ROLL CALL OF DIRECTORS

The Directors present were:

Chet A. Palesko - President
David I. Perl – Vice President
Lisa S. McKenzie – Secretary
Joe Szoo – Assistant Secretary
Corey Newhouse – Assistant Secretary

thus constituting a quorum. All Directors were present.

Also present at the meeting were Bill Flickinger and Jeniffer Concienne of Willatt & Flickinger, PLLC, Robert Ferguson of Murfee Engineering, Jesse Kennis and Makenzi Scales of Inframark, Allen Douthitt of Bott & Douthitt, PLLC, Jerry Kyle of Orrick, Herrington and Sutcliffe, LLP and Doug Whitt of SAMCO Capital Markets, Inc.

3. CITIZEN COMMENTS

No citizens were present.

4. MINUTES OF PRIOR MEETINGS

President Chet Palesko entertained a motion for approval of the Minutes. Motion was made by David I. Perl and seconded by Lisa McKenzie to approve the Minutes of the February 28, 2020 meeting as presented. The motion carried unanimously.

5. TEMPORARY MORATORIUM ON DISCONNECTION OF WATER SERVICE FOR NON-PAYMENT DURING COVID-19 VIRUS CRISIS

Attorney Bill Flickinger discussed a possible moratorium for disconnection of water service for non-payment due to circumstances in connection with the COVID-19 crisis. President Chet Palesko addressed the process for disconnection of service and would like to continue with the standard process up to disconnection but not actually disconnect service. There was discussion of waiver of late fees and connection fees. President Palesko would like to see a list at the next board meeting showing the residents that would have been disconnected under normal circumstances. Currently there are no issues with delinquencies. After discussion, President Palesko entertained a motion for approval. Motion was made by Lisa McKenzie and seconded by Corey Newhouse to approve the temporary moratorium on disconnection of water service for non-payment until the next regular Board meeting and to instruct Inframark to not disconnect water service until review of delinquencies at the next regular Board meeting. The motion carried unanimously.

6. PAYMENT PLANS FOR DISTRICT CUSTOMERS DURING COVID-19 VIRUS CRISIS

The Board discussed possible extension of payment plans for residents needing extra time to pay their water bills due to the COVID-19 crisis. After discussion this consideration was tabled until the next regular Board meeting so as to review the list of delinquencies. Lisa McKenzie inquired about the additional deposits in the rate order, when service has been disconnected. Attorney Bill Flickinger advised that the Board could waive those fees if they choose. No action was taken by the Board of Directors.

7. TEMPORARY EMERGENCY ORDER DELEGATING AUTHORITY TO THE BOARD PRESIDENT TO APPROVE CERTAIN ACTIONS NEEDED TO CONTINUE FUNCTIONING OF THE DISTRICT DURING COVID-19 VIRUS CRISIS INCLUDING AUTHORIZATION FOR THE BOARD VICE PRESIDENT TO ACT IF THE BOARD PRESIDENT IS UNAVAILABLE OR UNABLE TO ACT

Attorney Bill Flickinger discussed the emergency order and the insertion of any and all action needed due to the Stay at Home Order issued by the County Judge of Travis County. Mr. Flickinger discussed each section in the emergency order. Bookkeeper Allen Douthitt discussed the process of using the bookkeeper's account for payment of all bills only until the crisis is over. The Board would authorize a transfer of funds into the bookkeeper's account and Allen Douthitt or his business partner, Mary Bott, would sign the checks and mail them out. This will avoid the need for three directors' signatures. Mr. Douthitt reiterated that this process will only be used during the crisis. Once everything gets back to normal, the payables will be handled as usual and each check will be signed by three directors. Lisa McKenzie asked what District repairs are considered an emergency. Manager Jesse Kennis stated that Inframark has limited authority to act if needed. If anything comes up, he will reach out to President Chet Palesko, Lisa McKenzie, Bill Flickinger, Robert Ferguson and Allen Douthitt to discuss. After discussion, President Chet Palesko entertained a motion for approval. Motion was made by Lisa McKenzie and seconded by

David I. Perl to adopt the Temporary Emergency Order as revised. The motion carried unanimously.

8. RESOLUTION APPROVING BOND COUNSEL ENGAGEMENT AGREEMENT WITH ORRICK, HERRINGTON & SUTCLIFFE LLP, AUSTIN, TEXAS TO OBTAIN SPECIALIZED LEGAL SERVICES AS BOND AND DISCLOSURE COUNSEL IN CONNECTION WITH THE ISSUANCE OF BONDS AND OTHER PUBLIC SECURITIES BASED ON SUCH FIRM'S CREDENTIALS AS A NATIONALLY RECOGNIZED LAW FIRM IN THE FIELD OF MUNICIPAL LAW, AMONG THE LARGEST MUNICIPAL LAW FIRMS IN THE NATION ADVISING GOVERNMENTAL ISSUERS ON STATE AND FEDERAL LAWS GOVERNING THE ISSUANCE OF BONDS AND OTHER PUBLIC SECURITIES, AND THE EXPERIENCE OF THE ATTORNEYS IDENTIFIED FOR THE ENGAGEMENT AS BOND AND DISCLOSURE COUNSEL TO THE DISTRICT; FINDING THAT (I) SUCH LEGAL SERVICES REQUIRE SPECIALIZED EXPERTISE AND EXPERIENCE IN STATE AND FEDERAL LAWS GOVERNING THE ISSUANCE OF BONDS AND OTHER PUBLIC SECURITIES AND THEREFORE CANNOT BE ADEQUATELY PERFORMED BY THE ATTORNEYS AND SUPPORTING PERSONNEL OF THE DISTRICT, (II) SUCH LEGAL SERVICES CANNOT BE REASONABLY OBTAINED FROM ATTORNEYS IN PRIVATE PRACTICE UNDER A CONTRACT PROVIDING FOR THE PAYMENT OF HOURLY FEES WITHOUT CONTINGENCY BECAUSE THE DISTRICT WILL NOT BE OBLIGATED TO PAY ANY LEGAL FEES UNLESS THE BONDS OR OTHER PUBLIC SECURITIES ARE ISSUED AND (III) ENTERING INTO A CONTINGENT FEE CONTRACT FOR LEGAL SERVICES IS IN THE BEST INTEREST OF THE DISTRICT BECAUSE BOND AND DISCLOSURE COUNSEL WILL ONLY BE PAID IN THE EVENT THAT THE BONDS OR OTHER PUBLIC SECURITIES ARE ACTUALLY ISSUED; AND MATTERS RELATED THERETO.

Bond Counsel Jerry Kyle explained the resolution and the new state laws on contingency fee contracts for attorneys. The scope of services and fees are the same as the prior issue, which is 2% of the issue or a minimum of \$60,000. The firm will be acting as bond counsel and disclosure counsel. A new engagement letter is needed because Mr. Kyle changed law firms. There was discussion of the cost of issuance versus the cost of savings. Mr. Kyle indicated that he would work with financial advisor Doug Whitt to possibly reduce the fees to the District to get the refunding transaction accomplished. After discussion, President Chet Palesko entertained a motion for approval. Motion was made by David I. Perl and seconded by Corey Newhouse to approve the Resolution as presented. The motion carried unanimously.

9. RESOLUTION AUTHORIZING THE ISSUANCE OF SENNA HILLS MUNICIPAL UTILITY DISTRICT UNLIMITED TAX AND WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS; AUTHORIZING PREPARATION OF AN OFFICIAL STATEMENT; ESTABLISHING PROCEDURES FOR SELLING AND DELIVERING THE BONDS; AND AUTHORIZING EXECUTION OF AGREEMENTS AND OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS

Financial Advisor Doug Whitt discussed his refunding bond presentation in detail with the Board. This refunding issue is in the amount of \$3.1 million and can be issued as early as April and closed in May if the rates continue to be favorable. If the rates are not favorable to the District, the process will halt. There was discussion of the consultant's fees. As with the prior issues, Mr. Whitt stated that his fee is 2% of the issue and bond counsel is 2% of the issue or a minimum of \$60,000. The Board discussed if there was enough savings to the District to proceed. Bond Counsel Jerry Kyle also discussed the need to obtain City of Austin consent to the refunding issue and the timing of such action. The draft resolution has been submitted to the City of Austin. However, Mr. Kyle advised the City that the Board has not taken action on the Resolution. There was discussion as to the delegation in Section 3.02(b). This delegation of the Pricing Officer should be granted to President Chet Palesko and in the alternative, Assistant Secretary Corey Newhouse. The Board also discussed the minimum amount of savings that is needed to be inserted into the Resolution. The Board also discussed the risks to the District if the market is not favorable and the transaction does not go through. Mr. Whitt and Mr. Kyle discussed those risks. However, the five parameters listed in the resolution have to be met to move forward. Also, once the District receives its credit rating, there is a 6-month period in which to decide to move forward. After discussion President Palesko believes this is low risk for the District. President Chet Palesko then entertained a motion for approval. Motion was made by David I. Perl and seconded by Lisa McKenzie to approve the Resolution and delegate President Chet Palesko and in the alternative, Assistant Secretary Corey Newhouse as Pricing Officer and insert \$110,000 minimum total debt service savings into the Resolution. The motion carried unanimously.

10. REPORT FROM MR. RIP MILLER ON PROGRESS OF APPROVALS FOR AND DEVELOPMENT OF THE 11.73-ACRE TRACT OWNED BY SENNA HILLS, LTD.

This item was not discussed.

11. MATTERS RELATED TO WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

Lisa McKenzie asked Engineer Robert Ferguson if he knew why the gas line was not installed when the PUA ran the trench for the second water line. Mr. Ferguson replied that there could have been easement complications and that usually wet and dry lines do not mix.

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

Engineer Robert Ferguson discussed his report as included in the agenda package. Mr. Ferguson is working with Manager Jesse Kennis on the irrigation repairs. They are in the process of getting some warranty repair work done on a leak that was found this week. Mr. Ferguson stated that the operations at the wastewater treatment plant are typical.

There was discussion of evaluation of the pond liner in the near future and possibly planning on next year to complete the project. Lisa McKenzie asked what the evaluation would entail. Mr. Ferguson reported that basically it would be the same evaluation as last time. Additionally, they would inspect underneath the liner and prepare a new scope of service.

13. CONSTRUCTION PROJECTS WITHIN THE DISTRICT, INCLUDING ADVERTISEMENT FOR BIDS AND APPROVAL, AWARD, RECOMMENDATION, ADMINISTRATION OF CONSTRUCTION CONTRACTS, CHANGE ORDERS AND PAY ESTIMATES

This item was not discussed.

14. MS4 PERMIT; MAINTENANCE OF DRAINAGE EASEMENTS AND PONDS

This item was not discussed.

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

Bookkeeper Allen Douthitt discussed the financials and fund transfers with the Board. The District is on plan for the month. Manager Jesse Kennis said that they are down to one sludge box hauling a month from previously one wet haul a week. The District is now seeing those benefits. Director Joe Szoo indicated the operating fund looks good. Mr. Douthitt reported that it is at its peak with tax collection money right now. However, it will begin to be spent down. As discussed during the financial advisor's report, Mr. Douthitt recommends the District wait a month or so to check the market before chasing yield on investments. Subject to the fluctuations, if the market turns, the District could lose money with those securities. After discussion, President Chet A. Palesko entertained a motion for approval. Motion was made by Lisa McKenzie and seconded by David I. Perl to approve the transfer of funds into the bookkeeper's account for payment of the invoices and per diems as presented. The motion carried unanimously.

16. DISTRICT MANAGER'S REPORT ON OPERATIONS

- a. Customer Requests
- b. Landscape Maintenance Contracts; Additional landscaping services
- c. Inspections of HOA effluent irrigation system
- d. Possible repairs to areas of streets in Sections 5B and 6; Manholes, water meters and storm drains
- e. Drum screens; waste disposal process
- f. Storage unit at wastewater treatment plant
- g. Grinder Pump Letter to Residents
- h. Proposal for irrigation repairs to effluent irrigation system

Manager Jesse Kennis discussed the excursion of 500 gallons of raw sewage that occurred on March 13th. An Inframark technician left the drum screen off after cleaning, which resulted in the spill. Inframark educated the technician on the process and is confident that it will not happen again. Mr. Kennis apologized to the Board. President Chet Palesko asked if there will be any fines levied by the TCEQ. Mr. Kennis advised that there will not be any fines.

Mr. Kennis reported that the new effluent irrigation pump was installed. The pump and pipes will be painted purple to indicate reuse. Mr. Kennis also reported that Lisa McKenzie observed failure of the aerators at the effluent pond. Inframark will be looking at the issue today.

There is an 8.8% water loss this period. However, the annual running average is still good. As discussed last month, the PUA will be recalibrating the meters. David I. Perl asked what the peak flows are due to the recent Stay at Home Order. Mr. Kennis advised that since the meters were just read, he will not have that information until the next billing cycle. At the other plants that Inframark manages, there has been an increase in flows.

Mr. Kennis reported that the control panels at the Lemon Mint lift station and at the effluent pond need to be replaced. He is working on solicitation of bids for that project. It is estimated to be about \$15,000 each. Once those bids are received, he will review them with Engineer Robert Ferguson and bring them to the April board meeting for consideration.

Mr. Kennis and the Board then discussed the status of the spray irrigation fields. Currently there are a lot of zones that do not work. As the Board is aware, the original fields are from the 1990s. In 2013, there were major repairs done to the system. In 2014, Lisa McKenzie advised that Rip Miller's personnel were preparing to pour concrete driveway aprons and there appeared to be damage to the system. In 2015, Rip Miller's personnel trenched across a segment of the irrigation control wires, which caused additional damage. Mr. Kennis stated that Inframark conducted monthly inspections to the spray fields and prepared reports on the status. However, in the past, the prior managers felt that they could not speak their minds with the Board due to the repairs not being authorized or approved. That action caused nothing to be done for a long time. Joe Szoo stated that he does not ever recall receiving any of those reports in the past. Mr. Kennis advised that Pios came out and made repairs to where the wires had been cut. There are only 6 to 10 zones working out of 20. Mr. Kennis is concerned that if the TCEQ were to do an inspection of the spray fields, that they would report deficiencies in the system. There was discussion of Rip Miller paying for some of the repairs. By the next meeting, the board would like to see a proposal to fix the wires under the aprons. Corey Newhouse asked how this can be fixed and who is responsible. Mr. Kennis said the process will be making repairs to the system, then testing and then repairs again to get the system completely working. After discussion, President Chet Palesko entertained a motion for approval. Motion was made by Lisa McKenzie and seconded by Joe Szoo to authorize an expenditure up to \$10,000 for testing and repairs to the spray irrigation field system. The motion carried unanimously. Mr. Kennis advised that he will start including reports and a map in the agenda package on the irrigation zones to be sure that repairs are done correctly and timely.

17. BADGER MASTER METER AGREEMENT (SOFTWARE); PRICING SHEET FOR METER PURCHASE; PURCHASE OF ELECTRONIC METERS

President Chet Palesko advised that he is waiting on the final quote for the smart meters. Lisa McKenzie discussed the costs of the project. Bookkeeper Allen Douthitt advised that \$206,000 is in the budget for the meters. President Palesko advised replacing all the meters will still be within the budget. There was discussion of the old meters under-registering during low flow. There was also discussion of replacing all the meters with smart meters without the endpoints. David I. Perl would like to move forward with all the smart meters within the District. President Palesko advised that he will reach out to the representative and push for the final quote. A special meeting can be called to discuss this when the information is received.

18. RATE ORDER

This item was not discussed.

19. BILLING ADJUSTMENTS

This item was not discussed.

20. TAYLOR LAKE EFFLUENT POND, THE DISTRICT'S EFFLUENT DISPOSAL SYSTEM; EFFLUENT DISPOSAL CONTRACT BETWEEN THE DISTRICT AND HOA; REQUEST FROM HOA FOR POSSIBLE DOG PARK

This item was not discussed.

21. DATES FOR FUTURE BOARD MEETINGS

The meeting dates are as follows: April 24th, May 29th, June 26th and July 31st.

22. ADMINISTRATION OF CONTRACT BY AND AMONG THE DISTRICT, SENNA HILLS HOMEOWNERS ASSOCIATION, INC., SENNA HILLS, LTD. AND THE SENNA HILLS TRUST; STORAGE OF SHL MATERIALS ON PROPERTY NEAR SHEDS; POSSIBLE DAMAGE TO DISTRICT'S IRRIGATION SYSTEM

Attorney Bill Flickinger reported on the progress of the SHL application with the City of Austin. This item was bumped to the April 9th City Council agenda. The application was revised to show office only instead of school or office. The Contract was also amended due to the revision of that language, subject to City approval. Mr. Flickinger advised that the District is in a good position. After discussion, President Chet Palesko entertained a motion for approval. Motion was made by Lisa McKenzie and seconded by David I. Perl to approve the First Amendment to First Amended and Restated Contract subject to City of Austin approval of current SHL application. The motion carried unanimously.

23. INFRAMARK CONTRACT

This item was not discussed.

24. ADJOURN

President Chet A. Palesko adjourned the meeting.


Chet A. Palesko, President

ATTEST:


Lisa S. McKenzie, Secretary

[SEAL]