

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 MUD was held at 7:10 a.m. on August 28, 2020 by remote access only in accordance with the March 16, 2020 Order by Governor Abbott temporarily suspending certain requirements of the Texas Open Meetings Act to advance the goal of limiting face-to-face meetings to slow the spread of COVID-19. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act and as modified by the Governor's Order.

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 and Jeniffer Concienne of Willatt & Flickinger, PLLC, Robert Ferguson of Murfee Engineering, Jesse Kennis and Makenzi Scales of Inframark and Allen Douthitt of Bott & Douthitt, PLLC.

3. CITIZEN COMMENTS

No citizens were present.

4. MINUTES OF PRIOR MEETINGS

President Chet Palesko entertained a motion for approval of the Minutes. Motion was made by David I. Perl and seconded by Lisa McKenzie to approve the Minutes of the July 31, 2020 meeting as presented. The motion carried unanimously.

5. TEMPORARY MORATORIUM ON DISCONNECTION OF WATER SERVICE FOR NON-PAYMENT DURING COVID-19 VIRUS CRISIS

The Board discussed the current delinquencies and if it was time to lift the moratorium.

There was also discussion of a renter that never completed the Service Agreement with the District for service. Lisa McKenzie wants to propose disconnect procedures in this case. This resident on Coreopsis has not paid for any services or provided the required deposit, despite taking possession of the property about 4 months ago.

After discussion, motion was made by President Chet Palesko and seconded by Corey Newhouse to lift the moratorium on disconnection of water service for non-payment during COVID-19 virus crisis. The motion carried unanimously.

6. PAYMENT PLANS FOR DISTRICT CUSTOMERS DURING COVID-19 VIRUS CRISIS

Manager Jesse Kennis advised that he still has not received any requests for payment plans.

7. REPORT FROM MR. RIP MILLER ON PROGRESS OF APPROVALS FOR AND DEVELOPMENT OF THE 11.73-ACRE TRACT OWNED BY SENNA HILLS, LTD.

This item will be discussed below under Item No. 25.

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

The consultants discussed the status of the Stage 4 Emergency Watering Restrictions issued by the PUA. The alert was due to a raw water line break caused by a contractor working on Bee Cave Road. The leak is about 3,000 gpm. This is a critical situation. Engineer Robert Ferguson advised it might take some time to repair the pipe, as this is not a standard repair piece. There was discussion of where the water will come from if the PUA tanks run out. Mr. Ferguson reported that there are emergency interconnects with other entities, such as Travis County WCID No. 20 and possibly the City of Austin. It is important that all residents conserve water at this time and absolutely no sprinklers are to be used.

During the discussion, Mr. Ferguson received an update that the PUA will have service back to normal by the end of the day.

Bookkeeper Allen Douthitt reported on another note that the PUA will not be increasing the wholesale rate to the District, as it has for other Districts.

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

Engineer Robert Ferguson discussed his report as included in the agenda package.

The irrigation control wiring project is complete.

Mr. Ferguson reported that the District's landscaper Zane Furr will mark all the sprinkler heads so that the surveying of the irrigation fields can begin.

Merrigan Electric completed the electrical sub-meter installation for Rip Miller's buildings. The sub-meter has been installed on District property on the power pole near the District's electrical connection. The District can now initiate a conversation regarding the open permits to see what actions may be necessary to resolve this through Austin Energy.

Murfue Engineering is putting the pond liner project together. This project will be put out for bid next year for summer construction. Lisa McKenzie inquired about the different color of liners available for the pond, such as white, black or green. Mr. Ferguson has only seen the black liners for wastewater installations. However, Mr. Ferguson will check with the supplier on different options. It was reported that Zane Furr has a client that has a white liner installed in the effluent pond. There was discussion of how the different sediments would show up on the differently colored liners. Mr. Ferguson will obtain pictures of the colored liners for review.

Mr. Ferguson reported that Rip Miller's engineer called about the site plan requirement for the District. SHL's engineer would like to have it submitted by the end of the month. Mr. Ferguson provided information to him on the site utilities. There was discussion of the site review fee in the District's rate order. Attorney Bill Flickinger advised that since the District has a separate agreement with SHL, that fee will not be required. The Board agreed that the fee will not be required. Mr. Ferguson also reported that the TxDOT driveway permit application is in process for the office complex.

Mr. Ferguson confirmed that no permit applications relating to SHL have been filed yet.

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

This item was not discussed.

11. MS4 PERMIT; MAINTENANCE OF DRAINAGE EASEMENTS AND PONDS

This item was not discussed.

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

Bookkeeper Allen Douthitt discussed the financials with the Board. The District's budget year to date is \$60,000 to the good. Corey Newhouse asked if the new electric meters were received. Manager Jesse Kennis confirmed that they were received. After discussion, motion was made by Lisa McKenzie and seconded by Joe Szoo to approve payment of the invoices, per diems and authorize two fund transfers as presented. The motion carried unanimously.

13. BUDGET FOR FY 2020-2021

14. ORDER SETTING THE DISTRICT'S PROPOSED TAX RATE FOR 2020 AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

Items 13 and 14 were discussed together.

Bookkeeper Allen Douthitt discussed the proposed budget with the Board. Mr. Douthitt outlined three scenarios, a 10% reduction, no capital rate and a parity rate. All three of those scenarios decrease the overall tax rate. Attorney Bill Flickinger discussed the procedural steps to adopt the budget and set the proposed tax rate. The budget can be adopted at the September meeting. However, the proposed budget must be adopted today. For next month's consideration, Lisa McKenzie asked that another 10-15% further reduction be submitted for review. After discussion, President Chet Palesko entertained a motion. Motion was made by David I. Perl and seconded by Corey Newhouse to adopt the Order Setting the District's Proposed Tax Rate for 2020 and Providing for Publication of Notice Thereof with rates of \$0.13 for O&M and \$0.32 for debt service, bringing the overall rate to \$0.45 per \$100 of valuation. The motion carried unanimously.

15. DISTRICT MANAGER'S REPORT ON OPERATIONS

- a. Customer Requests
- b. Landscape Maintenance Contracts; Additional landscaping services
- c. Inspections of HOA effluent irrigation system
- d. Drum screens; waste disposal process
- e. Maintenance and trimming of trees and vegetation on District property; removal of vegetation on District property planted by homeowners without permission
- f. Change Order and financial invoice from Pios for spray irrigation field repairs

Manager Jesse Kennis discussed his Executive Summary of the Manager's Report.

The wastewater plant is running at 78% capacity. Mr. Kennis reported that the sludge box meter was ordered and will hopefully be installed by next month's meeting. As Engineer Robert Ferguson reported, the electrical sub-meter was installed for Rip Miller's buildings. Inframark will read the meter and provide the information to Bookkeeper Allen Douthitt for billing to SHL.

Pios submitted a final invoice and change order. Mr. Kennis stated that they did a good job on this project. All the over-saturation is gone. Lisa McKenzie agreed that they did a lot of work on this project and supports the change order. The change order is in the amount of \$2,850,

bringing the contract total to \$26,350. President Chet Palesko entertained a motion. Motion was made by Lisa McKenzie and seconded by David I. Perl to approve the Change Order submitted by Pios for the spray irrigation field repair project. The motion carried unanimously.

Mr. Kennis reported on the District's 11% water loss for July. Mr. Kennis stated that the daily read of the master meter does not appear to be the issue. He is hopeful that when the mechanical meters are replaced with the electronic meters, that the water loss will improve. Lisa McKenzie asked if Inframark hangs a door tag when replacing a meter. Mr. Kennis advised that they do. David I. Perl asked if it is possible that there is still a leak in the District. Mr. Kennis does not believe that this is the case. Mrs. McKenzie asked if there is an installation schedule for the replacement of the meters. Mr. Kennis stated that he would be able to produce a schedule in another week or so. There are 200 old meters left to replace that have registered over 1 million gallons. Mr. Kennis reported that 26 meters have been replaced so far.

Pump #1 at Lift Station #3 failed. The spare pump was installed. The broken pump cannot be repaired. The District will need to purchase a new pump. The quote for the new pump is \$8,337.96 plus freight. David I. Perl inquired about the age of the pump. Mr. Kennis will have to look it up. After discussion, motion was made by Corey Newhouse and seconded by President Chet Palesko to authorize purchase of a new pump, not to exceed \$9,500 with installation. The motion carried unanimously.

The installation of the auto dialers at the wastewater treatment plant, Lift Station #1 and the Lemon Mint Lift is almost complete. Mr. Kennis stated that Inframark has reduced the water use at the drum screens, so the cleanup is not so messy. This fix is not ideal, so Mr. Kennis continues to pursue a cleaner way to handle the waste removed by the drum screens but does not want to spend a lot more money on this project. Another idea would be a chute system where the screened-out waste is bagged immediately and can then be transported to the dumpster.

Mrs. McKenzie asked when the bundle of wires and other junk at the wastewater plant will be removed. Mr. Kennis advised that he will go assess the area next week and will get it all disposed of.

16. AMENDMENT TO RESOLUTION ADOPTING BOARD POLICY ON MAINTENANCE OF GREENBELT AREA OWNED BY SENNA HILLS MUNICIPAL UTILITY DISTRICT
17. 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

Items 16 and 17 were discussed together.

Lisa McKenzie and David I. Perl reported that they met with landscaper Zane Furr to review the landscaping in the District. Mr. Furr trimmed some trees on Indigo Broom Loop, at the top of the Lemon Mint Park, that were in need of maintenance.

There was discussion of a resident that was going to have a tree removed due to its obscuring his view. The only reason that did not happen is the arborist said he would need HOA approval. The recent Board Policy should be amended to include a provision that trees cannot be removed without approval and if so, there will be a fine assessed and a new tree will need to be planted. There was further discussion on owners that have planted vegetation on District property.

Once again, there appear to be owners or their contractors dumping yard waste on District property near the Strawflower lift station. There was also a homeowner on Gaillardia who had a large dumpster delivered on MUD property at the Milagro pond area, and whose workers parked on that grassy area as well.

The Board discussed appropriate fines for these violations. Attorney Bill Flickinger will prepare a draft of the Amended Board Policy and get with the committee to review. The fines will also need to be included in the rate order.

18. ELECTRONIC METERS

There was discussion of allowing the owners to decide if they want to pay for the endpoints so that they can use the electronic functions of the new meters. Attorney Bill Flickinger reminded the Board that the software contract has not yet been approved.

19. BILLING ADJUSTMENTS

Manager Jesse Kennis and the Board discussed the billing adjustment for 1320 Milagro. The Board indicated that this is a very generous adjustment. The adjustment used the lowest billing tier for all of the water used in the months of May, June and July, in accordance with the leak adjustment policy. Back in November, the resident had a running toilet for an extended amount of time. Lisa McKenzie worked with this resident to figure out the current issue. In this instance, it was an underground leak in the irrigation system. The owners have repaired the leak and submitted the plumber's invoice as requested. There was discussion of considering some changes to the leak adjustment policy, such as the number of months used to calculate the adjustment. The Board agreed that late fees should not be waived on any adjustment. After discussion, motion was made by President Chet Palesko and seconded by Lisa McKenzie to approve the leak adjustment in the amount of \$2,721 for the account at 1320 Milagro as presented. The motion carried unanimously.

There was further discussion on the use of electronic meters. If that system was used throughout the District, this owner may have caught the issue sooner. Other districts that use electronic meters do not offer leak adjustments.

Joe Szoo left the meeting at 8:57.

Attorney Bill Flickinger reminded the Board that if they wish to go with the electronic options, the Board will need to consider the software agreement. Both David I. Perl and Lisa McKenzie would like to move forward with this option.

20. TAYLOR LAKE EFFLUENT POND, THE DISTRICT'S EFFLUENT DISPOSAL SYSTEM; EFFLUENT DISPOSAL CONTRACT BETWEEN THE DISTRICT AND HOA

This item was discussed under the Engineer's Report.

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

Attorney Bill Flickinger stated that the District's Investment Policy needs to be reviewed on an annual basis. Mr. Flickinger is not recommending any changes to the policy. After discussion, motion was made by David I. Perl and seconded by President Chet Palesko to adopt the Resolution Regarding Annual Review of the District's Investment Policy and Investment Strategies as presented. The motion carried unanimously.

22. DATES FOR FUTURE BOARD MEETINGS

The next several Board meeting dates are as follows: September 25th, October 30th, November 20th and December 18th.

23. DIRECTORS ELECTION

- a. Order Declaring Unopposed Candidates Elected to Office and Cancelling Directors' Election

Attorney Bill Flickinger advised that the directors' election may now be cancelled due to no contest and that the incumbents Lisa McKenzie, Joe Szoo and Corey Newhouse will be elected to another four-year term of office. After discussion, motion was made by David I. Perl and seconded by President Chet Palesko to approve the Order Declaring Unopposed Candidates Elected to Office and Cancelling Directors' Election as presented. The motion carried unanimously.

24. INFRAMARK CONTRACT

Manager Jesse Kennis advised that he will be meeting with the subcommittee, along with Kristi Hester on the amendment to the Inframark contract, to be effective in the new fiscal year.


22. ADMINISTRATION OF CONTRACT BY AND AMONG THE DISTRICT, SENNA HILLS HOMEOWNERS ASSOCIATION, INC., SENNA HILLS, LTD. AND THE SENNA HILLS TRUST; STORAGE OF SHL MATERIALS ON PROPERTY NEAR SHEDS; POSSIBLE DAMAGE TO DISTRICT'S IRRIGATION SYSTEM; DAMAGE TO HOA EFFLUENT IRRIGATION SYSTEM BY SHL CONTRACTORS; REPLACEMENT OF ELECTRICAL SUBMETER TO SHL BUILDINGS AND REIMBURSEMENT BY SHL FOR ELECTRICITY EXPENSES; SITE PLAN REVISION FEE – SECTION 9 OF THE ORDER ESTABLISHING WATER AND WASTEWATER RATES, CHARGES AND TAP FEES, AND

ADOPTING GENERAL POLICIES AND RULES WITH RESPECT TO THE DISTRICT'S WATER, WASTEWATER AND DRAINAGE SYSTEM

Attorney Bill Flickinger reported that there is not a lot of activity right now. The site plan review will be the next step. Rip Miller's team is currently working on it. The District will share that information with the HOA when it is received. Lisa McKenzie discussed the driveway review at TxDOT. This has been going on for about four months. Mrs. McKenzie asked if the pile of rocks and rubbish in the vicinity of SHL's garages near the WWTP are on any sprinkler heads. Engineer Robert Ferguson was not sure, but he will review the area. Manager Jesse Kennis stated one of the sprinkler heads was located under the concrete apron in front of one garage. Mr. Kennis will also look around with Zane Furr.

26. ADJOURN

President Chet Palesko adjourned the meeting.



Chet A. Palesko, President

ATTEST:



Lisa S. McKenzie, Secretary

[SEAL]