

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 August 25, 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 and Jason Baze of Murfee Engineering, Makenzi Scales of Inframark and Allen Douthitt of Bott & Douthitt, PLLC.

Participating in the meeting via Zoom were Bill Flickinger of Willatt & Flickinger, PLLC, Andrew Boyle of Utilimatics and Rip Miller and Courtney Foré of SHL.

3. PUBLIC COMMENTS

No public comments were made.

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 28, 2023 board meeting as corrected. The motion carried unanimously.

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

This item was not discussed.

6. PUBLIC HEARING ON DROUGHT CONTINGENCY PLAN

7. DROUGHT CONTINGENCY PLAN

President Palesko discussed the disconnect between the West Travis County PUA plan and the District's. The difference is being able to replenish evaporation from swimming pools. The PUA's plan allows for that and the District's plan does not. If you have a pool and do not replenish to the appropriate water level, it can cause issues with the pool. Attorney Greg Szuman amended the District's plan pursuant to the committee's recommendations to allow for filling of a pool for maintenance purposes and to allow backwashing of the pool filter, which matches the PUA's plan.

Attorney Bill Flickinger reported that Lisa McKenzie had several suggestions regarding the notice provisions within the Drought Contingency Plan. The plan calls for notices to be sent by certified mail, which should be deleted. President Palesko discussed the fines to residents that violate the watering restrictions. The first method of notification is to send an email to the resident that is in violation of the watering restrictions. Inframark sends the email with the read-receipt activated and if the email is not read within a couple of days, Inframark goes out and hangs a door tag. If a resident does not have an email on file with Inframark, then a door tag is hung immediately. Manager Makenzi Scales stated that Inframark should have the new billing system in place at the beginning of the year and will obtain new email addresses from all residents at that time.

President Palesko opened the public hearing on the Drought Contingency Plan. Hearing no comments, the public hearing was closed.

After discussion, motion was made by President Chet Palesko and seconded by David I. Perl to approve the Amended Drought Contingency Plan and change the provision on communications to the normal method used by Inframark. The motion carried unanimously.

8. ENFORCEMENT OF DROUGHT CONTINGENCY PLAN

President Chet Palesko stated that this item will be discussed in Closed Session at the end of the meeting.

9. LCRA COST-SHARING PROGRAM

President Chet Palesko noted that the District needs to update its Water Conservation Plan with the LCRA. This item will be considered at the September board meeting. President Palesko is working on this with Stacey Pandy of the LCRA and she wanted to see a draft of the plan prior to approval.

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

- a. Site Plan for SHL Offices; Status of construction
- b. Relocation of wastewater and effluent lines under SHL shed
- c. Effluent Pond Liner Replacement

Anand Patel discussed the Engineer's Report as included in the agenda package.

Mr. Patel reported that they reached out to SHL Engineer Travis Robinson of Optimized Engineering in connection with the site plan review for the SHL office project. Mr. Robinson reported that he expects construction to begin by October. Mr. Patel will continue to coordinate with them to stay up to date on the construction schedule.

The WWTP force main relocation project is 90% done in regard to design and they have started assembling the contract documents. Mr. Patel will update the Board as progress is made.

There was discussion on the pond liner replacement project. Murfee is coordinating on finalizing the layout of the five temporary frac tanks and irrigation pumps. There have been some delays on the tanks and they are still working on the schedule of the project. The committee will lead Monday's affected homeowners' meeting on this project. President Chet Palesko asked about the meter for the HOA's effluent and if full irrigation is being used. Engineer Jason Baze will go out and look at it. The purpose is to irrigate enough so that when the pond is taken offline, there are no issues. President Palesko stated that recently, the HOA's irrigator was only irrigating at night instead of 24 hours, seven days a week. If the meter is only showing 20,000 gpd, Mr. Baze will notify President Palesko so that he can contact the irrigator to run the system all the time. There was further discussion about the District's irrigation zones and if they are all working properly. David I. Perl asked about the capacity of the system and Mr. Baze stated that it is 350 gpm. There are plenty of areas that could use a lot of water at this time. It appears that the zones near the Weaver tract are not working. Joe Szoo noted that the District already spent a lot of money on repairing all the zones and asked why they are not working again. President Palesko stated that this is a continuing project. Manager Makenzi Scales reported that Sunscapes is fixing the communication error on the zones across Senna Hills Drive near the Weaver tract. There was also discussion on being able to contain the runoff in case of a large rain event with constant irrigation. The bottom line is that it is important to get all the zones working properly now and for the future.

11. 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.

12. MS4 PERMIT; MAINTENANCE OF DRAINAGE EASEMENTS AND PONDS; ISSUES WITH HOA AMENITY CENTER DRAINAGE FACILITIES

This item was not discussed.

13. BUDGET FOR FY 2023/2024

14. ORDER SETTING THE DISTRICT'S PROPOSED TAX RATE FOR 2023 AND PROVIDING FOR PUBLICATION OF NOTICE THEREOF

Items 13 and 14 were discussed together.

Bookkeeper Allen Douthitt discussed the proposed tax rate and budget. President Chet Palesko noted that the values look flat. Travis County prepares the tax rate calculations for the District. The District's Financial Advisor Doug Whitt is okay with the debt service rate at \$0.2183 as prepared by Travis County. Mr. Douthitt prepared the draft budget with the parity rate of \$0.3223 for comparison. Attorney Bill Flickinger reported that the District has a good range on proposed tax rates due to the unused increments from previous years whereby the District did not max out its tax rate. The District's Mandatory Election Rate is \$0.3761, so the District can go as high as \$0.3760 and not trigger an election. The Board discussed the reserve analysis as shown in the draft budget. After discussion, the current tax rate of \$0.3550 will be published and then the Board can discuss lowering that rate at the September board meeting, at which they must adopt a tax rate. Lisa McKenzie would like the Board to consider putting \$100,000 in the budget for the HOA's irrigation system upgrade. Attorney Bill Flickinger noted that if the District provides the money to the HOA for the upgrades, the Effluent Contract between the parties will need to be amended. The Board discussed the pros and cons of the District taking over the HOA irrigation system. Attorney Bill Flickinger mentioned that the irrigation area is within the District's permitted area, but there is no License Agreement with the County, meaning the irrigation system is within the right-of-way with no License Agreement, so that is a possible risk. Due to the County not accepting the roads in Section 5 & 6B of the District, the County will not provide a License Agreement. Engineer Jason Baze stated that there is a cropping provision in the District's permit for seeding that will need to be noted as well. David I. Perl asked if \$100,000 is a reasonable amount for the upgrades. Mrs. McKenzie reported on a prior meeting with representatives on this project and the amount of the improvements. The Board is comfortable putting \$100,000 in the budget for irrigation upgrades.

After discussion of the proposed tax rate, President Palesko entertained a motion. Motion was made by Joe Szoo and seconded by Corey Newhouse to adopt the Order Setting the District's Proposed Tax Rate for 2023 and Providing for Publication of Notice Thereof inserting the following rates: M&O at \$0.1367, Debt at \$0.2183 for a total tax rate of \$0.3550. The motion carried unanimously.

The Board continued to discuss the proposed budget as a whole.

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

Bookkeeper Allen Douthitt discussed the financials through July. The District's financials look good. The water sales were back up this month. Mr. Douthitt reported that the WTCPUA recently increased all the wholesale rates, but they will not be increasing the District's rates. President Chet Palesko stated that it is most likely due to the District being fully developed and the District's amount of water use. After discussion, motion was made by Lisa McKenzie and seconded by Corey Newhouse to approve payment of the invoices and per diems and authorize the fund transfers as presented. The motion carried unanimously.

16. 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. Drought Contingency Plan

Manager Makenzi Scales reported that all facilities were in compliance. There were 1.910 million gallons of wastewater treated in July, with an average daily flow of 63,667 gallons. The wastewater plant is running at 64% capacity.

Mrs. Scales reported on the ongoing maintenance items at the WWTP including the cleaning of the plant membrane/cassette replacement. Inframark is awaiting pictures to assess how many were damaged and then they can obtain a proposal for replacement of the membranes.

Water accountability for July was 94.9%.

There were eight delinquent letters mailed, six door tags hung and one disconnect.

The Straw Flower pond needs maintenance and work orders have been issued for those repairs.

The irrigation reports from Yellowstone, the HOA's irrigator, were not received in time to put in the package.

In regard to the strap-on tracking meters in the vaults, Accurate has already made several adjustments but will come back to adjust the transducer. Hopefully this will allow the readings to be more accurate.

Manager Makenzi Scales discussed the recent grinder pump issue. Per the District's rate order, the resident was back-billed for the work, which they were not happy about. The Board discussed the details and the amount charged back to the customer. Inframark was unable to fix the grinder pump so the resident had to call Hydro Source for repairs. Even though annual letters are sent out on the grinder pumps, there are still residents that are not aware that they have a grinder pump at their homes.

President Chet Palesko circled back to the two strap-on tracking meters and their accuracy. Manager Makenzi Scales wanted to get a full month's worth of data before checking to see if the recent adjustment increased their accuracy. Once the next PUA bill is received, Inframark will compare the reads and let President Palesko know the findings. President Palesko asked Andrew Boyle with Utilimatics if he has looked at the tracking meters and compared the totals. Mr. Boyle noted that the totals for the tracking meters were substantially off each time he checked it.

Attorney Bill Flickinger discussed the issue of past residents blocking access to District facilities. That residence is located on Prickly Poppy. The District has a 20' wastewater and access easement, the center line of which is the center lot line of two lots. A portion of one of those residence's driveway leads to the District's facilities. Past residents have blocked that access with a boat and trailer. The residence is up for lease again and the District needs to be sure that the access is not blocked in the future. The District can enforce deed restrictions within the District as well as the HOA. The owner should be aware of this issue and can possibly insert language in his lease agreement to not block access to the District's access to its facilities. After discussion, motion was made by Lisa McKenzie and seconded by David I. Perl to authorize the District's attorney to send a letter to the owner about the District's access easement to the District's property and its authority to enforce deed restrictions within the District. The motion carried unanimously.

17. RATE ORDER

This item was not discussed.

18. ELECTRONIC METERS

This item was discussed in the Manager's Report. David I. Perl asked for an update on how many residents have signed up for EyeOnWater. Manager Makenzi Scales reported that 209 residents have now signed up for the program.

19. BILLING ADJUSTMENTS

This item was not discussed.

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

This item was discussed in the Engineer's Report. David I. Perl reiterated that the committee would attend a meeting on the liner replacement on Monday at 8:00 a.m. President Chet Palesko will bring a sample of the liner to the meeting. Lisa McKenzie noted that not much has been done at the pond site as of yet. Engineer Jason Baze stated that that is correct, but they have potholed the effluent irrigation system near the wastewater plant to install the temporary bypass. President Palesko asked when the pond will go offline and Mr. Baze stated in about a week or two. Hopefully the system can be tested this week. There is one frac tank on site now, however, a total of five will be installed.

21. DATES FOR FUTURE BOARD MEETINGS

The next Board meeting dates are as follows: September 22nd, October 27th, November 17th and December 29th.

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

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

Courtney Foré of SHL stated that they have no updates beyond the email sent to Attorney Bill Flickinger.

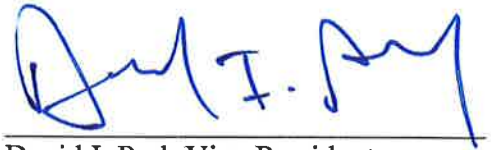
President Chet Palesko announced that the Board of Directors will go into closed session for consultation with the District's attorney pursuant to Section 551.071 of the Texas Government Code regarding matters related to Agenda Item Nos. 8 & 23. The Board went into closed session at 8:34 a.m.

At 9:23 a.m., President Palesko announced that the Board of Directors had concluded its closed session and was returning to open meeting, and that no action was taken during the closed session.

Motion was made by Joe Szoo and seconded by Corey Newhouse to state that the Board of Directors agree with the committee's recommendations as outlined in the August 12, 2023 email to SHL Attorney Kemp Gorthey. The motion carried unanimously.


24. ADJOURN

President Chet Palesko adjourned the meeting at 9:25 a.m.



David I. Perl, Vice President

ATTEST:



Lisa S. McKenzie, Secretary

[SEAL]