

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 July 28, 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
Corey Newhouse – Assistant Secretary

thus constituting a quorum. Assistant Secretary Joe Szoo was absent.

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, Allen Douthitt of Bott & Douthitt, PLLC and Rip Miller and Courtney Foré of SHL.

Participating in the meeting via Zoom were Bill Flickinger of Willatt & Flickinger, PLLC and Vice President David I. Perl for the last half of the meeting.

3. PUBLIC COMMENTS

No public comments were made.

President Chet Palesko moved to Items 19 & 20 at this time.

19. REPORT FROM SENNA HILLS, LTD. REPRESENTATIVE ON PROGRESS OF APPROVALS FOR AND DEVELOPMENT OF THE 11.73-ACRE TRACT OWNED BY SENNA HILLS, LTD.
20. CONTRACT BY AND AMONG THE DISTRICT, SENNA HILLS HOMEOWNERS ASSOCIATION, INC.; SENNA HILLS, LTD. AND THE SENNA HILLS TRUST

Rip Miller stated that he had nothing new to report. However, he would like an update from the MUD committee. Vice President David I. Perl stated that the committee has not met and the District has not received a response to its May 11, 2023 email on the MUD's position of their 12 points. The Board disagrees with Courtney Foré's changes to the invoices and it appears that a meeting would be pointless at this time. However, if the MUD committee meets with SHL, they will be meeting with MUD counsel present due to being contractual matters and Courtney Foré is an attorney and the MUD committee is not. Mr. Miller indicated that they would be glad to send the response again. Mr. Perl advised that there was not a response sent the first time. Courtney Foré stated she will respond again, but there are only two points that relate to the MUD and the rest is for the HOA. Ms. Foré reported that the contract language that was sent to Attorney Bill Flickinger on the relocation of the lines show that the project was not done in time, so the MUD waived its right for SHL to pay for project. However, the MUD can move those lines at its expense. Lisa McKenzie stated that the MUD disagrees with that interpretation and as one Board member, she would be willing to go to court on the issue and feels that a Judge would agree with the MUD as well. The MUD would also like to know the status of where SHL is with the HOA. The MUD's position has always been the same in that it wants to support the HOA. Mrs. McKenzie stated that there has been no indication from the HOA that the issues have been resolved. Ms. Foré stated that they had a great meeting with the HOA and agreed on all points. Ms. Foré drafted a document containing what was agreed upon and sent it to the HOA for review. Mr. Perl asked about what was agreed upon. Mrs. McKenzie stated that at the last HOA meeting, about a month ago, the HOA was frustrated over the lack of progress and agreement with SHL. Mr. Miller said they have been following up with the HOA attorney Lance Lackey with no response. Mr. Miller reiterated that there are only two issues with the MUD, one being relocation of the wastewater lines, which they sent over the contract language in that regard and do not believe they are liable for that any longer. Mr. Miller would like the MUD to tell him why they think SHL is interpreting the contract wrongly. President Chet Palesko stated that the MUD is not going to engage on a matter that they feel is non-negotiable, which this matter is. If SHL is that confident in its position, then let the courts decide. The contract states that SHL will pay for the relocation of the lines and SHL agreed to do so when it signed the contract. Lisa McKenzie noted that the MUD accommodated SHL during mediation which changed the sequence of certain agreed activities. Corey Newhouse asked why SHL would just not move the lines after all this time. Mr. Perl also stated that it would have been great if the buildings were just not built over the MUD's force mains in the first place. Mr. Newhouse said it appears that the last thing to do is move the lines, which SHL agreed to do but now does not want to pay for. Mr. Miller stated that the reason they are attending the Board meetings is to monitor the situation and asked how many issues the Board is going to run down. Mr. Miller reported that the HOA has advised him that they have issues with the MUD and asked Mr. Miller to attend the board meetings to monitor the situation. Mr. Perl said it would be nice to hear that from the HOA. Mr. Miller reported that the HOA has sent the MUD letters and not received a response. Mr. Newhouse said that has not happened. Once again, President Palesko

noted that the sequence and timing was all changed during mediation and the MUD does not agree with SHL's interpretation of the contract. There was discussion of the cost to move the lines and the fact that SHL does not want to pay the MUD's attorney to talk about this. There was also question of the permit and site plan for the buildings that were built over the MUD's force mains. Mr. Miller stated that it was his property and he had the right to build them. It was noted that the MUD has an easement for those lines. Mr. Perl wants the lines moved in case there are any issues. Mr. Miller asked about any issues with the lines, but as everyone knows, you don't have an issue until you have an issue. Ms. Foré asked about putting up a bond in case any issues arise with the lines, which could be moved or/and fixed at that time. She is also concerned about moving the lines and putting multiple bends and angles in the new piping, potentially bringing in more issues. As it is right now, if any issues come up with the force mains, problems cannot be fixed quickly due to the building on top of them. If something comes up right now, a bulldozer will be used to take down the building to repair the force mains. There was recent discussion of going ahead and removing the building due to the MUD having an easement and legal right to do so. President Palesko noted that this is not a water issue, it's a raw sewage issue and a possible TCEQ permit violation if there is a large spill. It's frustrating that a building was built over the force mains when the District has an easement for the lines. If the building was gone, there would be no issues. Mr. Miller and Ms. Foré stated that SHL offered that solution in writing, but the MUD said no and that they were going to move the lines anyway. The Board said it is not true that SHL ever offered to remove the building. President Palesko said if SHL is willing move the building, then let's do it. Attorney Bill Flickinger stated that is not true and reported that he informed the SHL Attorney Kemp Gorthey that if the building and foundation were removed, it would likely solve the issues. Ms. Foré discussed if the building is moved, then SHL does not feel that they should pay for the engineering and legal time on this issue. The Board stated that they disagree with her and believe SHL should pay for those costs. The Board asked SHL to go back and review the items on the table. There was further discussion of the cost of moving the lines. President Palesko would like to move ahead with the meeting and if SHL wants to remove the building, then the MUD is ok with that. Ms. Foré submitted rate order change suggestions and the response received was categorially no. Attorney Bill Flickinger stated that if Ms. Foré will read the May 11, 2023 email, that is not what the MUD said. Ms. Foré is saying things that are not true. The email answers every point and on the rate order, when the issues are resolved with the HOA, the MUD will consider the change to the rate order regarding the monthly charge for SHL's water meter. Mr. Flickinger advised that saying things that are not true is not helpful today. Mr. Perl said that the MUD has not heard from the HOA on any of the issues SHL states are agreed upon. SHL is responsible for making the HOA happy. Mr. Miller asked if SHL sent the MUD a copy of what was presented to the HOA, which the answer to that was they had not. Ms. Foré stated she was pretty sure the answer was yes. She drafted a contract and provided it to the HOA. However, the MUD has not received it. SHL will send the information to the Board. Ms. Foré said if she sends it, she does not want to incur MUD attorney fees. Mr. Perl asked if Ms. Foré was still an attorney. She advised that she is licensed but not practicing. Mr. Perl said that he thought attorneys were not to negotiate with other parties that are not attorneys without counsel present. He thought that was an ethics issue. Ms. Foré stated that she is not negotiating, just disseminating information and not arguing anything. If a response is not needed, she can send the MUD any information she wants, but if a response is needed, MUD counsel will review it. Mr. Perl noted that the MUD has been sued a couple of times by SHL so this is not an idle concern. Again, the MUD wants the office site built and it should have been done five years ago. President Palesko reiterated Mr.

Perl's concerns. However, Ms. Foré should keep in mind that if the Board does not respond to her correspondence, SHL cannot deem that lack of a response means that the MUD agrees to her correspondence. Mr. Perl noted that was what happened last month and it was insulting to the MUD. Mrs. McKenzie informed Ms. Foré that Attorney Bill Flickinger is working at the direction of the MUD and the Board understands that SHL does not want to pay for legal costs but believes that they are contractually obligated to do so. Therefore, attorney Bill Flickinger is no longer going to spend time debating this issue. Ms. Foré asked what should be paid and the Board stated the entire invoice should be paid per the contract. President Palesko reiterated that he would prefer to move the building instead of moving the lines. President Palesko thanked the MUD committee, David I. Perl and Lisa McKenzie, for all their hard work on this matter and said they represent the position of the Board very well.

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 June 30, 2023 board meeting as presented at the meeting. The motion carried unanimously.

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

President Chet Palesko reported on the signs at the entrance of the subdivision that indicated the wrong Drought Stage. Inframark should no longer use signs that have PUA language on them, as it causes confusion to the residents. The District is in Stage 4, which matches the PUA's Stage 3 restrictions. The District needs to focus on actions to conserve water. There was discussion of aligning the Drought Contingency Plans in the off season. David I. Perl asked when the District should start patrols, sending warnings, enforcing the watering restrictions and fining. Lisa McKenzie asked about the PUA increasing its capacity. President Palesko reported on that subject as he attended the impact fee committee meetings in the past. There was further discussion of the current watering restrictions and the analysis from the last seven days prepared by President Palesko. It appears that 149 homes in the District broke the watering restrictions during the analyzed period. The Board discussed the most effective ways to notify the residents of the watering restrictions and enforcement action. The Board also discussed the fines for the watering violations. President Palesko is not comfortable with the initial \$500 fine. He believes the first fine should be \$100. Lisa McKenzie believes \$100 is too low and recommends \$250. Attorney Bill Flickinger advised that the Board can do a temporary reduction in the fine schedule, but the Board should also keep in mind that the District is in an advanced stage of the Drought Contingency Plan. The committee of President Palesko and David I. Perl will work on this matter. After discussion, motion was made by President Palesko and seconded by Lisa McKenzie to temporarily reduce the fine from \$500 to \$100 in the Drought Contingency Plan and delegate authority to the committee to instruct Inframark to send warnings to the residents on fining, which will be no cost for the first warning, \$100 for second notice and \$500 for the third notice. The motion carried unanimously.

6. LCRA COST-SHARING PROGRAM

This item was not discussed.

7. 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 and Engineer Jason Baze discussed the engineer's report as included in the agenda package.

Anand Patel reported that they reached out to Travis Robinson in connection with the site plan review for the SHL office project. The notice to proceed on the project still has not been given to the contractor. Mr. Patel will continue to coordinate with them to stay up to date on the schedule.

The WWTP force main relocation project is 90% done and will begin the bidding process soon.

There was discussion on the pond liner project and concerns with the completion schedule. President Chet Palesko reported that the contractor is now indicating that the pond liner will be replaced between September and November. Those months run into the rainy season. After further discussion, if the project can wrap up by October 15th it should be ok. It was reported that the liner should be fabricated soon. Engineer Jason Baze and Anand Patel will work with the contractor on getting the site preparation started. President Palesko stated that he is not comfortable with the contractor having a lower risk and the District being at a higher risk on this project. There was also discussion of the warranties in connection with the project.

8. 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.

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

This item was not discussed.

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

Bookkeeper Allen Douthitt discussed the financials through June with the Board. The District's financials are looking good. Joe Szoo's per diem will be voided due to his absence. Lisa

McKenzie inquired about the District budget preparations. President Chet Palesko stated that the valuations overall are flat. The assessed valuations are down and the homestead values are up. After discussion, motion was made by David I. Perl and seconded by Corey Newhouse to approve payment of the invoices, per diems and bond payments and authorize the fund transfers as presented. The motion carried unanimously.

11. 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 2.048 million gallons of wastewater treated in June, with an average daily flow of 68,267 gallons. The plant is running at 68% capacity. There was a significant drop in flows from the last two months.

Mrs. Scales reported on the ongoing maintenance items at the WWTP. The cleaning of the plant membrane/cassette replacement has been scheduled. There are some concerns regarding the roof, which has to be removed for the cassette replacement. Inframark and Murfee are looking for a solution so that the roof does not have to be removed again. In regard to the irrigation zone control panel, Inframark ordered the control and it should be installed soon.

Due to timing, the water accountability for June was 93.1%.

There were eight delinquent letters mailed, five door tags hung and no disconnects.

There was discussion of the strap-on meter read issues in the vaults. A representative from Accurate Meter and the Inframark electrician inspected the meters. The programming was tweaked and now has better accuracy. They will also come back and adjust the transducers. The Accurate Meter representative recommended an 8" meter on the lines if the pending adjustment does not correct the inaccuracies.

Lisa McKenzie requested a list of rental addresses within the District for discussion at the August board meeting.

Mrs. Scales discussed the issue with the generator at Lift Station #6, which is located behind the trails near the pond. It appears that it was hit by lightning or the power supply was hit. The cost of repair is \$4,559.32. Lisa McKenzie inquired about an insurance claim, but Mrs. Scales advised it was unlikely to be covered. After discussion, motion was made by Lisa McKenzie and seconded by President Chet Palesko to approve the repair to the generator at Lift Station #6. The motion carried unanimously.

David I. Perl left the meeting at this time and logged back into the meeting via Zoom.

12. RATE ORDER

This item was not discussed.

13. ELECTRONIC METERS

This item was not discussed.

14. BILLING ADJUSTMENTS

This item was not discussed.

15. 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' Report above.

16. AMENDED INFORMATION FORM WITH NOTICE TO PURCHASER

Attorney Bill Flickinger discussed the Amended Information Form and change to the Notice to Purchaser due to recent legislation. Lisa McKenzie questioned the District's bond amounts as contained in the documents. After discussion, motion was made by Lisa McKenzie and seconded by Corey Newhouse to approve the Amended Information Form and Notice to Purchaser subject to verifying the bond amounts. The motion carried unanimously. The Amended Information Form will be filed with the Travis County Clerk and TCEQ. The updated Notice to Purchaser will also be posted on the District's website.

17. RESOLUTION REGARDING ANNUAL REVIEW OF DISTRICT INVESTMENT POLICY AND INVESTMENT STRATEGIES; CODE OF ETHICS AND FINANCIALS INVESTMENT, TRAVEL AND PROFESSIONAL SERVICES POLICY

Attorney Bill Flickinger discussed the legislative change in regard to repurchase agreements in the District's Investment Policy. The change allows the policy to follow the statute. This action is also the District's annual review of the policies. In the near future, the policies will be separated into freestanding documents. After discussion, motion was made by President Chet Palesko and seconded by Lisa McKenzie to adopt the Resolution Regarding Annual Review of the District Investment Policy and Investment Strategies; Code of Ethics and Financial Investment, Travel and Professional Services Policy as presented. The motion carried unanimously.

18. DATES FOR FUTURE BOARD MEETINGS

The next Board meeting dates are as follows: August 25th, September 22nd and October 27th.

21. ADJOURN

President Chet Palesko adjourned the meeting at 8:40 a.m.


Chet A. Palesko, President

ATTEST:


Lisa S. McKenzie, Secretary

[SEAL]