

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 7:10 a.m. on June 30, 2017 at Willatt & Flickinger, PLLC, 12912 Hill Country Blvd., Ste. F-232, 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

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 Kristi Hester of ST, Robert Ferguson of Murfee Engineering, Bill Flickinger, Matt McPhail and Jeniffer Concienne of Willatt & Flickinger, PLLC, Allen Douthitt of Bott & Douthitt, P.L.L.C. and Resident/HOA landscaping committee member Cheryl Napier.

3. CITIZEN COMMENTS

No citizens were present.

4. MINUTES OF PRIOR MEETINGS

Motion was made by Lisa McKenzie and seconded by David I. Perl to approve the Minutes of the May 26, 2017 board meeting as presented. The motion carried unanimously.

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

President Chet A. Palesko did not have an update.

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

Engineer Robert Ferguson discussed his report as included in the agenda package.

Excel Construction and the sub-contractor/suppliers have submitted a preliminary project schedule and shop drawings to Murfee in connection with the wastewater treatment plant project. Mr. Ferguson noted everything looks good so far. He believes a pay estimate will be coming in next month for consideration. The schedule shows commencement of construction at the plant in October and completion in March 2018. Mr. Ferguson will e-mail a copy of the schedule to the Board for their information.

7. MS4 PERMIT; MAINTENANCE OF DRAINAGE EASEMENTS AND PONDS

Manager Kristi Hester reported that she has obtained an estimate of \$14,500 from West Star for repair to the gabion wall and renovation of the pond on Milagro. Engineer Robert Ferguson will look at the design of the wall to see if any modifications are needed. It appears that the height of the wall was the main issue. The wall has been there since the beginning of the District. After discussion, President Chet A. Palesko entertained a motion for approval. Motion was made by David I. Perl and seconded by Lisa McKenzie to authorize renovation of the pond and the repair to the gabion wall after design review by Engineer Robert Ferguson. The motion carried unanimously.

Mrs. Hester confirmed that the District is in its third reporting year on the MS4 permit.

Mrs. Hester presented an outfall map and corresponding photos for each. ST will be going through and cleaning the areas that need to be addressed. Most of the clean-up will be by hand since equipment cannot access the areas. She estimates about four to five days' worth of work, at a cost of \$10,000 to \$12,000. President Chet A. Palesko would like to know what outfalls are in good shape and which ones need work. It was noted that the estimate falls within the budget allocated for this work this year. After discussion, the work needed at the Strawflower pond will be done in next year's budget. Mrs. Hester will also have pictures taken of the areas that are cleaned up. President Palesko entertained a motion for approval. Motion was made by Corey Newhouse and seconded by Joe Szoo to authorize ST to perform the work on the outfalls as discussed. The motion carried unanimously.

8. EFFLUENT IRRIGATION AGREEMENT BETWEEN THE HOA AND THE DISTRICT

Attorney Bill Flickinger presented the Effluent Disposal Contract between the HOA and the District for consideration. The HOA has not yet approved the contract. Lisa McKenzie advised that Cheryl Napier will be attending today's meeting to discuss the operation and leaks in the

irrigation system. After discussion, motion was made by President Chet A. Palesko and seconded by Lisa McKenzie to approve the Effluent Disposal Contract between the District and HOA as presented, pending HOA approval. The motion carried unanimously.

Resident/HOA landscaping committee member Cheryl Napier entered the meeting.

Mrs. McKenzie discussed two recent events when the HOA irrigation system was leaking. In the first instance, after irrigation near the west entrance had been running for about three hours, ST went in and shut the system off at the plant. The leak was due to a lightning strike that damaged a control board. In the second instance, a puddle of water was observed in the lawn bordering Senna Hills Drive. ST went in again and shut the system off at the plant. Mrs. Napier advised that when the system is turned off at the plant, turning it back on can blow the valves or clog up the system. Mrs. Napier expressed her desire to be contacted immediately if ST shuts off the system. In most cases, Mrs. Napier is available to shut off the system at the valve, as she has the shut off keys. Currently, ST does not have a map depicting the location of the irrigation valves. There appear to be two valves, which are located on the west and east sides of the District. Engineer Robert Ferguson expressed his concern over burning up the pumps if the system is shut off at the valves and not the plant. Mrs. Napier advised that she has been on the landscaping committee for the last 10 years and it has not been a problem. After discussion, Manager Kristi Hester discussed the need for written communication procedures on who should be contacted when a leak occurs and on the timing of the responses. Mrs. Hester will prepare the written communication procedure between the District and HOA.

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

Bookkeeper Allen Douthitt discussed the updated cash activity report. There are a few P&I bond payments for the 2010, 2014 and 2016 series due in August. The District's budget is still running ahead of plan due to water sales. Lisa McKenzie asked about the \$38,000 Builder Liability item in the financials. That line item reflects builder deposits and has been on the books for a while. There was discussion of those being returned to the appropriate builders. Manager Kristi Hester is pulling boxes from Iron Mountain to look for the backup documentation on those deposits. After discussion, President Chet A. Palesko entertained a motion for approval. Motion was made by David I. Perl and seconded by Corey Newhouse to approve payment of the vendor invoices, per diems, fund transfer and bond payments as presented. The motion carried unanimously.

10. DISTRICT MANAGER'S REPORT ON OPERATIONS

a. Painting of lift stations and associated pruning

Manager Kristi Hester discussed her report as included in the agenda package. There are 405 residential connections. The average monthly residential water consumption is up to 16,425 gallons. Mrs. Hester noted that twice as much water was sold this year than last. In regard to the collection report, 15 delinquent letters were mailed out, seven door tags were hung and there were no disconnects for non-payment. The water quality monitoring looks very good. President Chet A. Palesko asked if there were any leaks found in connection with last month's water loss. Mrs.

Hester advised that no leaks were found. This month's loss is 4%. The wastewater plant is operating at 87.5% capacity and is in full compliance.

Mrs. Hester reported on the estimate she received for the painting at the lift stations and associated pruning. Five Star provided a quote of \$8,750 and Zane Furr provided a quote of \$310 each for pruning of the trees/shrubs around the fence at each lift station to be painted. The quote from the HOA handyman came in at over \$17,000. After discussion, President Chet A. Palesko entertained a motion for approval. Motion was made by Lisa McKenzie and seconded by Joe Szoo to authorize the painting at the two lift stations which include the surrounding fencing, pump house and equipment and pruning of those areas as well. The motion carried unanimously.

Mrs. Hester also discussed the three letters that went out to the owners on dumping debris on District property. One owner paid the cost of the cleanup and the other two have not paid. However, both of those owners have been in contact with ST. The Board agreed to hold firm on the cleanup costs.

11. ORDER ESTABLISHING WATER AND WASTEWATER SERVICE RATES, CHARGES AND TAP FEES, AND ADOPTING GENERAL POLICIES AND RULES WITH RESPECT TO THE DISTRICT'S WATER, WASTEWATER AND DRAINAGE SYSTEMS

Attorney Bill Flickinger discussed the revised rate order and rules with the Board. Some of the changes include noting that the HOA will not be charged for use of effluent. Also, the rates for water usage from unmetered fire hydrants will be charged at the first-tier rate. Provisions on all water connections on private property must be metered, and a pressure reducing value must be installed by the homeowner if needed. Other changes include erosion control rules, dumping violations and enforcement of rules. Mr. Flickinger advised that a summary of the rules will be published in the newspaper as required. Manager Kristi Hester advised that the summary can be published on the website and in the HOA newsletter as well. There was also discussion of inserting language on the water bill referring to the new rate order. President Chet A. Palesko entertained a motion for approval. Motion was made by David I. Perl and seconded by Joe Szoo to adopt the Ordering Establishing Water and Wastewater Service Rates, Charges and Tap Fees, and Adopting General Policies and Rules with Respect to the District's Water, Wastewater and Drainage Systems as presented. The motion carried unanimously.

12. DISTRICT WEBSITE

This is a standing item and was not discussed.

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

This is a standing item and was not discussed.

14. BILLING ADJUSTMENTS

Manger Kristi Hester reported on an adjustment of \$135 on a water bill due to an irrigation leak. The owner submitted all repair documentation to ST as required. The water rate has been taken down to the first-tier.

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

This is a standing item and was not discussed.

16. 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; PROPOSED SETTLEMENT AGREEMENT WITH SENNA HILLS, LTD. AND SENNA HILLS HOA

President Chet A. Palesko announced that the Board of Directors will 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. 16. The Board went into closed session at 8:29 a.m.

At 8:44 a.m., President Palesko announced that the Board of Directors had concluded its closed session and was returning to open meeting, and that no action was taken during the closed session.

Motion was made by President Chet A. Palesko and seconded by Corey Newhouse to authorize the subcommittee to finalize and approve the Letter of Agreement and Contract between the District, Senna Hills HOA, Senna Hills, Ltd. and The Senna Hills Trust and to authorize the President to execute those documents after the subcommittee has approved them and to instruct the subcommittee that it has no authority to negotiate any reduction in the amounts to be reimbursed to the District by SHL, Ltd. for legal, engineering and management fees incurred to date. The motion carried unanimously.

17. DATES FOR FUTURE BOARD MEETINGS

The meetings through September 29th have been set.

18. ADJOURN

The meeting was adjourned.


Chet A. Palesko, President

ATTEST:


Lisa S. McKenzie, Secretary

