

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 September 1, 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 and Jason Tyler of ST, Robert Ferguson of Murfee Engineering, Bill Flickinger and Jeniffer Concienne of Willatt & Flickinger, PLLC and Allen Douthitt of Bott & Douthitt.

3. CITIZEN COMMENTS

No citizens were present.

4. MINUTES OF PRIOR MEETINGS

Lisa McKenzie provided revisions to the draft Minutes. Jeniffer Concienne incorporated those revisions. President Chet A. Palesko entertained a motion for approval. Motion was made by Lisa McKenzie and seconded by Joe Szoo to approve the Minutes of the July 28, 2017 board meeting as revised. The motion carried unanimously.

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

President Chet A. Palesko had nothing new to report on in connection with the PUA.

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

Engineer Robert Ferguson discussed his report as included in the agenda package. In regard to the wastewater treatment plant, ST collected flow information for the influent conditions. The data shows and confirms the function of the lift stations pumping directly to the plant. The flows were measured from 0 to 360 gpm. This data confirms the need to have equalization for the plant's operation as the membranes function better at a consistent or constant flowrate. Mr. Ferguson reported that he received some manuals for the existing controller(s) from the original company that installed them. This will be integral to Excel Construction and the sub-contractors/suppliers during the switchover to the new controller. However, it will lengthen the submittal process. Excel will revise its schedule and Mr. Ferguson will bring it back to the Board at the next meeting.

Mr. Ferguson reported on the possibility of an extension to the building at the wastewater treatment plant. The extension will provide for a computer, desk and control panel. Excel will price the extension and get back with Mr. Ferguson.

Mr. Ferguson and an ST representative met with the contractor at the Milagro water quality pond to discuss the repair of the gabion wall. It was recommended to do a double row of gabion baskets. The original quote was for \$14,000 but with the new design it will be \$31,000. Manager Kristi Hester advised that the contractor can start work within the next couple of weeks. The contractor can also start cleaning out the pond next week. After discussion, President Chet A. Palesko entertained a motion for approval. Motion was made by Corey Newhouse and seconded by David I. Perl to authorize the repair of the gabion wall with the new design at a cost of \$31,000. The motion carried unanimously.

Mr. Ferguson discussed sludge handling at the plant. It is recommended that smaller amounts be taken out instead of large volumes. This is a change to our current sludge handling process and may lead to the need for additional tankage.

7. MS4 PERMIT; MAINTENANCE OF DRAINAGE EASEMENTS AND PONDS

Manager Kristi Hester reported on the progress of cleaning the inlets/outfalls. The project is 95% done. The rain caused a slight delay. There was a huge amount of silt hauled off around the inlet at the Strawflower pond. Mrs. Hester will have a full report ready at the next board meeting. The cleaning of the inlets/outfalls will be included in the MS4 report and the project will be put on a program for every year or so. This will make it easier to keep the areas clean going forward.

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

Bookkeeper Allen Douthitt discussed the updated cash activity report. For today's consideration, he presented approval of the director and vendor payments and a fund transfer. The District is right on plan for the month. For the year, the District is ahead of plan by \$170,000 due to drainage fees and sale of water. After discussion, President Chet A. Palesko entertained a motion for approval. Motion was made by Joe Szoo and seconded by David I. Perl to approve payment of the vendor invoices, per diems and fund transfer as presented. The motion carried unanimously.

9. ORDER APPROVING BUDGET FOR 2017/2018

Bookkeeper Allen Douthitt discussed the proposed budget with the Board. He provided three scenarios. The District's assessed valuation increased approximately 4.7% from last year. After discussion, the Board agreed to take up the budget at the next board meeting.

10. ORDER SETTING THE DISTRICT'S PROPOSED TAX RATE FOR 2017 AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

Bookkeeper Allen Douthitt discussed the proposed tax rate. Mr. Douthitt also prepared the Notice of Public Hearing on the Tax Rate. The overall tax rate of \$0.5411 is proposed, to remain the same as last year's. The proposed M&O rate is \$0.2011 and the proposed debt service rate is \$0.3400. Attorney Bill Flickinger advised that the public hearing notice is required to be published in the newspaper at least seven days prior to the hearing. The public hearing will be held at the offices of Willatt & Flickinger, PLLC on September 29, 2017. After a discussion, President Chet A. Palesko entertained a motion for approval. Motion was made by Corey Newhouse and seconded by Lisa McKenzie to adopt the Order Setting the District's Proposed Tax Rate for 2017 and Providing for Publication of Notice Thereof as discussed above. The motion carried unanimously.

11. DISTRICT MANAGER'S REPORT ON OPERATIONS

Manager Kristi Hester discussed her report as included in the agenda package. There is a total of 412 connections, of which 405 are residential. The total average for residential water consumption is down a bit from last year at 7,744,000 million gallons. Mrs. Hester stated that the average monthly residential water consumption is 19,121 gallons for July. Lisa McKenzie asked about the reclaimed consumption of 3,000 gallons. Mrs. Hester will review it and indicated that it might be the tracking meter for the HOA. Mrs. Hester advised that no collection letters were mailed out for July. The water quality monitoring shows the annual average chlorine level at 3.22 ppm. The overall water accountability is 95%. The wastewater plant is operating at 80% capacity and is in full compliance. Mrs. Hester reported the TCEQ did not respond to the spill that occurred at the plant last month.

During the Hurricane Harvey, the District was hit with 6" of rainfall. ST had all the generators filled with fuel and drainage areas were cleared. The Board and consultants discussed what could possibly happen in the District if there was a power failure for an extended amount of time. The District has no control of the water as the PUA is in charge of it. The PUA has a storm management plan in place. In regard to the wastewater, the tanks would only last a day if there was no power. There was discussion of how residents would be notified of a boil water notice. Mrs. Hester advised that ST would put signs out at the front of the District, hang door tags and send out a media blast of some sort.

Mrs. Hester reported that a pump is out at Lift Station #3. There are usually two pumps at that station. ST will check to see if the pump can be rebuilt. If not, the cost to replace it will be \$5,500. President Chet Palesko entertained a motion for approval. Motion was made by David I. Perl and seconded by Lisa McKenzie to authorize the expenditure for a new pump at Lift Station #3. The motion carried unanimously.

Mrs. Hester discussed the repairs needed at the Strawflower lift station. There is a failure in the wet well. The well will need to be drained and the faulty gasket flange will need to be replaced. It will take a full day to make these repairs. The well is about 15-20' deep. This is costly due to the amount of labor and safety measures needed. It will take four men to complete the repair, along with a tanker on site. The cost for this repair is \$15,000. President Chet A. Palesko entertained a motion for approval. Motion was made by Lisa McKenzie and seconded by Joe Szoo to authorize the expenditure of \$15,000 for the repair at the Strawflower lift station. The motion carried unanimously.

Jason Tyler and Mrs. Hester reported that a basin went down during the rain event. The average amount of flow through the system per day is about 64,000 gallons. During the rain event, it peaked at 96,000 gallons. Mrs. Hester is recommending smoke testing and a visual inspection. The manholes in the greenbelt will be checked to see if rainfall is getting through them. The cost for I&I testing is \$15,000. President Chet Palesko stated that he does not want to do the smoke testing just yet. He asked Mrs. Hester to do the visual inspection first and then this issue can be revisited at the next board meeting. Mrs. Hester advised that if another rainfall occurs, ST can pull the manholes to see what areas have storm water running in the sewer system.

There was discussion of the staff change at the wastewater treatment plant. Henry Ochoa is now running the plant. Mr. Ochoa is an AA operator.

Lisa McKenzie inquired about several maintenance items as included in the reports. Mrs. Hester confirmed that the pot holing at the plant will be reimbursed by Senna Hills, Ltd. Mrs. Hester also discussed additional water testing as required by the TCEQ. This testing is not included in the management contract and will be an additional cost.

12. BILLING ADJUSTMENTS

This is a standing item and was not discussed.

13. DISTRICT WEBSITE

This is a standing item and was not discussed.

14. TAYLOR LAKE EFFLUENT POND AND THE DISTRICT'S EFFLUENT DISPOSAL SYSTEM AND HOA EFFLUENT IRRIGATION CONTRACT

This is a standing item and was not discussed.

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. RESOLUTION REGARDING ANNUAL REVIEW OF DISTRICT INVESTMENT POLICY AND INVESTMENT STRATEGIES

Attorney Bill Flickinger advised that the Board is required to review its investment policy on an annual basis. Mr. Flickinger is not aware of any changes that need to be made. District funds are placed in an account at TexPool which provides an interest rate of 1.2% as reported by Bookkeeper Allen Douthitt. After discussion, motion was made by President Chet Palesko and seconded by Corey Newhouse to adopt the Resolution Regarding Annual Review of District Investment Policy and Investment Strategies as presented. The motion carried unanimously.

17. 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

Attorney Bill Flickinger reiterated that settlement is still on course. The HOA recently met and should be finalizing the documents soon. The HOA will also be holding an informational meeting on the possible settlement. Attorney Kemp Gorthey asked that the HOA and Board of Directors provide their support in writing, listing the reasons they support the settlement so that it can be discussed at the upcoming informational meeting. Mr. Flickinger advised against this request. Mr. Flickinger discussed the possibility of the committee being available at the informational meeting to answer questions. A special board meeting will be posted so that all of the directors can attend if they desire to do so.

18. DATES FOR FUTURE BOARD MEETINGS

The Board discussed the meeting schedule through the end of the year. Joe Szoo had to leave the meeting, but Jeniffer Concienne will e-mail him the schedule so that he can check his

availability. After discussion, the Board set the following meeting schedule: October 27th, December 1st and December 29th.

19. ADJOURN

The meeting was adjourned.


Chet A. Palesko, President

ATTEST:


Lisa S. McKenzie, Secretary

