

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 28, 2016 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 resident Peter Shi, Allen Douthitt of Bott & Douthitt, Kristi Hester of ST, Robert Ferguson of Murfee Engineering, Bill Flickinger of Willatt & Flickinger, PLLC and Jeniffer Concienne of Willatt & Flickinger, PLLC.

3. CITIZEN COMMENTS

President Chet Palesko advised Mr. Peter Shi that we would take up his concerns when Manager Kristi Hester arrived. Due to traffic, she was running a little behind.

At 7:35 a.m., President Palesko took up Mr. Shi's matter. Mr. Shi explained that he attended the meeting to discuss two matters with the Board. The first was the notice on residential meter sizes and the \$195 fee associated with the exchange. Under the District's meter replacement program, his meter was replaced two years ago and has no proof as to what size the original meter was. Mr. Shi contacted the builder and they have no record as well. There was discussion of the recent meter audit and replacement system. After discussion, Mr. Shi was satisfied with the explanation that he either pays the monthly base fee for the existing 3/4" meter or pays the exchange fee of \$195 to downgrade to a 5/8" meter.

Mr. Shi's next issue pertained to a request for waiver of late fees in connection with his water bill. Mr. Shi set up an automatic bank payment system with a preset amount to pay his water bill. In most cases, the preset amount covered the bill but in some instances, it did not, which resulted in \$5 late fees. Over the past two years, he has incurred \$55 in late fees. He has now corrected the automatic preset payments and is asking for a waiver due to the bill in his opinion not obviously showing that late fees were being incurred. After discussion, the Board did not agree to waive the \$55 in late fees.

4. PUBLIC HEARING ON TAX RATE

President Chet Palesko opened the public hearing on the tax rate. Hearing no comments, President Palesko closed the public hearing.

5. ORDER APPROVING DISTRICT'S APPRAISAL ROLL AND SETTING THE DISTRICT'S TAX RATE FOR 2016

President Chet Palesko discussed the tax rate. After discussion, motion was made by Lisa McKenzie and seconded by President Palesko to approve the Order Approving the District's Appraisal Roll and Setting the District's Tax Rate for 2016 as presented with the debt service rate at \$0.35/\$100, the O&M rate at \$0.1911/\$100 for a total tax rate of \$0.5411/\$100. The motion carried unanimously.

6. ENGAGEMENT LETTER SUBMITTED BY McCALL GIBSON SWEDLUND BARFOOT PLLC FOR PREPARATION OF THE DISTRICT'S ANNUAL AUDIT

The engagement letter submitted by McCall Gibson Swedlund Barfoot PLLC for preparation of the District's annual audit was discussed. The cost is in the same price range as before. Motion was made by President Chet Palesko and seconded by Joe Szoo to approve the engagement letter as presented. The motion carried unanimously.

7. MINUTES OF PRIOR MEETINGS

Both Lisa McKenzie and David I. Perl commented on the Minutes and had several revisions. Motion was made by David I. Perl and seconded by Lisa McKenzie to approve the Minutes of the September 2, 2016 meeting as revised. The motion carried unanimously.

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

President Chet Palesko stated that the impact fee meeting was rescheduled so he will be able to attend the meeting.

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

Engineer Robert Ferguson discussed the bond application and TCEQ staff recommendations. The TCEQ had some incorrect information in the memo. The TCEQ also requested an explanation of the relationship between the District and PUA, as well as an agreement from the PUA that it will treat the raw water the District purchases from the LCRA. Mr. Ferguson indicated all the information was submitted along with an explanation. It appears the application is back on track and Murfee expects to receive the preliminary approval memo and draft order soon.

Mr. Ferguson then discussed the wastewater treatment plant. In connection with the permit minor amendment, comments were received from the TCEQ and Mr. Ferguson is preparing the response to include detailed descriptions of the proposed expansion. Regarding the construction plans, they are evaluating the approach to bidding the project to attract bidders with a 2-year performance guarantee.

10. MS4 PERMIT; MAINTENANCE OF DRAINAGE EASEMENTS AND PONDS

Manager Kristi Hester had nothing to report.

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

Attorney Bill Flickinger stated that he asked Attorney Kemp Gorthey about cleaning of irrigation tracts owned by Rip Miller that backed up to some of the residents' homes. The residents were concerned that there was a fire hazard. Mr. Gorthey indicated that Mr. Miller said that the residents could clean up the areas at their own expense, but under the condition that oak tree cuts be sealed and no cedar stumps be left above ground.

12. AGREEMENT BETWEEN HOA AND THE DISTRICT ON IRRIGATION

Attorney Bill Flickinger advised that Attorney Lance Lackey has been authorized to negotiate an agreement with the District and HOA on effluent irrigation. Lisa McKenzie mentioned that the rain sensor must be faulty. ST needs to walk Senna Hills Drive with the irrigator to recommend and discuss solutions.

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

Attorney Bill Flickinger reported that two demand letters have been sent out regarding dumping debris on District property. If the homeowners do not clean up the debris, then ST will do it and charge the homeowners accordingly.

14. 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 \$30,000 due to the sale of water. There was discussion of the oak wilt invoice because it included sales tax. The District is exempt from sales tax. Mr. Douthitt will look further into the matter. After discussion, motion was made by David I. Perl and seconded by Lisa McKenzie to approve payment of the vendor invoices and per diems as presented. The motion carried unanimously.

15. DISTRICT MANAGER'S REPORT ON OPERATIONS

Manager Kristi Hester discussed her report as included in the agenda package.

Mrs. Hester discussed the District's billing summary in connection with the connections and consumptions. The water quality monitoring is good. The water accountability is at 91%.

Mrs. Hester stated that Scott Manuel will meet with a vendor regarding the liner at the effluent pond in an effort to determine what should be budgeted for liner repairs or replacement.

16. DISTRICT WEBSITE

This is a standing item and not discussed.

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

This is a standing item and not discussed.

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

Lisa McKenzie and Kristi Hester worked on amending the rate order. Mrs. McKenzie discussed the redline draft. The current rate order did not provide for commercial users. The rate order will now include a Service Unit chart taken from the City of Austin, which is based on American Water Works Association standards. Corey Newhouse would like to lower the rates as per the PUA. There was discussion of lowering the base fee and lowering the first tier of the volumetric rate. After discussion, motion was made by President Chet Palesko and seconded by

Corey Newhouse to adopt the changes to the rate order as presented. The motion carried unanimously.

21. DROUGHT CONTINGENCY PLAN

This is a standing item and not discussed.

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. 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

The Board President announced that the Board of Directors will now 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. 23. The Board went into closed session at 9:36 a.m.

At 9:55 a.m., the Board President announced that the Board of Directors has concluded its closed session and is returning to open meeting, and that no action was taken during the closed session.

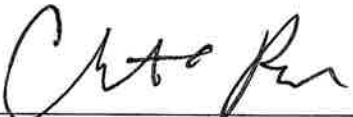
President Chet Palesko made a motion to authorize the committee to finalize the Settlement Agreement with SHL, Ltd. and authorize the Board President to execute that Agreement. The motion was seconded by Corey Newhouse. The motion carried unanimously.

24. DATES FOR FUTURE BOARD MEETINGS

The Board discussed meeting dates for November and December. After discussion, the next two meetings will be scheduled as follows: November 23<sup>rd</sup> and December 30<sup>th</sup>.

25. ADJOURN

The meeting was adjourned.

  
\_\_\_\_\_  
Chet A. Palesko, President

ATTEST:

  
Lisa S. McKenzie, Secretary

