

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 August 1, 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 A. Palesko, David I. Perl, Joe Szoo and Corey Newhouse, thus constituting a quorum. Lisa McKenzie was absent.

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

3.     CITIZEN COMMENTS

There were no citizen comments.

**\*\*President Chet Palesko moved to Item No. 20.\*\***

20.    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

Bill Flickinger presented a document showing the changes made by Rip Miller and Kemp Gorthey to the version that was sent to Rip Miller and Kemp Gorthey on July 24, 2014. He also presented copies of e-mails from various parties relating to the office building. Mr. Flickinger stated that he and Mr. Willatt had received an e-mail from Kemp Gorthey asking the Board to take no action at this meeting because they had not received any comments from the Board on their version and because they had additional changes. There was discussion of the changes made by Rip Miller and Kemp Gorthey. They were generally unacceptable to the Board. The Board asked Mr. Flickinger to send a copy of his packet to Lisa McKenzie for her review. Mr. Flickinger agreed to do so.

Further discussion was deferred, pending receipt of the additional changes from Kemp Gorthey and Rip Miller.

4. MINUTES OF PRIOR MEETINGS

After discussion, motion was made by David I. Perl and seconded by Joe Szoo to approve the minutes of May 12, 2014, May 16, 2014 and June 27, 2014 as presented. The motion carried unanimously. The minutes of the May 12, 2014 were not included in the agenda package. The Board asked Mr. Willatt to include them in next month's agenda package so that the Board can take another look at them.

5. REVIEW OF MANAGEMENT PERFORMANCE BY SEVERN TRENT SERVICES

President Chet Palesko stated that he thought the three priorities were to work together to solve the operational problems, to control costs and to correct billing errors. After discussion, the matter was referred to a subcommittee of Corey Newhouse and Lisa McKenzie.

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

David I. Perl reported on his review of the recording of the hearing on Bill Marsh's appeal and his review of the documents associated with the hearing. The loss of ad valorem tax to the District, in the past, and in the future, was estimated to be approximately \$15,000.

The Board reviewed pictures of oak trees that had been planted in the District's easement between the Marsh residence and McKenzie residence. There was consensus that these trees should be removed so as to protect the District's sewer line and the ability of the District to access the easement.

Motion was made by Joe Szoo and seconded by President Chet Palesko to direct Mike Willatt to write a letter to Mr. Marsh explaining that, in return for release of the easement, and restoration of the value of his house, the Board will require payment of \$15,000 to compensate for loss of taxes, in addition to the \$85,000 previously agreed upon with the title company. The motion carried unanimously. Mr. Willatt was also directed to advise Mr. Marsh that it will also be necessary to remove the oak trees that have been planted in the District's easement.

7. ALL MATTERS RELATED TO WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY; INCLUDING SURCHARGE

There was discussion of the LCRA raw water rate increase that will go into effect in January 2015. Action on adjusting the District's rate in response to that increase was deferred. Allen Douthitt estimated that the increase was approximately \$0.07 per 1,000 gallons.

Kristi Hester said that she is holding the bills to see what the Board does with the PUA drought charge. The PUA adopted a drought charge increase of 11% in the volumetric rate. Motion was made by Joe Szoo and seconded by Corey Newhouse to raise the District's volume charge by 11% across the board, effective with the bills that are about to go out. The motion carried unanimously. Kristi Hester said that she would put a notice to the customers advising of this action.

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

Robert Ferguson presented his engineer's report. He stated that the bid on the improvement to the irrigation system exceeded the estimate. He will solicit proposals to bring to the August meeting.

Robert Ferguson then discussed the Stormwater Management Program TPDES Phase II MS4 general permit application. He explained that this was required by the EPA. It will cost several thousand dollars a year to maintain this permit. After discussion, motion was made by David I. Perl and seconded by Joe Szoo to direct Robert Ferguson to complete the application, to authorize President Chet Palesko to execute the application and to authorize payment of the \$100 filing fee. The motion carried unanimously.

\*\*President Chet Palesko moved to Item No. 16.\*\*

16. DISTRICT MANAGER'S REPORT ON OPERATIONS

Scott Manuel presented the management report. He said that the most recent number on water accountability is 82%. He also said that the plant is in compliance with the permit and is running at 86% capacity. The water accountability went from 82% to 87%. The target is 95%. Another 60 meters will be replaced.

\*\*President Chet Palesko moved to Item No. 11.\*\*

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

Allen Douthitt presented the bookkeeper's report. He went through the invoices.

There was discussion of the need to issue the last of the District's authorized but yet unissued bonds. This will require an application to the TCEQ. President Chet Palesko asked that the next agenda include authorization for Murfee Engineering to prepare that report. There was also discussion of the fact that the Board members had never taken director's fees. In view of the significantly increased work load in the last two or three years, the Board agreed that payment of director's fees should be put in the budget and put on the next agenda. After discussion, motion was made by Joe Szoo and seconded by Corey Newhouse to pay the invoices. The motion carried unanimously.

**\*\*President Chet Palesko moved to Item Nos. 21, 22 & 23.\*\***

21. ORDER CALLING DIRECTORS ELECTION
22. ELECTION CONTRACT WITH TRAVIS COUNTY
23. JOINT ELECTION AGREEMENT

These items were discussed together. Mike Willatt explained that it is necessary to call a directors election for November 4, 2014. Two positions are open, being the positions currently held by Chet Palesko and David I. Perl. President Chet Palesko and David I. Perl filled out their Applications for Place on the Ballot. Mr. Willatt explained that if no additional applications are received, the election can be cancelled.

Mr. Willatt explained that it is necessary to enter into an Election Contract with Travis County and a Joint Election Agreement with other governmental entities holding an election on November 4, 2014. He also presented the Order Calling Directors Election. After discussion, motion was made by Joe Szoo and seconded by Corey Newhouse to approve Item Nos. 21, 22, and 23 and to authorize the President to sign the election contract and Joint Election Agreement with Travis County after it has been received and reviewed by the District's attorney. The motion carried unanimously.

24. ADJOURN

The meeting was adjourned.

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

9. TAYLOR LAKE EFFLUENT POND AND THE DISTRICT'S EFFLUENT DISPOSAL SYSTEM
10. THE DISTRICT'S WASTEWATER TREATMENT PLANT
12. ORDER APPROVING BUDGET
13. ORDER APPROVING PROPOSED TAX RATE FOR 2014 AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF
14. ABC LOAN AGREEMENT AND RELATED MATTERS, INCLUDING RENEWAL AND INCREASE THEREOF
15. BILLING ADJUSTMENTS

17. CONSTRUCTION PROJECTS WITHIN THE DISTRICT, INCLUDING CHANGE ORDERS, PAY ESTIMATES AND ACCEPTANCES
18. THE DISTRICT'S WATER AND WASTEWATER SYSTEMS AND RULES PERTAINING THERETO
19. THE DISTRICT'S WATER AND SEWER RATES



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President, Board of Directors  
Senna Hills MUD

ATTEST:



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Secretary, Board of Directors  
Senna Hills MUD

