

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 20, 2012, 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 Palesko, Kenneth A. Fox, Mike Dansby, David I. Perl and Gregg Kronenberger, thus constituting a quorum. All Directors were present.

Also present at the meeting were Rip Miller, Kent Mehring, Allen Douthitt, Jeff Garrett, Robert Ferguson, Joe Szoo, Jim Wittliff and Mike Willatt.

3.     CITIZEN COMMENTS

There were no citizen comments.

4.     MINUTES OF PRIOR MEETINGS

David I. Perl noted some corrections to the minutes. After discussion, motion was made by David I. Perl and seconded by Mike Dansby to approve the minutes of the August 24, 2012 meeting as corrected. The motion carried unanimously.

\*\*President Palesko then moved to Item No. 8.\*\*

8.     VACATION OF EASEMENT AT 10318 INDIGO BROOM LOOP

Jim Wittliff explained that the house at 10318 Indigo Broom Loop encroaches on the easement. When the plat was filed there was a 5' setback from the sideline, but later, in 1998, a 25' easement was filed. The builder apparently did not pick up on the 25' easement and encroached within it.

He noted that there is a 13% slope at the back of the lot and that the line is 11' deep. There was considerable discussion on the situation. The Board members noted that they did not believe that they could give up any part of the easement, because in the case of a line failure, they would need an easement to make repairs. After discussion, motion was made by Kenneth A. Fox and seconded by Gregg Kronenberger to deny the request and to note that if the line ever fails and needs repair, or if the line becomes a future problem for the homeowners, the Board will do its best to reach a mutually agreeable solution with the homeowner. The motion carried unanimously.

**\*\*President Chet Palesko then moved to Item No. 27.\*\***

27. LITIGATION WITH SENNA HILLS, LTD. OVER WEAVER SEWER LINE PROJECT

President Chet Palesko discussed Rip Miller's e-mail. He noted that the Board had received Axiom's engineering report and did not see any problem with it, but the Board had not had it verified by the District's engineer. Robert Ferguson mentioned that he has not reviewed the report because of not being authorized by the Board to incur that expense.

Rip Miller said that the City will not accept anything that is not agreed to by all three parties in the Consent Agreement. Gregg Kronenberger noted that everything is on hold until the residents make a decision on whether they are okay with the proposed office building. He noted that apparently Rip is engaged in a two-step process, one being to change the area designated as irrigation land and the second to change the land use plan. Mr. Kronenberger stated that if we agree to one step without input from the residents, this could create major problems. David I. Perl offered to draft a letter to the City, subject to review by President Palesko and Rip Miller, inviting the City to review the irrigation needs without prior consent of the District. Gregg Kronenberger asked Rip Miller to provide a copy of what was submitted previously to the City.

At the conclusion of the discussion, there was a consensus that David I. Perl will draft a letter to the City, which letter will be subject to review by President Chet Palesko and Rip Miller.

**\*\*President Chet Palesko then moved to Item No. 5.\*\***

5. ORDER DECLARING UNOPPOSED CANDIDATES ELECTED TO OFFICE AND CANCELLING ELECTION

Mike Willatt advised that Secretary Mike Dansby had signed a certificate stating that only three candidates had applied for the three positions as a director. Joe Szoo asked where the notice of opportunity to file as a candidate for the Board of Directors was posted. After discussion, motion was made by David I. Perl and seconded by Mike Dansby to approve the Order Declaring Unopposed Candidates Elected to Office and Cancelling Election. The motion carried unanimously.

6. RETAIN AUDITOR

The auditor's proposal was discussed. There was mention as to whether the fee reduction for the work to be provided by Bott & Douthitt was sufficient. After discussion, motion was made by Mike Dansby and seconded by Kenneth A. Fox to approve the auditor's proposal. The motion carried unanimously.

7. WEST TRAVIS COUNTY PUBLIC UTILITY AGENCY

President Chet Palesko advised that there was another meeting of the Board of Directors of the PUA. President Palesko said that he is supposed to be on the advisory board but had been traveling during the two meetings that have been held so far.

9. AUSTIN ELECTRIC RATES

Mike Willatt advised that HURF had filed a petition with the City. The City was not contesting the fact that it was signed by sufficient signatures, and that the PUC had ordered the City to file its rate filing package by October 1, 2012. He explained that HURF has budgeted \$350,000 to hire an attorney and consultants and that HURF was asking all MUDs within Austin's out-of-city service area to contribute to the effort. There was general consensus that because of the current circumstances, the District cannot afford to make a contribution to this cause. Kent Mehring advised that the HOA is looking at its reserves and at several projects and that it is unlikely that the HOA can make a contribution.

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

Joe Szoo said that several homeowners would like to get a report of the pond level by month. Jeff Garrett said that he is not currently keeping this information but he would track the pond level going forward. Mr. Garrett also advised that he had been notified by Jerri Strain on the previous day that the records are ready for transfer.

\*\*President Chet Palesko then moved to Item No. 25.\*\*

25. REVISED MUD LAND USE PLAN AND CONSENT AGREEMENT WITH SENNA HILLS, LTD AND THE CITY OF AUSTIN; INCLUDING PROPOSED OFFICE BUILDING

Kent Mehring said that they are still rounding up votes from the residents but currently it is 50/50.

11. EXPANSION OF THE DISTRICT'S WASTEWATER TREATMENT PLANT

There was no discussion.

12. PAY ESTIMATES AND CHANGE ORDERS FOR WASTEWATER TREATMENT PLANT CONSTRUCTION CONTRACT

There was no discussion except to agree that this item can be taken off future agenda.

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

Allen Douthitt handed out his financial report. He said in the future, he will furnish the financial report to Jeff Garrett in time to get it included in the agenda package. Mr. Douthitt reported that the loan closed and that he had paid the accounting, legal bills and both contractors, being G Creek and McKinney. He also had the penalty check prepared for the TCEQ enforcement action. Motion was made by Gregg Kronenberger and seconded by Mike Dansby to approve the payments already made and to approve the payments as presented today. The motion carried unanimously.

14. PUBLIC HEARING ON TAX RATE

President Chet Palesko opened the public hearing on the tax rate. Joe Szoo stated that he had only received one question from the residents, which was "What was the tax rate last year?" President Palesko said that the tax rate is at the maximum increase and that he thought it should remain there. He pointed out that there was a spill over the weekend and there may be another fine from the TCEQ. David I. Perl said that the Board has to build a decent reserve and he agreed that the tax rate should be at the maximum. There being no other discussion, President Palesko closed the public hearing.

15. ORDER APPROVING THE DISTRICT'S APPRAISAL ROLL AND SETTING THE DISTRICT'S TAX RATE FOR 2012

Motion was made by President Chet Palesko and seconded by Kenneth A. Fox to adopt the Order Approving the District's Appraisal Roll and Setting the District's Tax Rate for 2012 as presented. The motion carried unanimously.

\*\*President Chet Palesko then moved to Item No. 22.\*\*

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

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

16. AMENDED INFORMATION FORM

Mike Willatt advised that it was necessary to file an Amended Information Form to note the change in the tax rate. Motion was made by Gregg Kronenberger and seconded by David I. Perl to authorize execution of the Amended Information Form by the Board members. The motion carried unanimously.

17. ESTABLISHMENT OF CAPITAL IMPROVEMENT FUND

18. REFUNDING OF SOME OR ALL OF THE DISTRICT'S OUTSTANDING BONDS

Mike Dansby noted that the capital improvement fund was a line item in the budget. He recommended tabling of items 17 and 18, and taking them off the agenda.

19. DISTRICT MANAGER'S REPORT ON OPERATIONS

Jeff Garrett reported that all of the lift stations filled up during the rainstorm last weekend. One pump failed to operate because of rags at the bottom of the lift station. The pump was removed and the rags were cleaned out.

He reported that David Ripley said that he cleaned the lift stations out once a year. The Board noticed numerous invoices from AquaTexas for lift station cleaning.

Jeff Garrett reported that two lift stations had so much grease that it was floating on the surface and impeding the operation of the pump stations.

Jeff Garrett said to address the lift stations filling up during rainstorm events, he could have a crew do a manhole survey. This involves two operators looking at manholes or holes in the ground to see if water was getting in through improperly closed manhole covers. There also needs to be an inspection for broken clean-outs to see if water is coming from that source. The cost of this survey will be \$2,500. If that does not identify all the sources of inflow, the next step is smoke testing.

He also mentioned that in Lake Pointe some builders had tied into the down spouts of the gutters into the wastewater line to avoid rain running off in the yard. That also needs to be inspected for.

Motion was made by Kenneth A. Fox and seconded by Mike Dansby to approve the manhole survey for \$2,500. The motion carried unanimously. Jeff Garrett then reported that there needs to be a chlorine analyzer and ammonia tester in the lab, there being none now. The cost of these are approximately \$2,000. This is for the operator to test everyday and to know what is going on with the plant. Motion was made by President Chet Palesko and seconded by Mike Dansby to authorize Jeff Garrett to ask David Ripley how he tested for chlorine and ammonia and, if the chlorine analyzer and ammonia tester was still needed, to authorize Gregg Kronenberger to approve its purchase after receiving Jeff Garrett's report. The motion carried unanimously.

Jeff Garrett stated that ST has not yet taken over the billing. There was consensus not to change the existing methods of payment.

20. ENGINEER'S REPORT

Robert Ferguson addressed the effluent irrigation system. He noted that the permit specifies what can be irrigated and what cannot. If we have to change that area, it will be necessary to get TCEQ approval regardless of what the City of Austin does. He noted that there may be variances between what we irrigate and what the permit allows the District to irrigate. The \$217,000 in escrow will address that issue.

Robert Ferguson also reported on the need to get a 210 permit for irrigation of the landscaping. Gregg Kronenberger noted that if we need a permit amendment, Rip Miller should pay the cost.

There was consensus that Robert Ferguson should spend some time seeing where we are on the irrigation with respect to the permit. There was agreement that David I. Perl will write the letter to the City of Austin as addressed earlier.

Robert Ferguson said that he would like to put a rehab plan together for the effluent irrigation system. It is evident that there is uneven application. Some heads dribble and some emit too much. Robert Ferguson thinks that Murfee Engineering will carry the cost of preparing the construction plans and submitting them to the TCEQ, along with a 210 permit application, until the \$217,000 is released from escrow. He said that typically the engineering fees would be 10% of the \$217,000.

Robert Ferguson said that it may be a phased project so as to not exceed the \$217,000. Motion was made by David I. Perl and seconded by Kenneth A. Fox to authorize Robert Ferguson to start work on the construction plans and the 210 permit application, conditioned on Murfee being willing to delay payment of the bill until release of the funds from escrow. The motion carried unanimously. Robert Ferguson said that he would also spend some time on seeing where the District is with respect to the permit and the irrigation in fact.

Mr. Ferguson advised that he will walk through the Weaver project with G Creek next week. Motion was made by Gregg Kronenberger and seconded by Mike Dansby to authorize Robert Ferguson to accept the project for maintenance contingent on a successful walk-thru. The motion carried unanimously.

21. CONSTRUCTION PROJECTS WITHIN THE DISTRICT

There was no discussion on this item.

23. THE DISTRICT'S WATER AND SEWER RATES

There was no discussion on this item.

24. BILLING ADJUSTMENTS

There was no discussion on this item.

26. PROVISION OF SEWER SERVICE TO EVANS WEAVER TRACT, INCLUDING CONTRACT FOR 10340 FM 2244 WASTEWATER SERVICE PROJECT

This topic was discussed previously.

27. LITIGATION WITH SENNA HILLS, LTD. OVER WEAVER SEWER LINE PROJECT

Mike Willatt noted that no action was being taken on the litigation.

28. LOAN AGREEMENT WITH ABC BANK AND LOAN FROM ABC BANK

There was agreement that this could be taken off the agenda.

29. TCEQ CHAPTER 210 PERMIT

This topic was discussed previously.

30. POSSIBLE LITIGATION TO RECOVER DAMAGES EXPERIENCED BY REASON OF THE WASTEWATER TREATMENT PLANT AND ASSOCIATED TRANSACTIONS

There was agreement to leave this item on the agenda.

31. DROUGHT RESTRICTION MEASURES

Mike Willatt said that he had been told by the LCRA that the LCRA could not mandate the District go to once a week watering but was urging the District to do so. After discussion, there was consensus that the District should do nothing until it receives future communication from the LCRA.

32. RESOLUTION ESTABLISHING OFFICES AND MEETING PLACES

Mike Willatt said it was necessary to adopt a Resolution Establishing Offices and Meeting Places to accommodate the new meeting place at West Travis County - PUA. Motion was made by Mike Dansby and seconded by Gregg Kronenberger to adopt the Resolution as presented. The motion carried unanimously.

33. ADJOURN

The meeting was adjourned.



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President, Board of Directors  
Senna Hills MUD

ATTEST:



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Secretary, Board of Directors  
Senna Hills MUD

