

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 June 26, 2026 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
Lisa S. McKenzie – Secretary
Corey Newhouse – Assistant Secretary

thus constituting a quorum. Vice President Ron Preston and Assistant Secretary Ben Morse were absent.

Also present at the meeting were Hunter Hudson and Jeniffer Concienne of Willatt & Flickinger, PLLC, Darald Berger of Inframark and Stephen Jones of Consor.

Participating in the meeting via Zoom were Bill Flickinger of Willatt & Flickinger, PLLC, Andrew Boyle of Utilimatics, Allen Douthitt of Bott & Douthitt, PLLC, Makenzi Scales of Crossroads and participants Michael Miller and Rachel Guyette.

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 Lisa McKenzie and seconded by Corey Newhouse to approve the Minutes of the May 22, 2026 meeting as presented. The motion carried unanimously.

**President Chet Palesko moved to Item 10, Bookkeeper's Report at this time.

10. BOOKKEEPER'S REPORT, INCLUDING AUTHORIZATION OF PAYMENT OF BILLS; BUILDER DEPOSITS AND QUARTERLY INVESTMENT REPORTS

Bookkeeper Allen Douthitt thanked President Chet Palesko for moving his report up.

Bookkeeper Allen Douthitt reported on the financials through May. The District was down on water sales, but year-to-date budget looks good. Under the capital outlay expense item, the fountains are listed there but should have been pulled because the fountains have been budgeted for, so that line item is misleading. Mr. Douthitt will correct that line item in next month's report. The District is currently at 99.9% collected on its taxes. Today's per diems for Ron Preston and Ben Morse will be pulled due to their absence. There was discussion on the upcoming bond payments and authorizing payment for those today. President Chet Palesko inquired about the budget/tax rate schedule. Mr. Douthitt stated he will provide a draft budget in August. President Chet Palesko discussed the possibility of having to raise the District's tax rate this year if the District wants to collect the same amount of funds that it did last year. President Palesko noted that the neighborhood took a \$50M hit in appraised values. Lisa McKenzie mentioned that due to the size of the District's reserves, it may not have to raise taxes, but could spend down the reserves. President Palesko stated that will definitely be discussed during budget/tax rate preparations.

After discussion, President Chet Palesko entertained a motion. Motion was made by Lisa McKenzie and seconded by Corey Newhouse to approve payment of the vendor invoices and per diems and authorize the fund transfers as presented. The motion carried unanimously. Motion was then made by President Chet Palesko and seconded by Lisa McKenzie to authorize payment of the District's upcoming bond payments as discussed. The motion carried unanimously.

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

This topic was not discussed.

6. LCRA COST-SHARING PROGRAM

President Chet Palesko reported that the LCRA provided notice of a proposed firm water rate increase. The LCRA stated that the rate increase is being driven by increased costs associated with maintaining existing infrastructure as well as building new water infrastructure. Bookkeeper Allen Douthitt will provide for the increase in the upcoming budget preparations. Attorney Bill Flickinger stated that the last LCRA increase was two years ago. President Palesko reported that the increase does not appear to be significant for the District. If approved, it will be a 6% increase and will be effective January 2027.

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

- a. Site Plan and Water and Wastewater requirements for proposed multi-family development at SHL's 11.73-acre tract
- b. Effluent Irrigation System Improvements
- c. Re-seeding and maintenance of effluent irrigation areas to comply with current permit
- d. Water, Wastewater & Drainage O&M
- e. Fountain(s) for effluent pond

Engineer Stephen Jones reported that the installation of the fountains in the effluent pond was scheduled for last week but delayed due to a contractor emergency. The installation is now scheduled for June 29th. Mr. Jones will continue to monitor this project.

Lisa McKenzie reported on the HOA's status in regard to the License Agreement for the irrigation improvements. An engagement letter from the attorney who will draft the License Agreement was received yesterday so hopefully the HOA will move forward soon.

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

This topic was not discussed.

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

Engineer Stephen Jones reported that they are still working with Inframark and Lisa McKenzie on the appropriate wording for the MS4 flyer and email.

11. DISTRICT MANAGER'S REPORT ON OPERATIONS

- a. Wastewater Treatment Plant
- b. Distribution System – Billing & Adjustments
- c. Collection System
- d. Drainage/Ponds
- e. Customer Requests
- f. Landscape Maintenance Contracts; Additional landscaping services
- g. Inspections of HOA effluent irrigation system

District Manager Darald Berger discussed his manager's report.

The delinquencies for the month included 11 mailed notices, eight door tags hung and zero disconnects. Inframark received 20 customer calls in May.

Current enrollment for EyeOnWater is still at 62%. District Manager Darald Berger reported that after reviewing the invoices with Lisa McKenzie, there were a few items that he missed in his review, and he will be issuing a credit memo to the District in the amount of \$6,500.00.

District Manager Darald Berger reported that the District's water accountability was 98.4% for May. There were 2.380 million gallons of wastewater treated, showing an average daily flow of 79,333 gallons, putting the wastewater treatment plant capacity at 79%.

The chemical drum at the wastewater plant is still waiting to be removed after its contents can be safely moved to a replacement drum that is in better condition.

President Chet Palesko inquired about the costs for a round of inspections of the outfalls/inlets and ponds. District Manager Darald Berger believes it would be about \$1,000.00 or so. President Palesko asked him to holdoff until July and come back to that board meeting with the costs.

The MS4 flyer and email verbiage is ready to be sent out. Corey Newhouse said it disgusts him that a flyer has to be sent that mentions picking up dog waste, which all should know to do it. President Chet Palesko asked that the language on Stage 2 mandatory watering restrictions be removed from the MS4 email. Inframark will send one last draft to the committee for review and will then send out the MS4 flyer and email.

District Manager Darald Berger noted that the HOA's May maintenance report has not been submitted because the HOA's irrigation system was not running. The pump has now been replaced, and the system should be back online soon. President Chet Palesko reported on the purchase of the HOA irrigation pump. As discussed at last month's board meeting, PumpProducts.com had the pump, but delivery was 30 days out and due to the urgency, it was decided to get the pump from a local company. The District had to pay over \$11,000 instead of \$5,000 for this pump.

District Manager Darald Berger reported on the operational items previously approved and the status of each. The replacement of the effluent Cla-Vals with check valves and a control panel has started but has not yet been completed due to scheduling issues. The wastewater treatment plant starter has now been received. As asked at the last board meeting, District Manager Darald Berger reported on the ages of the other mixers at the wastewater treatment plant. There are two ages that are unknown and the other mixers are from 2017, 2018 and 2025. The microscope for the lab has been received. As stated above, the irrigation pump for the HOA's reuse irrigation system has been installed. In regard to landscape maintenance around the irrigation pond and outside of the fence, there was a request from a nearby homeowner that the District remove the grapevine behind their fence, which is located on the District's land. District Landscaper Zane Furr advised it would be several days' worth of work and very intensive. Lisa McKenzie noted that the District has a policy that the District does not maintain areas that are not irrigated, and this is one of those areas. Corey Newhouse stated that the District could obtain a quote for the work and then advise the homeowner of the cost. Another part of the District's policy allows the homeowner to clear up to six feet behind the fence, at their expense and remove the yard waste,

however in this case, access is gated. Lisa McKenzie will contact District Landscaper Zane Furr on this matter.

District Manager Darald Berger then discussed the following items for Board consideration:

1. Now that the HOA's irrigation system is back up, preventative maintenance in the amount of \$1,602.00 be completed for the chlorination system that chlorinates the reuse water that goes into the HOA irrigation system.
2. Purchase a new mixer in the amount of \$11,145.80 for the wastewater treatment plant, which will be stored as a spare.
3. Purchase an extension kit, traffic repair kit for AVK fire hydrant and a 2.5" nozzle cap for the fire hydrant located at Senna Hills Drive in the amount of \$2,911.73.

District Manager Darald Berger reported that a police report was obtained from the accident where someone hit and damaged the fire hydrant along Senna Hills Drive. For cost purposes, District Manager Darald Berger will pull the work orders for the hydrant repair and obtain the cost for the recorder that was damaged. The District will file a claim against the person's auto insurance. President Chet Palesko stated that the hydrant needs to be up and running.

After discussion, President Chet Palesko entertained a motion. Motion was made by Lisa McKenzie and seconded by President Palesko to approve Items 1 and 3 above. The motion carried unanimously.

Item 2 above will be held at this time. President Chet Palesko asked District Manager Darald Berger to obtain additional quotes for his review.

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

This topic was discussed under the Engineer's Report above.

13. DATES FOR FUTURE BOARD MEETINGS

After discussion, the District's board meeting schedule will be as follows: July 31st, August 28th, September 25th, October 30th, November 20th and December 18th.

Lisa McKenzie stated that she may not be able to attend the July 31st meeting in person but could participate via Zoom.

It was previously noted that Ben Morse may not be able to attend the September 25th board meeting and President Chet Palesko will not be able to attend the October 30th board meeting.

14. ANNUAL REVIEW OF DISTRICT'S INVESTMENT AND FINANCIAL MANAGEMENT POLICY

Attorney Bill Flickinger discussed the annual review of the District's investment policy. Mr. Flickinger was not aware of any statutory changes. After discussion, motion was made by Corey Newhouse and seconded by Lisa McKenzie to adopt the Resolution Regarding Annual Review of Investment and Financial Management Policy as presented. The motion carried unanimously.

15. DIRECTORS ELECTION

- a. Notice of Deadline to File Application for Place on Ballot
- b. Any and all other actions that are necessary or appropriate related to the Directors Election

President Chet Palesko stated that both he and Ben Morse are up for re-election. Attorney Bill Flickinger reported that the District holds an election every two years. If the election is contested, then the District will move through the election process with Travis County. An Application for Place on the Ballot must be filed between July 18th and August 17th. The District will contract with Travis County to hold the election if contested. Within the next month, Travis County will provide the election contracts for consideration at the July board meeting.

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

There was no SHL representative present at the meeting.

17. AGREEMENT CONCERNING PAYMENT OF SHL COSTS EFFECTIVE OCTOBER 31, 2022 BY AND BETWEEN SENNA HILLS MUD AND SHL; ANNUAL ACCOUNTING OF OVERSEEDING AND ADDITIONAL MOWING

Attorney Bill Flickinger reported that the District has incurred costs for overseeding and additional mowing of the irrigation areas and those charges will be sent to Rip Miller at the end of the year for reimbursement.

18. 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; REMOVAL OF SHL PROPERTY FROM AUSTIN ETJ; PROPOSED MULTI-FAMILY DEVELOPMENT

President Chet Palesko noted that he saw a social media post that there are entities suing the City of Austin for cancelling their previous approvals of entities being removed from Austin's ETJ.

19. REQUEST FOR PROPOSALS FOR MANAGEMENT AND OPERATION SERVICES

This item will be discussed in closed session.

20. ENFORCEMENT PROCEDURES IN CONNECTION WITH DROUGHT CONTINGENCY PLAN

This item will be discussed in closed session.

Andrew Boyle stated that he provided pricing to President Chet Palesko and Corey Newhouse on a permanent recorder for the fire hydrants. As the Board is aware, the system is offline at this time. President Chet Palesko advised that the committee will get together to review the pricing before the July board meeting as the system needs to be back online.

** 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. 19 and 20.

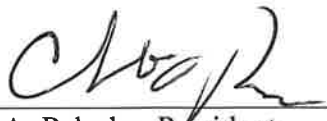
The Board went into closed session at 7:59 a.m.

At 8:29 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 President Chet Palesko and seconded by Corey Newhouse to authorize the committee to prepare a Request for Qualifications in connection with management and operation services and to work with legal counsel on the process. The motion carried unanimously.

21. ADJOURN

President Chet Palesko adjourned the meeting at 8:30 a.m.


Chet A. Palesko, President

ATTEST:

A handwritten signature in blue ink, appearing to read "Lisa S. McKenzie", is written above a horizontal line.

Lisa S. McKenzie, Secretary

[SEAL]