

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 8:00 a.m. on June 27, 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 and Lisa McKenzie, thus constituting a quorum. Joe Szoo was absent.

Also present at the meeting were Corey Newhouse, John Chamblee, Kristi Hester, Scott Manuel, Allen Douthitt, Robert Ferguson, Rip Miller, Bill Marsh and Mike Willatt.

3.     CITIZEN COMMENTS

There were no citizen comments.

4.     MINUTES OF PRIOR MEETINGS

There was discussion of the minutes. Several corrections were made. In view of the number of corrections the consensus was that the minutes of the May 16, 2014 meeting should be corrected and brought forward to the next board meeting.

5.     RESIGNATION OF GREGG KRONENBERGER

Motion was made by David I. Perl and seconded by President Chet A. Palesko to accept the resignation of Gregg Kronenberger. The motion carried unanimously.

6. APPOINTMENT OF COREY NEWHOUSE TO FILL UNEXPIRED TERM OF GREGG KRONENBERGER

Motion was made by David I. Perl and seconded by President Chet A. Palesko to appoint Corey Newhouse to fill the unexpired term of Gregg Kronenberger. The motion carried unanimously. Attorney Mike Willatt administered the Statement of Appointed Officer and Oath of Office to Corey Newhouse.

7. ELECTION OF OFFICERS

Attorney Mike Willatt advised that following a change in the directors, there had to be an election of officers. Motion was made by Lisa McKenzie and seconded by David I. Perl to retain the current officers in their current positions, and to appoint Corey Newhouse as Assistant Secretary. The motion carried unanimously.

**\*\*President Chet A. Palesko then moved to Item No. 21.\*\***

21. 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 Palesko noted that Attorney Bill Flickinger had sent out an e-mail on May 14, 2014 saying what the District had agreed to. Attorney Kemp Gorthey replied on May 15, 2014 and said that SHL was not agreeable to the changes. Mr. Palesko reported that apparently SHL took up negotiations with the HOA following Bill Flickinger's e-mail. John Chamblee stated what he was personally ok with in regards to the fence and what structures remained on the 1.8 acre easement requested by SHL. There was discussion as to what was needed to replace the 1.8 acres in the irrigation land. Rip Miller stated that he was ok with irrigating the office site. Mr. Miller also said that he wants to leave the 1.8 acres in the permit, but to not physically irrigate it until it became the very last piece of land that needed irrigation. Engineer Robert Ferguson stated that to irrigate 100,000 gpd it would be necessary to irrigate part of the office space. He said that the land within the horseshoe encompassed by Senna Hills Drive will take 80,000 gallons per day. He expected to open bids to expand the irrigation area in the horseshoe area on July 15<sup>th</sup>, and to give the contractor 60 days to construct the irrigation system. Rip Miller said that to pull a site development permit from the City, if you show irrigation on 1 acre, the City will pull out 6 acres. Robert Ferguson said that the job advertised for adds 9 acres and gets the irrigation capacity between 90,000 and 95,000 gpd. There was general consensus that the District will not pursue an application to the TCEQ to change the irrigation slopes from 10% to 15%, because of the expected costs and delay.

Attorney Mike Willatt explained that the West Travis County PUA will require payment of impact fees for the office site, all these being beyond the control of the District. The District charges a monthly base fee to the residents, which is charged whether or not any water is taken. The base

fee to the office site will be the base fee charged to the residents times the number of LUE equivalents based on the meter size. President Palesko requested Mike Willatt to write up a formal contract, to the best of his ability to capture the agreement at today's meeting. This document will then be reviewed by all parties.

**\*\*President Chet A. Palesko moved to Item No. 9.\*\***

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

Lisa McKenzie explained the problem to new director Corey Newhouse. Bill Marsh explained that, in 1997, Mr. Miller added an easement on the lot. In 1998, Mr. Marsh signed a contract with Harris Baker Homes. They built the home over the easement. On the fourth title search the problem was revealed. Lisa McKenzie explained that, after the proposed agreement between the MUD and Fidelity Insurance on the easement was agreed to, she discovered that her air conditioner was within the remaining easement. She requested that the survey be updated to release that part of the easement on which the air conditioners are located. Engineer Robert Ferguson explained that he was asked by Attorney Mike Willatt to verify where the pipe is located.

Bill Marsh said that the title company ran a sensor down the line and walked the line to receive radio signals. They left little flags showing the location of the line. The line is on the McKenzie property and not on the property line.

Robert Ferguson said that the surveyor's sketch shows that the flags are within the retained easements.

Bill Marsh said that the appraisal district took his house down to 55% of market value. They could not go lower because the City could pull the certificate of occupancy. He said that if we fix the problem the appraisal district can only increase the appraised value by 10% each year.

Bookkeeper Allen Douthitt said that he is working with TCAD on whether the MUD has recourse to become whole. After discussion, President Palesko stated that the item would be placed on the agenda for consideration at the next board meeting.

**\*\*President Chet A. Palesko moved to Item No. 8.\*\***

8. REVIEW OF MANAGEMENT PERFORMANCE BY SEVERN TRENT SERVICES

President Palesko explained that the District has a two-year contract with ST, which is automatically renewed. Chet said we need to consider how the contract is working. He noted that the District has paid monthly more than expected. David I. Perl pointed out that the repairs went up, but they stayed up. There was discussion of the problems with the water accountability and the

problems with the plant. Scott Manuel explained that the plant is not designed to handle peaks lasting 4 to 5 hours. After discussion, Lisa McKenzie and Corey Newhouse agreed to work with ST during August to see how the performance can be improved.

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

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

Robert Ferguson said that he will open bids on July 15 for improvements to the irrigation system. He will need to issue the award and notice to proceed as soon as possible. He asked if someone could be authorized to do that. Motion was made by Lisa McKenzie and seconded by Corey Newhouse to authorize David I. Perl to open the bid tab and authorize the award. The motion carried unanimously. There was consensus that the 1.8 acre easement to SHL should be SHL only, and that it should not run with the land. Robert Ferguson noted that Murfee Engineering Company has completed its expansion report. The permit renewal has been filed with the TCEQ. He added the construction plans to include the area under irrigation and the escrow release in the submittal.

The process to increase the plant capacity should take about 1 year. The Board needs to address how the District will pay for the plant expansion.

**\*\*President Chet A. Palesko moved to Item No. 14.\*\***

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

Bookkeeper Allen Douthitt explained that the PUA will surcharge 20% on what goes through the master meter. There was discussion about putting a rate increase to go into effect after August. Motion was made by Lisa McKenzie and seconded by President Chet A. Palesko to raise the volumetric charge by 20% across the Board, effective on the next water bill. The motion carried unanimously.

After review, motion was made by David I. Perl and seconded by Lisa McKenzie to pay the bills and invoices and to make the bond payments that are due in July and to authorize the transfer of funds as requested by the bookkeeper. The motion carried unanimously.

An additional motion was made by Corey Newhouse and seconded by Lisa McKenzie to pay the debt service on the District's bonds that is coming due in the next month. The motion carried unanimously.

**\*\*President Chet A. Palesko moved to Item No. 17.\*\***

17. DISTRICT MANAGER'S REPORT ON OPERATIONS

Scott Manuel reported on the water loss. He suggested that ST change out an additional 65 meters that are over 1.5 million gallons. He said that the master meter is checked once a year. There was a consensus to change out the 65 meters that show in excess of 1.5 million gallons.

Mr. Manuel reported that membranes have been changed out in the plant, and that ST was still trying to meet with OVIVO.

Mr. Manuel said that would get two more signs on watering restrictions and these would be placed where people could most likely read them.

**\*\*President Chet A. Palesko moved to Item No. 23.\*\***

23. ADJOURN

The meeting was adjourned.

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

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

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

13. THE DISTRICT'S WASTEWATER TREATMENT PLANT

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

16. BILLING ADJUSTMENTS

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

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

20. THE DISTRICT'S WATER AND SEWER RATES

22. DIRECTORS ELECTION

  
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President, Board of Directors  
Senna Hills MUD

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors  
Senna Hills MUD

