

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 31, 2025 at Willatt & Flickinger, PLLC, 12912 Hill Country Boulevard, Suite 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  
Ron Preston – 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, Jason Baze and Jose Murga of Murfee Engineering, ElizaBeth Reeves, Katie May and Missy Roberts of Inframark and Ashlee Martin of McCall Gibson Swedlund Barfoot Ellis PLLC.

Participating in the meeting via Zoom were Bill Flickinger of Willatt & Flickinger, PLLC, Allen Douthitt of Bott & Douthitt, PLLC and Andrew Boyle of Utilimatics.

3. PUBLIC COMMENTS

President Chet Palesko reported that Makenzi Scales has moved on to better her career. The District will definitely miss her and wishes her the best. ElizaBeth Reeves was Makenzi's boss and will now be standing in for her. President Palesko thanked Makenzi and Inframark for their outstanding service to the District as the Account Manager.

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

Attorney Bill Flickinger advised this is an annual notice on the first agenda of each year due to meeting outside of the District. No action is required.

5. ANNUAL AUDIT SUBMITTED BY MCCALL GIBSON SWEDLUND BARFOOT

CPA Ashlee Martin discussed the District's annual audit, which is required by the TCEQ. The District was given a clean, unmodified opinion, which is the best given, for its fiscal year ending September 2024. Ms. Martin discussed the financial statements at a high level starting with the balance sheet. In regard to GASB 34, adjustments were made on the capital assets and liabilities. The District's net position had a positive balance. President Chet Palesko discussed the adjustments and how the operating perspective looks for the District. Ms. Martin noted that there could be a change to pare the requirements down in the future. Ms. Martin then discussed the District's revenues, expenditures and bonded debt and noted that the District has a healthy fund balance. Ms. Martin stated that there have not been any changes to the accounting standards this year. An overview of the District's taxes shows a collection rate of 100%. Corey Newhouse noted the schedule that shows how the District has lowered the tax rate year after year. Ms. Martin reported on the audit summary letter which shows there were no difficulties, disagreements or adjustments made in connection with the annual audit. The Board thanked both Allen Douthitt and Ashlee Martin for their work on the annual audit. After discussion, President Chet Palesko entertained a motion. Motion was made by David I. Perl and seconded by Corey Newhouse to adopt the audit and authorize the execution and filing of the Annual Filing Affidavit as presented. The motion carried unanimously.

6. 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 December 20, 2024 meeting as revised. Engineer Jason Baze provided some clarification language under his item on the pond liner replacement project. The motion carried unanimously.

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

President Chet Palesko reported that the WTC PUA impact fee committee settled on the impact fee percentage at 70% and President Chet Palesko dissented stating it should be 90% since the new development is not required to serve existing customers and they should not have to pay for it. The WTC PUA Board approved the percentage at 50%. This means that developers and existing customers will split the cost of upcoming development. Lisa McKenzie inquired about an appeal process. President Palesko's opinion is the WTC PUA did it that way because they are having timing issues on collecting the impact fees and by charging existing customers, impact fees will be paid before new system connections are made. The District should be prepared for a rate increase. President Palesko suggested there be a separate line item on the water bill pointing out that existing customers are splitting the cost of new development with new customers, which the

District's board believes they should not be required to do. David I. Perl inquired about new development near the Galleria. President Palesko noted that there is not a lot of development on this side of the PUA system, other than some commercial and apartment projects. There was also discussion of the development throughout the Hwy. 71 and 290 areas. The new impact fee structure will help pay for pushing water out to the Dripping Springs area and increasing capacity at the WTC PUA's water and wastewater plants. The District does not have wastewater impact fees with the WTC PUA. Corey Newhouse asked about the cost to the District and President Palesko stated he will gather information and run the numbers for an estimated cost and bring it back for discussion.

#### 8. LCRA COST-SHARING PROGRAM

President Chet Palesko reiterated that the Cost Sharing Agreement was signed and sent to the LCRA. Stacey Pandey will gather LCRA signatures and send the Agreement back with a check in the amount of \$14,609.00. The Board thanked President Palesko and Corey Newhouse for all their work on this matter.

#### 9. HOA IRRIGATION SYSTEM IMPROVEMENTS

Engineer Jason Baze reported that they met with Yellowstone Landscaping on the irrigation system improvements along Senna Hills Drive. They received proposals for the irrigation design and are trying to work quickly on the design portion, however, there are some challenges, and are looking at a full irrigation system replacement, if that is an overall goal. Mr. Baze stated that the initial goal was expanding irrigation in the area of the west median. They are looking at the far end of the District for a new main to the west side and building an irrigation system for that median area and along the sides in front of the future office complex and the effluent pond, and to be able to expand and go all the way around the loop. However, they do not know what kind of conduit and sleeves exist and need to know more about what is under the road and what can be worked with. Lisa McKenzie asked if anyone actually knows the answer to those questions. Yellowstone stated they can pothole areas and identify sleeves so that those can be reused. If road cuts need to be made, it will be a large expense. Mr. Baze informed Yellowstone that the HOA and District will be working together on this project and he is unable to authorize work on behalf of the HOA. To be clear, President Chet Palesko indicated that this project is an HOA project and the District is considering helping financially because the District needs to expand that area's ability to accept effluent, following the Permit amendment for the office complex. Mrs. McKenzie believed that the concept was to run the system from the wastewater treatment plant to the traffic light and thought there would be a stand-alone system for each side of the District. Mr. Baze said, right now, there is one pump that pumps from the basin at the wastewater treatment plant that serves the whole area. If another pump is installed that is serving another area, and if the pumps run at the same time, it could cause the basin to run dry. Mr. Baze is looking at drawing directly out of the pond, once it is full. They are weighing all options at this time. Attorney Bill Flickinger suggested having a committee meeting to review the project and look at how the SHL contribution will relate to this project. Mrs. McKenzie also noted that there are two side areas at Gilia that are not currently irrigated and need to be.

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

- a. Site Plan for SHL Offices; Status of construction
- b. Effluent Pond Liner Replacement
- c. Re-seeding and maintenance of effluent irrigation areas to comply with current permit

Engineer Jason Baze discussed the Engineer's Report as included in the agenda package.

In regard to the effluent pond liner replacement project, the District is still not at close-out. The pond liner is complete, but the underdrain system is still being worked out. MEC has been in contact with Synagro about the 2-year maintenance bond. Synagro has provided an Amendment to the Contract and Change Order No. 3. Attorney Bill Flickinger discussed the Amendment to the contract and advised that Change Order No. 3 still needs correction. The Change Order will not be a cost to the District. President Chet Palesko asked if it has been determined that the underdrain is working and Mr. Baze advised that there has been no change since last month, so no, it has not been determined to be in working order. President Palesko noted that the 2-year maintenance bond is driven by the uncertainty with the underdrain. There was discussion as to when the pond could be filled and Mr. Baze stated there are a few items still needing attention. After those items are completed, the project will be close to being finished. Mr. Baze informed the Board that the Change Order came with a request from Synagro to waive the MEC costs on the project due to Synagro's delays, along with Inframark's costs and the third-party contractor's cost. Those costs total \$44,417. Synagro's request is to pay the contract price which has run them \$1.3M. Mr. Baze stated that by contract, \$716,399 is due now. President Palesko discussed the costs and penalties. The penalties would be more than the \$44,417 hard costs from the District's consultants and President Palesko is not willing to absorb those charges. Attorney Bill Flickinger noted that the Change Order extends the substantial completion date, which will affect the liquidated damages. Corey Newhouse asked what the amount of the liquidated damages total. The Board would like to see the difference between the penalties and the \$44,417 hard cost. This matter will be tabled until the February board meeting. President Palesko reiterated that he believes Synagro tried as hard as they could, but did not start on time and then ran into hard issues and a lot of rain, which he can understand. However, he wants the District to be whole on this project. Corey Newhouse asked Mr. Baze to come back with detailed information for review and discussion at the February board meeting. Mr. Baze noted that he will provide more detailed information as requested, but noted that as of today, liquidated damages total \$189,000 based on the contract terms. President Palesko and Ron Preston believe Synagro has to bear some of the responsibility on this project delay. This matter can be worked through the committee prior to the February board meeting.

There were no updates in regard to the Senna Center Office site.

MEC coordinated with Inframark on the overseeding schedule for the winter cropping plan in the staging area used by Synagro. Inframark will check to see if that has been done.

Engineer Jason Baze reported on the MS4 permit renewal. They currently have a draft of the plan and are coordinating with Inframark. The Notice of Intent will be filed by the February

11<sup>th</sup> deadline. Lisa McKenzie asked if there were any meaningful changes and Mr. Baze advised there are some changes but does not see anything significant.

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 discussed above in the Engineer's Report.

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

Bookkeeper Allen Douthitt discussed the financials through December, including the updated cash activity report. There were large maintenance items from Inframark in November and December. Corey Newhouse inquired about the separate operations and maintenance invoices and asked if the costs were in excess of the normal billings. Manager ElizaBeth Reeves advised that Inframark can meet with the finance committee to review the invoices. The Board discussed the District's budget and total costs year over year. Lisa McKenzie asked if the drainage fee is still appropriate given the increased costs for inspections and cleaning of the outfalls. Ms. Reeves will pull some figures and come back to the Board next month. After discussion, motion was made by Lisa McKenzie and seconded by Ron Preston to approve payment of the vendor invoices, per diems and authorize four fund transfers and three bond payments as presented. The motion carried unanimously.

14. 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

Manager ElizaBeth Reeves introduced herself and Katie May to the Board.

Ms. Reeves discussed the Manager's Executive Summary with the Board.

All facilities are in compliance for the month of December. There were 2.34 million gallons of wastewater treated, showing an average daily flow of 77,967 gallons, putting the wastewater treatment plant capacity at 78%.

Ms. Reeves explained that the pump station near the effluent pond has two pumps in it. The first pump has already been purchased, however, the second pump is bad too. The second pump is an older model and there are no parts available to repair it. Ms. Reeves discussed the proposal for a new replacement pump in the amount of \$27,726.26.

The 55-gallon drums that are stored at the wastewater treatment plant containing chemicals have been scheduled for removal in February.

The water accountability for December registered at 87.6%. As the Board will recall, last month the water accountability was 106%. David I. Perl asked if December's reading was low due to high reading last month. Manager ElizaBeth Reeves indicated it is likely due to timing. Corey Newhouse asked Andrew Boyle if he saw anything out of the ordinary and Mr. Boyle advised that he did not see anything to indicate a leak. The low reading could have been caused by the east side meter being turned off for a period of time.

David I. Perl asked if there were any issues during the four-day hard freeze. Manager ElizaBeth Reeves stated that no issues were reported.

Andrew Boyle noted that the water data has been tightening up since WTC PUA billing meter was repaired. He would like to join Inframark's crew for the monthly flushing to attach a mini flow meter to the hydrants to have a better idea going forward when these types of events happen. President Chet Palesko believes that is a good idea and asks Inframark to communicate with Andrew Boyle during the next flushing cycle.

Delinquencies for the month included 11 mailed notices, six (6) door tags and two disconnects.

Pond inspections were conducted on December 16<sup>th</sup> and work orders were generated for maintenance needed in connection with those inspections.

Manager ElizaBeth Reeves commented that the District has good participation with Eye on Water enrollment, which is at 60%. She would like to have a campaign to boost enrollment further. The District has done a variety of things so far to boost enrollment. Some of the residents are enrolled but do not have the leak detection notification set. President Chet Palesko asked about the percentage of residents that do have the leak detection notification set. David I. Perl and Lisa McKenzie noted that the District can distribute door hangers again. Lisa McKenzie inquired about an irrigation company that will come out and help residents to tune up their irrigation systems. Attorney Greg Szuman stated that they did that in connection with enforcement of watering restrictions in another district. If the homeowner does the irrigation audit, then if they get a fine for watering restrictions, the first one will be waived. President Palesko stated that going into the summer, he would like to look at this option.

There was discussion of a leak adjustment request on Indigo Broom Loop. President Chet Palesko will review the specific information on this account and no action will be taken today. President Palesko may want to modify the Rate Order on leak adjustments to include language that the Eye on Water leak detection notification must be turned on to be able to receive an adjustment.

President Palesko asked if there is another brand of pump that could be used at the pump station near the effluent pond that would be a cheaper option. Manager ElizaBeth Reeves will check on that possibility but will need to send the information to the District's engineer to see if they will agree if that certain pump can be used. This item was tabled until the February board meeting. There was discussion of the need to have two pumps instead of one. The pumps alternate and if there was only one and it went down, the District would need to pump and haul.

#### 15. RATE ORDER

Attorney Bill Flickinger reported that no action is needed today. Recently, SHL paid all past due amounts and is now current with the District. Due to receiving that payment, the Board agreed to charge the base rate for SHL's 8" meter as if it were a 2" meter. The contractual obligations and annual overseeding provisions were also included in the Rate Order. Rip Miller's attorney, Kemp Gorthey, reported to Mr. Flickinger that Mr. Miller might have additional requests forthcoming to include in the Rate Order. Corey Newhouse inquired about the meter size that will serve the office complex.

#### 16. ELECTRONIC METERS

This item was not discussed.

#### 17. BILLING ADJUSTMENTS

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

#### 18. 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 above.

#### 19. UTILIMATICS CONTRACT

President Chet Palesko discussed the bullet points for inclusion in the contract with Utilimatics. The District has agreed to purchase the existing pressure monitors, cover the real time pressure monitoring subscription, which is passed on to Badger meters, and will pay to monitor, detect and locate leaks for one-year and can be continued if all parties agree. With the LCRA grant, the District will be out-of-pocket less than \$4,000. After discussion, President Chet Palesko entertained a motion. Motion was made by David I. Perl and seconded by Lisa McKenzie to authorize the committee to finalize and execute the Utilimatics Contract after review by the District's attorney and Utilimatics. The motion carried unanimously. Attorney Bill Flickinger reported that Andrew Boyle submitted a draft contract, and Mr. Flickinger will insert the appropriate information and send it to the committee for review.

20. DATES FOR FUTURE BOARD MEETINGS

After discussion, the District's board meeting schedule will be as follows: February 28<sup>th</sup>, March 28<sup>th</sup> and April 25<sup>th</sup>.

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

This item was not discussed.

22. AGREEMENT CONCERNING PAYMENT OF SHL COSTS EFFECTIVE OCTOBER 31, 2022 BY AND BETWEEN SENNA HILLS MUD AND SHL

This item was not discussed.

23. FIRST AMENDED AND RESTATED CONTRACT EFFECTIVE MAY 23, 2018 BY AND AMONG SENNA HILLS MUD, SENNA HILLS HOMEOWNERS ASSOCIATION, INC., SHL AND THE SENNA HILLS TRUST, AS AMENDED BY THE FIRST AMENDMENT TO AMENDED AND RESTATED CONTRACT EFFECTIVE APRIL 30, 2020 AND AS FURTHER AMENDED BY THE MEDIATED SETTLEMENT AGREEMENT DATED AUGUST 24, 2021

This item was not discussed.

24. ENFORCEMENT PROCEDURES IN CONNECTION WITH DROUGHT CONTINGENCY PLAN

President Chet Palesko had nothing to report this month regarding enforcement of watering restrictions. The LCRA has indicated that they will likely move to Stage 2 restrictions in March. The LCRA and WTC PUA drought contingency plans are starting to diverge. It is likely, that at some point, the WTC PUA will permanently ban nighttime watering, so that their tanks can refill overnight.

25. ADJOURN

President Chet Palesko adjourned the meeting at 9:01 a.m.

  
Chet A. Palesko, President



ATTEST:



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Lisa S. McKenzie, Secretary

[SEAL]