

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 January 6, 2023 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 Greg Szuman and Jeniffer Concienne of Willatt & Flickinger, PLLC, Anand Patel of Murfee Engineering and Makenzi Scales of Inframark.

Attending via Zoom were Bill Flickinger with Willatt & Flickinger, PLLC, Allen Douthitt of Bott & Douthitt, PLLC and Jesse Black of Inframark.

President Chet Palesko is going to move to the Bookkeeper's Report and Manager's Report as Ailen Douthitt and Makenzi Scales need to leave early.

3. PUBLIC COMMENTS

No public comments were made.

4. §49.063(c), TEXAS WATER CODE: ANNUAL NOTICE REQUIREMENT FOR DISTRICTS THAT HOLD MEETINGS OUTSIDE OF THE DISTRICT

Attorney Bill Flickinger advised that there is no action required by the Board on this matter. Per the Water Code, this is an annual notice to alert the residents in the District that the Board does

not have a meeting place within District. If the residents file a petition to change that, the Board can act on it at that time.

5. MINUTES OF PRIOR MEETINGS

President Chet Palesko entertained a motion for approval of the Minutes. David I. Perl noted a revision. Motion was made by David I. Perl and seconded by Lisa McKenzie to approve the Minutes of the November 18, 2022 board meeting as corrected. The motion carried unanimously.

**President Chet Palesko moved to the Bookkeeper's Report and Manager's Report at this time.

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

Bookkeeper Allen Douthitt discussed the financials, invoices, per diems and fund transfers with the Board. The District is good to budget at this time. There were a few elevated charges related to the WWTP. The interest income is up due to interest rates going up almost 3 percentage points. Logic and TexPool are currently paying 4% interest. At this rate, the District will make around \$10,000 of interest income per month. Mr. Douthitt discussed the updated Cash Activity Report with the Board on items that came in after the agenda package was sent out. The District's audit is underway and will be presented at the January board meeting. After discussion, motion was made by David I. Perl and seconded by Corey Newhouse to approve payment of the invoices, per diems and authorize the fund transfers as presented. The motion carried unanimously.

13. DISTRICT MANAGER'S REPORT ON OPERATIONS

- a. Wastewater Treatment Plant
- b. Distribution System – Billing
- c. Collection System
- d. Drainage/Ponds
- e. Customer Requests
- f. Landscape Maintenance Contracts; Additional landscaping services
- g. Inspections of HOA effluent irrigation system
- h. Pool/cabana/sports court construction on Straw Flower
- i. Utilimatics, LLC discussion on pressure & flow monitoring; Agreement with Utilimatics, LLC

Bookkeeper Allen Douthitt briefly discussed the Electronic Lockbox Agreement with Central Bank. Inframark is changing the way they are collecting and processing payments for the District. Their current service allows Inframark to deposit funds at the bank of their choice. This new service requires the District have an account at their institution. Mr. Douthitt has worked with other Districts that are doing this as well. He has been in contact with one of the representatives at the bank and sees no issues. No checks will be written out of this account. Manager Makenzi Scales continued the discussion on the Agreement and the forms that will be executed by the Board President and Secretary. President Chet Palesko asked if this change will cost time and money for

the District. Mrs. Scales advised it would not. The only change will be the mailing address for the lockbox. All account information will be transferred over. Only customers sending payments by mail will need to be sure to mail payments to the correct address. The old address will be forwarded for the next six months. After discussion, President Palesko entertained a motion. Motion was made by Joe Szoo and seconded by Corey Newhouse to approve the Resolution Approving Central Bank's Electronic Lockbox Payment Services for District Customers. The motion carried unanimously.

Manager Makenzi Scales apologized for the late report. She was out of town at that time. Mrs. Scales reported on the executive summary.

Mrs. Scales reported that there were 2.60 million gallons of wastewater treated in November, with an average daily flow of 86,700 gallons. The plant is running at 87% capacity. Mrs. Scales stated that the District's operations manager, Jesse Black, is on the line to discuss the anticipated flows from the SHL office site with the Board. Mr. Black discussed the possible changes needed at the WWTP if flows are at the 90% level. President Chet Palesko discussed the plan to rerate the existing plant to a higher capacity. A lot of the capacity usage increase is due to the number of people working from home since COVID. Mrs. Scales asked about the timeline to rerate the WWTP. Anand Patel reported that MEC has reached out to the membrane provider on rerating the plant. The membrane provider confirmed that the membranes have a higher capacity. Lisa McKenzie stated that the plant is currently rated at 100,000 gpd and she recalls that with the existing membranes, it could be rated at 125,000 gpd. Mr. Patel noted that the membranes are not an issue, it is the tank size that could be of concern. The SHL office site would use around 7,500 gpd, bringing the plant to 93% capacity. Inframark is of the opinion that most WWTPs will not run well over 90%, so that the District should keep that in mind as it relates to maintenance costs. Mrs. Scales stated that the District should start working on a plan to rerate the WWTP preferably before the office site comes online. Mr. Patel stated that he will double check the WWTP expansion plan for the tank sizes to see if they can take over the 100,000 gpd usage. Attorney Bill Flickinger stated that the District does not have a 210 permit but has addressed the expansion of the irrigation fields. SHL has put up money to address that matter. The District's engineer has been in communication with the TCEQ on expansion of the irrigation fields. If the District is built out, then the District will not be required to do a plant expansion once capacity utilization exceeds 90%. After discussion, President Palesko entertained a motion. Motion was made by Lisa McKenzie and seconded by Corey Newhouse to authorize MEC to start the WWTP rerating process. The motion carried unanimously.

Mrs. Scales reported on repairs to the WWTP and fencing around the lift stations. A proposal is included for repair to the plant actuators. The actuators are currently working in manual mode but need repair. It was reported that the daily water usage on November 30th was low due to a line break on the PUA side of the master meter, which caused a reverse flow. After discussion, motion was made by Corey Newhouse and seconded by Lisa McKenzie to approve the proposal for \$10,653.73 for repair to the actuators. The motion carried unanimously.

Mrs. Scales discussed the need for repairs to a grinder pump at one of the lift stations. The estimate is \$15,000. Jesse Black is looking to see if the repair would be covered under warranty, if it is the best price and getting a second quote. Mr. Black reported on the long lead times for

getting the grinder pump. He also discussed other options on the pumps. President Palesko stated that the cost seems to be expensive. President Palesko found some pumps at a cheaper cost and will provide that information to Mr. Black. Corey Newhouse would be interested to see an estimate of costs for a grinder pump versus solids handling pump. David I. Perl would like to see where this item is on the District's critical asset list. Mrs. Scales inquired about the list and if the current one is from 2015. The Board agreed that is probably correct. Mrs. Scales will review the list and if the lift station grinder pumps are not on there, she will include them.

The Gaillardia driveway project has been completed and sod has been ordered for installation. The Board thanked attorney Greg Szuman for all his hard work on this project.

The water accountability was 106.3% for November.

Inframark is still waiting on the Rivina remote shut off meter to be shipped.

The HOA effluent irrigation inspections report has not been received. There is a proposal to the HOA for needed repairs to the system.

Mrs. Scales reported on the quote that was provided from Inframark to install the strap-on master meters in the PUA vaults, which includes electrical work. The total with installation is not to exceed \$15,030.40. After discussion, motion was made by Joe Szoo and seconded by David I. Perl to approve the quote for installation of the strap-on master meters. The motion carried unanimously.

President Palesko reported that he received the signed Utilimatics contract. The committee has a Zoom call next week to move forward with the project. The value of this project is to be able to identify and locate leaks in the District.

6. OWNER INTEREST IN BUYING A PORTION OF DISTRICT PROPERTY

Lisa McKenzie discussed an owner inquiring about purchasing a portion of the District's property that is part of the Lemon Mint Park. Their property backs up to the edge of the park. Mrs. McKenzie advised the owner to retain a lawyer to review the process to see if that can be done. President Chet Palesko advised that he is not sure that the District can do that. There has been no proposal submitted on this request.

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

This item was not discussed.

8. LCRA COST-SHARING PROGRAM

This item was not discussed.

9. ENGINEER'S REPORT ON SOME OR ALL OF THE AGENDA ITEMS
- a. TCEQ Permit amendment; removal of Senna Hills, Ltd. as co-permittee
 - b. Site Plan for SHL Offices; Status of construction
 - c. Effluent Pond Liner Replacement

Anand Patel discussed the engineer's report as included in the agenda package.

Mr. Patel reported that no motions to overturn the permit amendment were received, therefore the permit is now considered final.

MEC is working on a cost estimate for relocation of the lines under the SHL garage. They are also working on removing the co-permittee from the District's permit. The application has been executed by President Palesko and MEC is waiting on executed documents from the HOA and SHL. Attorney Bill Flickinger discussed the steps that have been triggered since the permit amendment was finalized. The four lots have been deeded to the HOA, the dismissal orders have been filed with Travis County and SHL costs have been paid by SHL. Lisa McKenzie inquired about the recording of the restrictive covenant on the office complex site, to restrict access off of Senna Hills Drive, which has been done as well. Once the application to remove SHL from the permit has been signed by SHL and the HOA, it will be filed with the TCEQ. The TCEQ has indicated it will take approximately 30 days to process.

Mr. Patel discussed the Taylor Lake pond liner project. He reached out to the TCEQ to confirm the pond sediment disposal methods. Since the pond sediment was determined to just be dirt, it should just be moved offsite, rather than needing special handling as hazardous waste. After discussion, President Chet Palesko asked Mr. Patel to bring a timeline to the next meeting on replacement of the liner. David I. Perl also mentioned that the committee needs to schedule a meeting with the adjacent residents regarding the pond liner replacement.

In regard to the office site plan review, a preconstruction meeting was held on December 8, 2022. David I. Perl inquired about the meeting and if the committee should attend certain construction meetings. Attorney Bill Flickinger advised that the committee could go with the District's engineers. Mr. Patel will be sure to advise the committee of those meetings if they want to attend. Mr. Perl is only concerned with the changes to the plans and specs. He would like to be apprised of any changes approved by the City between now and the time that the doors open to the office building. Mr. Patel advised that the City should issue notice of any changes.

Lisa McKenzie discussed the exposed pipes running down the wall on Straw Flower where residents have built a pool and other recreational facilities. Mr. Patel stated at last month's meeting, Inframark was to check with an independent plumber to see if that installation was according to plumbing code. He will check with Mrs. Scales on the status. David I. Perl saw where the residents failed an inspection due to not having a RPZ associated with the pool.

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; ISSUES WITH HOA AMENITY CENTER DRAINAGE FACILITIES

This item was not discussed.

14. DEMAND LETTERS TO OWNERS REGARDING DRIVEWAY IMPROVEMENTS IMPACTING UTILITY OPERATIONS AND ACCESS TO MATER; UNPAID FINES FOR VIOLATIONS OF DROUGHT CONTINGENCY PLAN; CHARGES, FINES AND POSSIBLE LEGAL ACTION IN CONNECTION WITH SAME

This matter was discussed above in the Manager's Report.

15. RATE ORDER

This item was not discussed.

16. ELECTRONIC METERS

This item was not discussed.

17. BILLING ADJUSTMENTS

This item was not discussed.

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

David I. Perl reiterated that there is still purple hose that is exposed up and down Senna Hills Drive.

19. DATES FOR FUTURE BOARD MEETINGS

The next Board meeting dates are as follows: January 27th, February 24th and March 31st.

20. REPORT FROM SENNA HILLS, LTD. REPRESENTATIVE ON PROGRESS OF APPROVALS FOR AND DEVELOPMENT OF THE 11.73-ACRE TRACT OWNED BY SENNA HILLS, LTD.

No representatives were present.

21. CONTRACT BY AND AMONG THE DISTRICT, SENNA HILLS HOMEOWNERS ASSOCIATION, INC.; SENNA HILLS, LTD. AND THE SENNA HILLS TRUST; IMPLEMENTATION OF MEDIATED SETTLEMENT

Attorney Bill Flickinger discussed the next steps in the SHL process. Once the co-permittee is removed from the permit, the effluent and sewer lines will be removed under Rip Miller's garage at his expense. The costs will be paid up front by SHL. Corey Newhouse asked about the timeline for construction of the office building. Anand Patel stated it could start within a month or so, with grading being the first step.

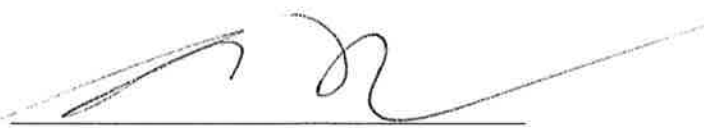
22. ADJOURN

President Chet Palesko adjourned the meeting.



Chet Palesko, President

ATTEST:



Corey Newhouse, Assistant Secretary

[SEAL]