

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 21, 2018 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 Bill Flickinger, Matt McPhail and Jeniffer Concienne of Willatt & Flickinger, PLLC, Robert Ferguson of Murfee Engineering, Jason Tyler of InfraMark, LLC, Allen Douthitt of Bott & Douthitt, PLLC and Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC.

3. CITIZEN COMMENTS

No citizens were present.

4. MINUTES OF PRIOR MEETINGS

President Chet A. Palesko entertained a motion for approval. Motion was made by David I. Perl and seconded by Lisa McKenzie to approve the Minutes of the August 27, 2018 meeting as presented. The motion carried unanimously.

5. PUBLIC HEARING ON TAX RATE

President Chet A. Palesko opened the public hearing on the tax rate. Being no citizens were present, President Palesko closed the public hearing.

6. ORDER APPROVING BUDGET FOR 2018/2019

Bookkeeper Allen Douthitt discussed the proposed budget with the Board. As requested, the budget is based on a zero tax increase. Mr. Douthitt contacted Doug Whitt's office on the 25% debt service reserve. That amount of reserve is stated in the District's bond resolution. The financial advisor is conservative and does not want the District to have to increase its tax rate at a later date. After discussion, President Chet A. Palesko entertained a motion for approval. Motion was made by Corey Newhouse and seconded by Joe Szoo to adopt the Order Approving Budget with the blue column as presented. The motion carried unanimously.

7. ORDER APPROVING THE DISTRICT'S APPRAISAL ROLL AND SETTING THE DISTRICT'S TAX RATE FOR 2018

Attorney Bill Flickinger reported that the Notice of Public Hearing on Tax Rate was published in the newspaper as required. President Chet A. Palesko entertained a motion for approval. Motion was made by Lisa McKenzie and seconded by David I. Perl to approve the Order Approving the District's Appraisal Roll and Setting the District's Tax Rate for 2018 as presented with the debt service rate at \$0.3200, the M&O rate at \$0.1976, for a total tax rate of \$0.5176 per \$100 of taxable value. The motion carried unanimously.

8. AMENDED INFORMATION FORM

Attorney Bill Flickinger advised that due to the change in tax rate, the Amended Information Form will be revised to reflect the new tax rate. The form will be filed with the Travis County Clerk and TCEQ as required. After discussion, motion was made by President Chet A. Palesko and seconded by Joe Szoo to approve the Amended Information Form and authorize its filing with the Travis County Clerk and TCEQ. The motion carried unanimously.

9. 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 is not aware of any recommended changes to the rate order. President Chet A. Palesko advised that it could be changed at any time. He would like to review it in detail for any changes. This item will be left on the agenda for review at the October board meeting. Mr. Flickinger advised that if there are any recommended changes, to provide them to his office ahead of time so that a redlined version can be prepared.

10. ANNUAL AUDIT ENGAGEMENT LETTER SUBMITTED BY MCCALL GIBSON SWEDLUND BARFOOT, PLLC

Ashlee Martin discussed the audit engagement letter as included in the agenda package. The engagement letter covers the audits for fiscal year ends 2018 and 2019. The annual fees have been increased slightly from the last agreement. There was discussion of the questionnaire that was provided. The questionnaire is not required to be submitted back to the auditor. Should there be any questions, the Board is free to call the auditor at any time. After discussion, President Chet A. Palesko entertained a motion for approval. Motion was made by Lisa McKenzie and seconded by David I. Perl to approve the audit engagement letter submitted by McCall Gibson Swedlund Barfoot as presented. The motion carried unanimously.

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

President Chet A. Palesko reported that the PUA held an impact fee meeting recently. The PUA committee is recommending lowering the impact fee. In the past, the impact fee was very high. There was discussion from the PUA on having the new customers pay for 100% of the new development. However, the PUA is still aggressive on its growth rate assumptions. The District's base rate fee is \$7,900, which should be now be lowered. President Palesko will continue to monitor this matter.

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

Engineer Robert Ferguson reported that the sludge management and electrical drawings for the sludge wasting system are still in progress. They are attempting to get those out for pricing. Excel has not submitted its final pay estimate due to the delay in the electrical plans. Mr. Ferguson stated that the meetings between all parties on the wastewater treatment plant training and communications are going smoothly.

Kubota made an inquiry on the availability on the racks from the old plant at no cost. There was mention that the membranes are still in there. The Board agreed to allow Kubota to take them since they would be disposed of anyway and were of no value to the District.

13. CONSTRUCTION PROJECTS WITHIN THE DISTRICT, INCLUDING ADVERTISEMENT FOR BIDS AND APPROVAL, AWARD, RECOMMENDATION, ADMINISTRATION OF CONSTRUCTION CONTRACTS, CHANGE ORDERS AND PAY ESTIMATES

Engineer Robert Ferguson advised that the final pay estimate has not yet been received.

14. MS4 PERMIT; MAINTENANCE OF DRAINAGE EASEMENTS AND PONDS

Manager Jason Tyler reported that the ponds are doing well and draining as intended. The plant is in good shape as well. With all the recent rainfall, no issues have been reported.

15. EFFLUENT DISPOSAL CONTRACT BETWEEN THE DISTRICT AND SENNA HILLS HOA

Attorney Matt McPhail discussed the Effluent Disposal Contract between the District and the HOA. He has been notified of defaults in the contract with the HOA. A letter was sent to the HOA which triggered a 30-day deadline for compliance with the necessary repairs to the irrigation facilities and reporting requirements.

The Board discussed the options if the HOA does not comply by the 30-day deadline. If that occurs, Attorney Matt McPhail will contact the HOA's attorney and suggest that he attend the next board meeting to discuss enforcement action.

16. BOOKKEEPER'S REPORT, INCLUDING AUTHORIZATION OF PAYMENT OF BILLS; BUILDER DEPOSITS

Bookkeeper Allen Douthitt presented an Updated Cash Activity Report. Today's consideration will include payment of vendor invoices, per diems and authorization of three fund transfers. Mr. Douthitt reported that the District is on plan for the month on the budget and ahead of plan for the year. After discussion, President Chet A. Palesko entertained a motion for approval. Motion was made by David I. Perl and seconded by Joe Szoo to approve payment of the vendor invoices and per diems and authorize the three fund transfers as presented. The motion carried unanimously.

17. CONTRACT WITH BOTT & DOUTHITT, PLLC FOR BOOKKEEPING SERVICES

Bookkeeper Allen Douthitt explained that he has been doing the District's bookkeeping for 6 ½ years. Back when he started, the District was not in a good financial standing and they agreed to perform the bookkeeping at a lower rate. Mr. Douthitt would like the Board to consider a \$150 monthly increase. Mr. Douthitt presented the Bookkeeping Services Agreement for review by the District's attorney. After discussion, President Chet A. Palesko entertained a motion for approval. Motion was made by Lisa McKenzie and seconded by Corey Newhouse to approve the Bookkeeping Services Agreement subject to final review by the District's attorney. The motion carried unanimously.

18. DISTRICT MANAGER'S REPORT ON OPERATIONS

- a. Customer Requests
- b. Landscape Maintenance Contracts

Jason Tyler then discussed the Manager's report with the Board. There are 412 total water connections, of which 405 are residential. The total residential water consumption was 9,496,000 gallons. The average monthly residential water consumption was 23,447 gallons for August. Total water receivables were \$103,564.

Mr. Tyler reported on the accounts receivable and collections report. There were six delinquent letters mailed out, two door tags hung and zero disconnects for non-payment.

The water production and quality monitoring report looks good.

The water accountability for August was 99.06%. Lisa McKenzie reiterated that she would like to get the peak demand information. Mr. Tyler will contact the PUA with that request.

The wastewater treatment plant was operating at 72% capacity in August and was 100% compliant during that period. There was discussion of the HOA irrigating the Senna Hills Boulevard right-of-way. The HOA needs to be consistent in its irrigation of that area.

Mr. Tyler presented and discussed some LCRA water rebates. This information can be put on the District's website in case any residents are interested in the details. There was discussion about some of the information that the LCRA provided does not apply to the District. If the residents have any questions, they can contact the LCRA for further details.

Mr. Tyler stated that it took Spectrum several meetings to finally get the cable hooked up at the wastewater plant. The service should be activated soon.

19. BILLING ADJUSTMENTS

This item was not discussed.

20. DISTRICT WEBSITE

This item was not discussed.

21. TAYLOR LAKE EFFLUENT POND, THE DISTRICT'S EFFLUENT DISPOSAL SYSTEM

This item was not discussed.

22. DATES FOR FUTURE BOARD MEETINGS

Attorney Bill Flickinger reported that the October meeting date was set for the 26th. President Chet A. Palesko advised that he will not be at the October meeting. The Board discussed setting the meeting dates for November and December due to the holidays. The November meeting is scheduled for November 30th and the December meeting is scheduled for December 28th. Both Jason Tyler and Joe Szoo will not be in attendance at the December meeting.

23. CONTRACT BY AND AMONG THE DISTRICT, SENNA HILLS HOMEOWNERS ASSOCIATION, INC., SENNA HILLS, LTD. AND THE SENNA HILLS TRUST

Attorney Bill Flickinger reported that the third invoice for administering the Contract between all parties was submitted to Rip Miller for payment.

Rip Miller has been communicating with the City of Austin on submission of the application.

24. ADJOURN

President Chet A. Palesko adjourned the meeting.



David I. Perl, Vice President

ATTEST:



Lisa S. McKenzie, Secretary

[SEAL]