

**BLOCK HOUSE MUNICIPAL UTILITY DISTRICT
MINUTES OF BOARD OF DIRECTORS' MEETING**

September 26, 2018

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Block House Municipal Utility District was held on September 26, 2018, at 2600 Block House Drive South, Leander, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the Notice is attached as **Exhibit "A"**.

The roll was called of the members of the Board:

Vanessa Longoria-Carter	-	President
Cecilia A. Roberts	-	Vice President
Rayan Horak	-	Secretary
Ursula Logan	-	Treasurer
Byron Koenig	-	Assistant Secretary

All of the members of the Board were present, thus constituting a quorum. Also present at times during the meeting were Tanya Emmons of Pinnacle Texas Management Services ("*Pinnacle*"); Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC ("*MGSB*"); Tripp Hamby of Priority Landscapes, LLC ("*Priority*"); Taylor Kolmodin of Municipal Accounts & Consulting, L.P. ("*MAC*"); Lisa Torres of Crossroads Utility Services, LLC ("*Crossroads*"); Sergeant Chuck Kelley of the Williamson County Sheriff's Office; Paul Hanson of Lifeguard 4 Hire, L.L.C. ("*L4H*"); Ken Soule of the BHC Owners Association ("*OA*"); and Sharon Smith of Armbrust & Brown, PLLC ("*A&B*").

Director Longoria-Carter called the meeting to order at 6:30 p.m. and welcomed those present. Following the Pledge of Allegiance to the U.S. flag, the Board and those present at the meeting observed a moment of silence or prayer. Director Longoria-Carter asked that anyone who wished to address the Board fill out a Community Comment form and state his or her full name before making oral comments.

Director Longoria-Carter stated that the Board would first consider the report from the OA and recognized Mr. Soule. Mr. Soule stated that October would be a busy month with all of the events on the calendar. He mentioned that the BBQ Cook-Off Smoking Out Crime event had been canceled due to lack of participating teams. He announced that the Board candidate forum invitations had just recently gone out and that it was scheduled for October 20 at 10:00 a.m. He added that the OA's Recreation Committee would have a lantern parade on October 27, and that Mr. Soule would marshal it. Mr. Soule stated that, regretfully, the OA had had to instruct their attorney to initiate legal action against two properties for restrictive covenant violations.

Director Longoria-Carter stated that the Board would next recognize the L4H employees. Mr. Hanson explained to those present that in June the lifeguards had completed a rescue, including calling 911, and enacting their emergency response plan and crowd control as they had been trained to do. He noted that the lifeguards ranged from 15 to 19 years old and that he

appreciated the Board for recognizing the lifeguards and acknowledging their good work. Director Logan read the letter into the record, attached as **Exhibit "B"**.

Director Longoria-Carter stated that the Board would next consider approving the minutes of the August 22, 2018, Board meeting. Director Logan made a motion to approve the minutes as presented. Upon second by Director Longoria-Carter, the Board voted unanimously to approve the motion.

Director Longoria-Carter then stated that the Board would consider the proposal from MGSB for audit services for fiscal year ending September 30, 2018, attached as **Exhibit "C"**. Ms. Martin drew the Board's attention to the accounting letter, and mentioned that the engagement letter authorized MGSB to audit the Board for the Texas Commission on Environmental Quality. She mentioned that the engagement included a slight fee increase of \$250. Ms. Martin then discussed the Statement on Auditing Standard No. 99 fraud questionnaire. She explained to the Directors that they should review the questionnaire and, if their answers indicated they were aware of possible fraud or otherwise raised a concern, they should contact the auditor. Upon motion by Director Roberts and second by Director Logan, the Board voted unanimously to approve the proposal. Director Longoria-Carter asked about the District joining the OA in publicizing, promoting, and discussing mental health during the month of October to highlight World Mental Health Day and Mental Illness Awareness Week. She asked Director Horak if she would speak to the OA about hosting a town hall, at some point in the calendar of OA events in October, where residents could talk to mental health professionals and resource organizations. Director Logan asked about scheduling such an event after the candidate forum, and mentioned that perhaps the OA Safety Committee could take it on.

Director Longoria-Carter then stated that the Board would receive the landscaping report attached as **Exhibit "D"**. Director Roberts stated that Priority had done some amazing replantings of trees and that they were nicely shaped and appropriately located. Mr. Hamby added that Priority was able to plant 11 trees instead of 10. He mentioned that all work approved at the prior Board meeting would be underway or complete the following day. Mr. Hamby noted that wildflower seeds had been ordered and would be set out the following week. Director Roberts then presented landscape proposals. She first discussed the proposal for aeration and root stimulator application for a declining elm tree in the Tumlinson Pool fenced area (Estimate #1975), attached as **Exhibit "E"**. She then discussed the proposal for removal of a declining elm tree in the Tumlinson Pool fenced area, including an alternative for stump removal (Estimate #1976), attached as **Exhibit "F"**. Director Roberts next discussed the proposal for installation of landscape boulders in Jumano Park at the Catalina Drive easement (Estimate #1977), attached as **Exhibit "G"**. She then discussed the proposal for fungicide treatment for brown patch in St. Augustine at the old 183 entry (Estimate #1978), attached as **Exhibit "H"**. Mr. Hamby stated they had spot-treated the tree. Director Roberts explained that Estimates #1975 and #1976 were alternatives and that, while she usually would endorse saving a tree, in this instance the tree should be removed. Director Roberts made a motion to approve Estimates #1976, #1977, and #1978. Director Koenig seconded the motion. After discussion, the Board voted unanimously to approve Estimates #1976, #1977, and #1978.

Director Longoria-Carter stated that the Board would next receive the security report and recognized Sergeant Kelley. Sergeant Kelley stated that fortunately the District had not been the site of much criminal activity that month. He discussed a "driving while intoxicated" arrest and a narcotics possession arrest. Sergeant Kelley mentioned that the deputies would provide a directed patrol for the pumpkin patch, and would have the officer who worked on the

National Night Out actively patrol that event. Sergeant Kelley stated that the Block House Creek Festival was on October 13 and that, if possible, one of the Sheriff's Office sergeants would be present, and that the officer working for the District that shift would, of course, be present. Director Logan stated that it would be nice if a canine officer could be present for the BHC Festival. Sergeant Kelley asked what the hours of the Festival were and Director Logan replied that it would run from noon to 4:00 p.m. Director Roberts directed Ms. Emmons to discuss with Mike McKelvey whether the basketball court gate should be replaced. Director Horak then moved approval of the Standard Agreement with Local Government Entity Regarding Off-Duty Contracting of County Sheriff Deputies, attached as **Exhibit "I"**, and the Memorandum of Understanding - Patrol Services to Be Performed within Block House Municipal Utility District, attached as **Exhibit "J"**. Director Roberts seconded the motion, which was adopted by a unanimous vote of the Board.

Director Longoria-Carter then stated that the Board would discuss the District's pools and recognized Mr. Hanson, who stated that he was preparing the cleaning schedule for the District pools – for Tumlinson Pool once per month and for Apache Pool twice per month. Mr. Hanson stated that off-season projects that had been approved by the Board were already completed. He added that the Apache Pool heater installation would be finalized the following week. Mr. Hanson mentioned that L4H had selected five of their best employees to work over the winter. He noted that L4H had planned to do more frequent audits to ensure that lifeguards were properly attired and positioned to be able to perform emergency services as needed, and that they planned to continue that effort. Mr. Hanson stated that it had, for the most part, been a successful season and that he was looking forward to the gate system being fully installed and operational. He asked if Mr. Hamby could notify him of the schedule for the tree removal that had been approved by the Board earlier in the meeting so that the pool cleaner could be onsite and could shut down pumps to avoid debris being sucked in. Director Logan made a motion to approve the renewal of the Pool Services Agreement with Lifeguard 4 Hire, L.L.C., attached as **Exhibit "K"**, subject to the addition of the pool schedule exhibit. Director Logan directed A&B to add the pool schedule exhibit to the Board meeting agenda for review and approval as soon as the exhibit was available. Director Longoria-Carter seconded the motion. Director Logan stated that she and Director Roberts had discussed adjusting the pool hours to close the pools sooner in the darker winter weather, and Director Logan continued that the Pools Subcommittee would be considering changing the pool hours. Director Roberts mentioned that seniors were interested in an exercise class in the morning and Director Logan stated that the Subcommittee would explore that. Mr. Hanson stated that L4H would adjust the schedule for staffing depending on when the Leander High School 2019 swim season started. Director Roberts asked about how L4H was handling rainy days, and whether the lifeguards worked when the pool was subject to temporary closure due to inclement weather. She referred to the Pool Services Agreement provision setting out the criteria for closing the pool and providing notice of the closure to District residents. Mr. Hanson stated that the weather on the day that had sparked Director Roberts' interest was spotty and that on such days, sometimes the weather dried out and swimming could be resumed. He continued that if L4H released their staff earlier, they could not get the staff back onsite for the remainder of the day. He mentioned that the lifeguards could not work outside in severe weather but that they had a list of inside tasks to work on. Mr. Hanson pointed out that swimming can occur when the weather is rainy and Director Longoria-Carter added that if the pool closed in rainy but swimmable weather, some residents complained. Director Logan reiterated that the Tumlinson exhibit needed to be added. Thereupon, the Board voted unanimously to approve the Pool Services Agreement.

Director Longoria-Carter stated that the Board would next receive a report on District operations and recognized Ms. Torres. Ms. Torres reviewed her report, attached as

Exhibit “L”. She noted that water loss was 5.78% for the month. Director Roberts then reported on a clogged storm drain in the circle drive of Tumlinson Park parking lot, and a sewer back-up. Ms. Torres continued that a lot of cleaning had been performed on the lift station in addition to the quarterly cleaning, due to grease build-up and rags. She stated that she anticipated the need to request approval for one or two additional cleanings, as well as funds for an educational opportunity for the District regarding proper disposal of materials that could affect the wastewater system. Director Roberts directed Ms. Torres to write an article, with photos, for the District newsletter, perhaps titling it “Crossroads Corner,” that provided information about recommended practices regarding what materials could be properly disposed of in District wastewater lines. Ms. Torres stated that she would ask Wastewater Transport Services, with whom Crossroads contracted, about the cost to make a video showing the process of cleaning the lines. Director Longoria-Carter mentioned that there were videos available instead of the District needing to pay for one to be produced, and the Communications Subcommittee directed itself to follow up on options. Ms. Torres stated 1,789 invoices were mailed out on September 24 and that she would be reporting that each month. Ms. Torres mentioned that Director Roberts had emailed her about a clogged inlet. She continued that Bill Greenwood was in the area at that time, and so he investigated the clog, discovered collected leaves in the inlet, and that he cleaned it out so that no bid or proposal for cleaning would be required. She mentioned that Texas Disposal System (“*TDS*”) emailed Crossroads that 1,825 accounts had been updated pursuant to the information provided by Crossroads’ customer services staff. The Board discussed the process for TDS account updating. Director Longoria-Carter directed Ms. Emmons to follow up on how best to audit the update process. Ms. Torres stated that there were three write-offs for the month for a total of \$5,508.33, with \$5,000 of that amount being an unpaid penalty for a violation of District rules. Director Logan moved to approve the write-offs and send them to collections. Director Horak seconded the motion and the Board voted unanimously to approved the write-offs and send them to collections. Director Longoria-Carter noted that on September 10 a resident asked on social media about who at Crossroads would respond to a complaint about a particular matter. Director Longoria-Carter continued that the resident provided an update stating that Ms. Torres was very helpful and answered all of her questions, and recommending that people contact Ms. Torres as the District’s Crossroads representative. Ms. Torres stated that she had asked customer service to provide her cell number to District customers so that she could respond promptly and help prevent complaints from snowballing. Director Longoria-Carter stated that she was impressed that Ms. Torres had changed the public perception of the responsiveness of the District to customer concerns. Ms. Torres mentioned that she had a report on water use in a leased property that had no account, a “vacancy with usage.” She explained that when Crossroads turned on water for that property, Crossroads requested a copy of the lease. Ms. Torres stated that 24,000 gallons were used during the period before the date the current resident stated they had moved in. Ms. Torres stated that they had billed the homeowner for the use, that the homeowner had been unresponsive, and that the current resident refused to provide a lease to establish renter status or the date occupancy began. The Board directed Ms. Torres to notify the resident that if a lease was not provided within half the time allowed for notice of disconnection, the water would be disconnected. Ms. Torres then mentioned that an elderly resident, who lived with his sister, refused to drop his bill to the Walker House drop box and instead mailed it to Crossroads. She added that the resident’s brother had put a credit card on the account for all future payments, and that the account had accumulated a delinquency during the transition period to the credit card payment process. She asked the Board to write-off the August payment as a one-time incident occurring for the reason she had explained. Director Koenig made a motion to approve that write-off. Director Roberts seconded the motion, which was adopted by a unanimous vote of the Board.

Director Longoria-Carter stated that the Water/Environmental Subcommittee had no report on the District's Storm Water Management Program or creek maintenance.

Director Longoria-Carter stated that the Board would next discuss District bookkeeping matters and recognized Ms. Kolmodin, who presented the check registers attached as **Exhibit "M"**, the supplemental check register attached as **Exhibit "N"**, and three fund transfers attached as **Exhibit "O"**. Ms. Kolmodin stated that she had voided customer refund check numbers 7189, 7198, and 7207 because those customers closed their accounts and moved out, the customers' final payments were returned as "insufficient funds" and, therefore, refunds were not due to them. Ms. Kolmodin stated that a certificate of deposit would mature in October and that she would invest the proceeds in TexPool. Director Roberts made a motion to approve payment of the bills and invoices, the three fund transfers, and the investments. Director Logan seconded the motion, which was adopted by a unanimous vote of the Board. Ms. Emmons noted that one of the checks on the supplemental check register was a 50% deposit for the proposal from Cothron's Safe and Lock, Inc. for rekeying locks with high security locks, and she requested approval of that proposal. Director Roberts made a motion to approve the proposal, attached as **Exhibit "P"**. Director Logan seconded the motion, which was adopted by a unanimous vote of the Board. Ms. Emmons stated that she had forwarded the Form 1295 to Cothron's and that Pinnacle was to provide Cothron's a tax exemption form.

Director Longoria-Carter noted that a representative of the District's engineer, Gray Engineering ("**GEL**"), was not present to present the engineer's report, which included no new engineer-related activities undertaken by GEL.

Director Longoria-Carter then recognized Ms. Emmons for the purpose of receiving the manager's report. Ms. Emmons reviewed her report, attached as **Exhibit "Q"**, and discussed the status of several of the directives that were in process. She drew the Board's attention to the request for waiver of fees from Girl Scouts Service Unit for use of the Pavilion on October 30, 2018, for the Zombie Walk, and the request for waiver of fees from BHC Cub Scout Pack 171 for use of the Pavilion on September 20, 2018. Director Logan made a motion to approve the waiver of fees for the Girl Scouts Service Unit and the BHC Cub Scout Pack 171. Director Longoria-Carter seconded the motion, which was adopted by a unanimous vote of the Board. Ms. Emmons then stated that Pinnacle had received an inquiry regarding Cocoa Christmas, and that she assumed Directors Horak and Longoria-Carter had not yet had an opportunity to consider that event. Ms. Emmons requested that the Board make a decision on the December Board meeting date. She stated that she received a report from a resident on trees that were uprooting on the creek behind Tumlinson Fort. She added that she advised Mr. Hamby to invoice the related work as "creek maintenance" so it would be properly coded in the District's budget. She reported that Mr. Greenwood was taking on a lot of the projects, enabling them to be accomplished without the District having to pay for contractors with special skills. Ms. Emmons stated that she had followed up with the Williamson County Fire Marshal regarding concerns about whether the mulch pile created a fire hazard, especially with regard to spontaneous combustion. She continued that she had talked to the City of Cedar Park and asked if they would do an inspection as a fire prevention measure, and that she was told that the City's contract did not cover that service but that she could call the County, who did provide such service. She stated that she left a message with the County Fire Marshal and shortly thereafter, the City contacted the District, as the City had been requested to do by the County. Ms. Emmons stated she met with the Fire Marshal, who indicated that the Fire Code maximum for mulch piles was many times higher than the District's pile. Director Longoria-Carter noted that it was important for the District to be able to inform the residents who mulched Christmas trees regarding the information about what would and would not likely create a fire hazard. Ms.

Emmons then mentioned that the agenda included potential changes to the Order Establishing Rules and Regulations Governing Recreational Facilities and Related Fees and Charges (“*Recreational Rules*”), attached as **Exhibit “R”**. Ms. Smith walked the Board through the proposed changes and updates to the Recreational Rules. Director Logan stated that the Recreational Rules should be reviewed annually and Ms. Smith stated that if Directors offered recommendations over the course of the year, and identified them as such, A&B could collect the recommendations and present them on an annual basis. Ms. Emmons stated that she had an additional change she would recommend the following month but asked that the Board not defer approval of the substantive changes presented to them at the meeting, in particular with regard to the Tennis and Basketball Courts rules relating to gate closure and prohibition on blocking them open. Director Roberts discussed that the Practice Fields were being used for regular games instead of for practice. Ms. Emmons responded that use of the Practice Fields was occurring in accordance with what was allowed by the Recreational Rules. The Board discussed parking issues in the area and recommended that the teams be advised that improperly parked cars could be towed if reported by a resident or passer-by. Director Roberts emphasized her concern that the Practice Fields were being overbooked and exceeding parking capacity in a manner that adversely affected nearby residents. Director Longoria-Carter stated that her understanding from Ms. Emmons was that the Practice Fields were not being overbooked and that users needed to understand the parking rules and enforcement procedures. Ms. Emmons directed herself to write an article for the newsletter. She added that the Pinnacle staff needed to point out the parking rules when accepting Practice Field reservations and to caution residents that if they parked in a manner that violated the law, residents could complain to the Sheriff’s Office. She mentioned that if a team parked on the street without first filling the lot, they could be warned, and that if they repeatedly did not use the lot, they could be denied a reservation. Director Horak asked how it could be determined whether cars on the street belonged to the groups reserving the Practice Fields. The Parks Subcommittee agreed to review what was “capacity” for the Practice Fields, and capacity for related parking in the lot and on the three-mile loop. Director Logan added that Pinnacle could mention to residents reserving facilities, and in her newsletter article, that carpooling was encouraged. The Parks Subcommittee agreed that the District should impose “no event parking” bandit signs on occasion. Director Roberts made a motion to adopt the Order Establishing Rules and Regulations Governing Recreational Facilities and Related Fees and Charges. Director Koenig seconded the motion, which was adopted by a unanimous vote of the Board.

Director Longoria-Carter then stated that the Solid Waste Subcommittee had nothing to report.

Director Longoria-Carter then stated that the Board would discuss restrictive covenant Enforcement for pending and contemplated litigation at 15361 English River Loop and 606 Gabriel Mills Drive. Director Longoria-Carter recommended that those two properties be added to the list for litigation. She stated that the English River Loop property was referred to the District’s attorney’s office in 2016 for visible damage to the roof. Director Longoria-Carter mentioned that she was not sure that the roof was actually in disrepair and that it might have nonmatching shingles instead. She continued that the Gabriel Mills Drive property had been referred for numerous unapproved alterations, with a number of violations in process at the attorney’s office since 2015. She described the violations and noted that complaints had included unauthorized wildflower beds, chandeliers in the trees and on the fence, a rainbow painted on the fence, and the “South Austin” look of the house. Director Longoria-Carter stated that Pinnacle had offered the owner opportunities to make the changes or to submit them for approval and that the resident had made it clear that she would not do so. Directors Logan and Longoria-Carter directed the Directors to drive by the two properties and view the violations so

that they could be discussed further at the Board's next meeting, and directed A&B to leave the two items on the Board's October 24 agenda for further discussion. Director Longoria-Carter directed Ms. Emmons to forward the email from the Restrictive Covenant Subcommittee on the 606 Gabriel Mills Drive property to the Board. Ms. Emmons stated she would reset the District database password.

Director Longoria-Carter stated that the Board had nothing to discuss regarding drought management and water use restrictions, communications, or parks and nature trails.

Director Longoria-Carter then stated that the Board would discuss insurance matters, including computer fraud coverage. The Board directed A&B to place the topic on the Board's November agenda under bookkeeping items.

Director Longoria-Carter stated that the Board would next discuss revisions to the Order Establishing Water and Wastewater Service Rates, Charges, Tap Fees and Park Fees, and Adopting General Policies with Respect to the District's Water, Wastewater and Drainage Systems, attached as **Exhibit "S"**. Ms. Smith drew the Board's attention to the change the Board had directed be made, to add a provision stating that when checks, including eChecks, presented for payment of an account were dishonored for insufficient funds, that such checks would be refused from that customer for a period of time and the payments would have to be made by certified check or cash. Director Roberts made a motion to adopt the revised Order Establishing Water and Wastewater Service Rates, Charges, Tap Fees and Park Fees, and Adopting General Policies with Respect to the District's Water, Wastewater and Drainage Systems. Director Koenig seconded the motion, which was adopted by a unanimous vote of the Board.

Director Longoria-Carter then stated that the Board would discuss the General Management Services Agreement with Pinnacle Texas Management, LLC, which expired on the last day of September. Ms. Emmons noted that the gate opening responsibilities that Pinnacle had taken on had never been added to the Agreement. Director Longoria-Carter recommended that the Agreement be approved subject to that change. Director Roberts asked that Pinnacle's duties include a master spreadsheet that reported on installation, maintenance, and repair of District assets. She asked that those spreadsheets be prepared on a shared drive and Director Logan added that it would need to be either password-protected or "view only." The ad hoc administrative subcommittee of Directors Longoria-Carter and Logan stated that they would work with Ms. Emmons in developing the spreadsheet. The Board discussed extending the term of the Agreement from one year to two years, so that the term would run from October 1, 2018, to September 30, 2020. Director Longoria-Carter stated that Ms. Kolmodin could provide the task and the amount paid for the gate opening responsibilities. Ms. Emmons suggested looking at the prior contract of Jennifer Hasbrouck, who had opened the gates previously, for possible language regarding the gates, and the Board concurred. Director Longoria-Carter made a motion to approve the Agreement with the addition of a provision regarding gate opening responsibilities and a two-year term. Director Roberts seconded the motion, which was adopted by a 4-1 vote of the Board. Director Roberts stated that she was voting against the Agreement because she believed the Board needed a full-time employee as a manager.

Director Longoria-Carter then stated that the Board would discuss the Cedar Park Fire Department "calls for service" log. Ms. Smith asked Director Roberts if it was her intent for the log and agenda item to be included on every regular meeting agenda and Director Roberts replied that it was. The Directors stated that they found the log to be helpful, and directed Director Roberts to provide the log to Pinnacle.

Director Longoria-Carter then stated that the Board would discuss the delinquent tax roll for the District. Director Roberts mentioned that the single largest outstanding account was a property that comprised a drainage easement and she asked if the Board could approach the owner about acquiring the property. The Board discussed briefly and provided no directive.

Director Horak then read the meeting notes to the Board, attached as **Exhibit "T"**. Upon motion by Director Logan and second by Director Longoria-Carter, the Board voted unanimously to approve the meeting notes.

There being no further business to come before the Board, the meeting was adjourned at 9:40 p.m.



[SIGNATURE PAGE TO SEPTEMBER 26, 2018 MINUTES]

Rayan Horak, Secretary
Board of Directors

Date: 10-24-18