

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 September 2, 2016 at the CE-Bar Fire Department, 353 South Commons Ford Road, Austin, Texas 78733, 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, David I. Perl, Lisa S. McKenzie, Joe Szoo and Corey Newhouse, thus constituting a quorum. All Directors were present.

Also present at the meeting were David Malish, Allen Douthitt, Kristi Hester, Bill Flickinger and Jeniffer Concienne.

3. CITIZEN COMMENTS

There were no citizen comments.

4. MINUTES OF PRIOR MEETINGS

Both Lisa McKenzie and David I. Perl commented on the Minutes and had several revisions prior to the meeting. Jeniffer Concienne made those revisions and provided a final draft of the Minutes at the meeting. Motion was made by David I. Perl and seconded by Lisa McKenzie to approve the Minutes as presented. The motion carried unanimously.

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

Lisa McKenzie reported that she attended the PUA meeting. The PUA has a new General Manager. Rob Pugh took over on August 15th. It was recommended by the PUA to hire an attorney and legal assistant but the Board declined. The District's base rate and the volumetric rate will be reduced. These new rates will be reflected on the December 1st billing. The PUA also plans on issuing bonds in 2019. The PUA's budget was discussed and will include constructing a second raw water line in 2018.

Joe Szoo arrived at 7:08 a.m.

There was discussion of the PUA's Spillman effluent pond and its liner, which has tears in it and needs to be replaced. That pond irrigates the golf courses at Falcon Head and Spanish Oaks. Due to the tears, it soaked a Falcon Head fairway which resulted in a TCEQ violation. That liner is 22 years old. The PUA is arranging for frac tanks on site so that they can replace the liner. It is a \$1.2 million project. District Manager Kristi Hester reported that the District's pond is also pretty old. It is at least 20+ years and the liner is the original one. Scott Manuel at ST believes the liner has at least five years left on it, but it should be inspected. ST is arranging for an independent surveyor to inspect our liner while the pond's water level is low.

President Chet A. Palesko thanked Mrs. McKenzie for attending the meeting in his absence. Mr. Palesko also stated that he does not think he will be able to attend the upcoming impact fee meeting and might have to ask someone to attend in his absence.

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

Engineer David Malish reported on the bond issue. There were mistakes in the TCEQ memo and Attorney Bill Flickinger is addressing those mistakes with the TCEQ and asked them to correct it per Engineer Robert Ferguson's comments. Mr. Malish would like to have the bond issue complete prior to advertising the wastewater treatment plant project.

Mr. Malish reported that they met with Reuse on the membranes. They have sent in a proposal to bring in a new facility and a proposal converting the District's existing facility. There was discussion of the specific easement at the wastewater plant and the PUE. Mr. Malish discussed having two contractors for this project. One would be the supplier of the facility and the other would be the general contractor to convert the existing facility. There will be a two-year warranty on performance and then a two to five-year warranty on the membranes. President Chet A. Palesko indicated that they will need to know who is responsible for what if the project is in fact separated.

7. MS4 PERMIT; MAINTENANCE OF DRAINAGE EASEMENTS AND PONDS

Manager Kristi Hester and Engineer David Malish reported on the MS4 map. The stormwater plans were submitted but they need some edits. There were some missing storm drains. Mr. Malish said that Engineer Robert Ferguson said he can add water, wastewater, fire hydrants and valves on the map. After discussion, the Board agreed that should be done. Mrs. Hester commented that would be very helpful.

Lisa McKenzie asked if a date has been set on cleaning the ponds. Mrs. Hester replied maybe in about two to three weeks. They are waiting for it to dry out due to all the rainfall.

Mrs. McKenzie also discussed the Indigo Broom drainage maintenance and the amount that was included in the budget for that project. Mrs. Hester will need to review this matter again with Mr. Ferguson. This project will be a manual project due to the confined areas where equipment cannot go so that is what is driving the cost.

Mrs. Hester advised that when the map is completed, they can look at all the drainage areas and prioritize the areas that need attention first.

8. CLEANING OF IRRIGATION TRACTS OWNED BY SENNA HILLS, LTD. TRUST FOR FIRE PREVENTION/PROTECTION

Lisa McKenzie indicated that she sent the resident's address to Attorney Bill Flickinger so that he can ask Attorney Kemp Gorthey if Rip Miller is willing to clear the brush at the rear of their property line due to fire hazard concerns. Mr. Flickinger will review his files on this matter.

9. AGREEMENT BETWEEN HOA AND THE DISTRICT ON IRRIGATION

Attorney Bill Flickinger advised that he does not believe an agreement between the District and the HOA on effluent irrigation exists. As discussed previously, the HOA is using the effluent water but it is not in the control of the District. There have been reports of excess overspray and the sprinklers running during the rain. Lisa McKenzie advised that if Cheryl Napier with the HOA is contacted, she can turn off the water. There was discussion of needing a letter between the District and HOA on what is required to comply with our Permit. The Board discussed the 210 permit process and if this is something the District should proceed with. Mr. Flickinger indicated that the District needs a formal agreement with the HOA and needs to have control of the irrigation. Violations that arise will come back to the District. Mr. Flickinger will discuss this matter with the HOA attorney Lance Lackey.

Mrs. Hester reported the purple signs at the entrance of the District that indicate effluent is being used need to be replaced. They have the wrong emergency number listed on them.

Mrs. Hester advised when something is wrong with the HOA irrigation, they can notify the HOA of the error and ask them to fix it and if they do not, ST can fix it and charge the expense to the HOA.

10. DEMAND LETTER TO RESIDENT REGARDING DUMPING DEBRIS ON DISTRICT PROPERTY

Lisa McKenzie discussed two residents dumping debris on District property. The Board reviewed photos of the debris. In one case, the District's landscaper witnessed a resident dumping debris and advised him that was District property and he would be unable to maintain it as he is required to in a contract with the District. The other case involves a homeowner dumping landscaping debris and garbage bags behind his property. Attorney Bill Flickinger advised that he can send demand letters to the owners advising them to clean it up or the District will clean it up and they will be charged for the expense.

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

Bookkeeper Allen Douthitt discussed the bookkeeper's report as included in the agenda package and presented an updated Cash Activity Report. Mr. Douthitt advised that the District is ahead of plan by \$15,000. There was a hit on the water side due to the leak detection costs and water supply line repairs. After discussion, motion was made by Lisa McKenzie and seconded by David I. Perl to approve payment of the vendor invoices, per diems and fund transfer to the bookkeeper's report as presented. The motion carried unanimously.

12. DISTRICT MANAGER'S REPORT ON OPERATIONS

Manager Kristi Hester discussed her report as included in the agenda package. Mrs. Hester went over the connections and consumption numbers. The average monthly residential water consumption is 22,170 gallons. In regards to collection, 17 delinquent letters were mailed out, five door tags were hung and two accounts were disconnected for non-payment.

The water quality monitoring is looking good. The current annual average for chlorine residual is 3. Water accountability is 96.8%, which is great. Mrs. Hester stated that the District has no compliance issues. The wastewater plant is running at 87% capacity.

Mrs. Hester discussed the repairs at the wastewater plant. The plant went down twice and the basins were down. There was also a water supply line leak at Lemon Mint. Mrs. Hester presented photos of damage to a sewer stack caused by a homeowner's swimming pool contractor parking his equipment on top of the stack and water meter. ST fixed the problem and the owner will be back charged approximately \$1,000 to \$2,000 for the repairs.

David I. Perl commented that he really liked the new format of the Manager's Report.

President Chet Palesko reported that his grinder pump was being replaced today. There was discussion of the number of grinder pumps within the District.

Corey Newhouse inquired about the amount of the AT&T bills and the electric bills. Mrs. Hester informed him that the AT&T bills are for the alarms at the lift station. She will ask Scott Manuel to look at the accounts to see if the charges can be reduced. The electric bills are for the wastewater plant and the lift station.

13. DISTRICT WEBSITE

Manager Kristi Hester presented a review of the website which is still in draft form. The Board agreed that it looked great and she will proceed with bringing it online.

14. ORDER DECLARING UNOPPOSED CANDIDATES ELECTED TO OFFICE AND CANCELLING DIRECTORS ELECTION

Lisa McKenzie as the Board Secretary who is responsible for having the official ballot prepared, executed a Secretary's Certificate certifying that Joseph M. Szoo, Corey Newhouse and herself were unopposed for election to office of director for the election scheduled for November 8, 2016.

Attorney Bill Flickinger discussed the Order as included in the agenda package. All three candidates were unopposed, therefore the director's election will be cancelled and they can be elected to office. On or after November 16, 2016 President Chet A. Palesko will provide a Certificate of Election to each of them and they will be sworn in at that time. After discussion, motion was made by David I. Perl and seconded by President Palesko to adopt the Order Declaring

Unopposed Candidates Elected to Office and Cancelling Directors Election as presented. The motion carried unanimously.

15. ORDER APPROVING BUDGET FOR 2016/2017

Bookkeeper Allen Douthitt discussed three options for the District's budget. Mr. Douthitt worked with the District's financial advisor on preparing the budget and proposed tax rate. The District assessed valuation came in at \$287,042,706. The debt service rate is still good at \$.35 with the O&M rate at \$.1911. Next year, the debt service rate will need to be increased because of the additional bonds being issued to fund the wastewater treatment plant expansion. President Chet A. Palesko mentioned that he would like to start lowering the District's tax rate over time. After a detailed discussion of the revenues and expenditures, motion was made by David I. Perl and seconded by Lisa McKenzie to adopt the Order Approving Budget as indicated in the blue column of Mr. Douthitt's worksheet. The motion carried unanimously.

16. ORDER SETTING THE DISTRICT'S PROPOSED TAX RATE FOR 2016 AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

Bookkeeper Allen Douthitt prepared the Notice of Public Hearing on the Tax Rate using the overall rate of \$0.5411 which is the same as last year. The O&M rate will remain the same at \$0.1911 and the debt service will also remain the same at \$0.35. Attorney Bill Flickinger advised that the Notice will be published in the newspaper at least seven days prior to the public hearing. There was discussion of the location, date and time of the public hearing. It was determined that the public hearing would be held at the offices of Willatt & Flickinger, PLLC, 12912 Hill Country Boulevard, Suite F-232 at 7:10 a.m. on September 28, 2016. After a discussion, motion was made by Corey Newhouse and seconded by President Chet Palesko to adopt the Order Setting the District's Proposed Tax Rate for 2016 and Providing for Publication of Notice Thereof as discussed above. The motion carried unanimously.

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

This matter was briefly discussed under Item 7.

18. BILLING ADJUSTMENTS

This is a standing item and not discussed.

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

This is a standing item and not discussed.

20. THE DISTRICT'S WATER AND SEWER RATES; AMENDED RATE ORDER

This is a standing item and not discussed.

21. DROUGHT CONTINGENCY PLAN

David I. Perl discussed the fact that we are ending summer with two full lakes.

22. ALL ACTIONS AND DOCUMENTS NECESSARY OR CONVENIENT, OR BOTH, FOR THE DISTRICT'S CURRENT BOND ISSUE

This matter was discussed under the Engineer's Report.

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

Attorney Bill Flickinger advised that the Government Code requires the Board to review its investment policy on an annual basis. He is not aware of any changes that need to be made. Corey Newhouse asked who the District invests with. Bookkeeper Allen Douthitt advised that District funds are placed in accounts at TexPool and Logic. Lisa McKenzie noted that the District does not currently have an audit committee. President Chet A. Palesko advised he would serve in that capacity. After discussion, motion was made by Corey Newhouse and seconded by Joe Szoo to adopt the Resolution Regarding Annual Review of District Investment Policy and Investment Strategies as presented. The motion carried unanimously.

24. 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

Attorney Bill Flickinger advised that the subcommittee of David I. Perl and Lisa McKenzie met with Engineer Robert Ferguson, Jeniffer Concienne and himself last week on the major points regarding litigation with SHL. They will be meeting again on September 9th and 19th to try to iron out all the issues. The Board will need to vote on this matter at its September 28th meeting.

25. DATES FOR FUTURE BOARD MEETINGS

The October board meeting was scheduled for October 28th.

26. ADJOURN

The meeting was adjourned.



Chet A. Palesko, President

ATTEST:

Lisa S. McKenzie

Lisa S. McKenzie, Secretary

