

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

August 8, 2018

THE STATE OF TEXAS §
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COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Block House Municipal Utility District was held on August 8, 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
Debra Plowman		Assistant Secretary

All of the members of the Board were present, except Director Roberts, who arrived later, thus constituting a quorum. Also present at times during the meeting were Tanya Emmons of Pinnacle Texas Management Services ("Pinnacle"); Taylor Kolmodin of Municipal Accounts & Consulting, L.P. ("MAC"); Christie Thiessen, Cynthia Langdon, Byron Koenig, and Paul and Jackie McCully, residents of the District; and Sharon Smith of Armbrust & Brown, PLLC ("A&B").

Director Longoria-Carter called the meeting to order at 6:36 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. Cynthia Langdon introduced herself and stated that her daughter was on the Block House Creek swim team. She discussed the importance of friends, and described how her daughter had accompanied a special needs member of the team to a school event. She stated that the takeaway from her story was the importance of relationships, and that it was a feather in the cap of the District to have the swim team. Director Longoria-Carter replied that the Board's focus was on serving District residents. She emphasized that when she was a new resident, she did not know there was a swim team and would have wanted her son to be on it. She stated that the purpose of the increase in the District fee for out-of-District members of the swim team was to help ensure that the team was focused on building its roster from within the District. She added that the District was happy to have all members, District resident and nonresidents, on the team. Director Plowman concurred. She noted that she was on the Pools Subcommittee and that she loved the experience for her daughter when she was on the swim team. She continued

that she was surprised when she learned that more than 50% of the membership was from outside the District. She recommended that the District's welcome packet to new residents include a flyer publicizing the team. She reiterated that everyone on the Board supported the team. Ms. Langdon invited the Board to contact her to facilitate any meetings or communications between the District and the team. Ms. Emmons mentioned that the most recent edition of the District newsletter included an item about the team.

At 6:45 p.m. Director Longoria-Carter stated that the Board would convene in executive session as permitted under Section 551.071 of the Texas Government Code in order to receive legal advice from the District's attorney regarding a request for waiver of use restrictions for property located at 2712 Alexander Drive. At 7:05 p.m., Director Roberts arrived. At 7:16 p.m., the Board reconvened in open session. Director Longoria-Carter announced that no action had been taken during executive session. After a brief discussion, the Board directed Ms. Smith to prepare a letter regarding a resident's application for a federal firearms license and provide the letter to the District's General Manager for execution and transmittal to the resident.

Director Longoria-Carter stated that the Board would next consider an Apache Pool heater replacement. Director Logan made a motion to approve Quote No. 080818 from 360 Aquatics, attached as **Exhibit "B"**, for a pool heater in the amount of \$24,750, and Director Plowman seconded the motion. Director Logan stated that the need for a new heater had been discussed for several years. Director Plowman mentioned that the heater motor had been replaced but the entire heater had not been replaced for many years, and added that the amount of the item was included in the current fiscal year's budget. Thereupon the Board voted unanimously to adopt the motion. Director Roberts then requested that Ms. Emmons itemize repairs and replacement of District equipment, and to include the warranty information in that list. Ms. Emmons replied that the Board had generally tasked its consultants with that responsibility. She stated that she would request that each consultant provide that information, as applicable.

Director Longoria-Carter then stated that the Board would consider accepting the resignation of Director Plowman and making an appointment to fill the vacancy on the Board of Directors. Director Plowman submitted her resignation from the Board, attached as **Exhibit "C"**, effective at 9:00 p.m. that evening. She stated that she would be commuting to Corpus Christi for the next few weeks and so would still be in the District from time to time. Director Plowman continued that during her tenure as a director, she had enjoyed mentoring new directors and that she had learned from directors with more experience on the Board. She stated that she would carry those moments with her. Director Roberts then made a motion to accept the resignation of Director Plowman and to appoint Byron Koenig to the vacancy. Director Horak seconded the motion, which was adopted by a unanimous vote of the Board. Director Longoria-Carter thanked Director Plowman for her service and contributions to the District as a director. Director Longoria-Carter then presented Director Plowman with a plaque that included a gavel as a symbol of Director Plowman's service as Board President, and an inscription recognizing Director Plowman's tenure on the Board and

service to the District. The Board then briefly recessed for pie and ice cream to celebrate Director Plowman's future endeavors and to welcome Director Koenig to the Board.

At 7:40 p.m. the Board reconvened and Director Longoria-Carter requested that Ms. Smith take the Statement of Elected/Appointed Officer from, and administer the Oath of Office to, Mr. Koenig. Upon completion of the Statement of Elected/Appointed Officer and Oath of Office, Director Logan made a motion to accept the Statement and the Oath, to become effective at 9:00 p.m. upon the effective time of Director Plowman's resignation, and to approve the official bond for Mr. Koenig. Upon second by Director Horak, the Board voted unanimously to adopt the motion.

Director Longoria-Carter next stated that the Board would elect officers. Director Roberts made a motion to keep the same slate of officers, with Mr. Koenig in the place of Director Plowman as Assistant Secretary. Director Logan seconded the motion, which was adopted by a unanimous vote. Ms. Smith then circulated the District Registration Form for the Directors to update. Director Roberts then made a motion to approve the District Registration Form and, upon second by Director Logan, the Board voted unanimously to approve the District Registration Form attached as **Exhibit "D"**.

Director Longoria-Carter then stated that the Board would discuss consultant review of Pinnacle. Director Plowman explained that she wanted to revisit management of the fence repair project. She stated that the storage of the fence materials at the Jumano Community Center (the "Center") while the work was in progress was a mess and that its condition had slipped by the Parks Subcommittee and the General Manager. Director Plowman circulated photos of piles of fence materials at the Center. She noted that part of the agreement with the fence contractor had been that the contractor could store equipment and supplies at the Center during the project but she noted her first recommendation that Pinnacle needed to monitor the conditions more closely, as did the applicable subcommittees and the Directors in general. Director Plowman stated her second recommendation that the Board needed to budget for a storage building for the project. She added that if the cost was in the range of \$10,000 - \$20,000, it was an amount well worth it, as it would enable the General Manager to better enforce organized and neat conditions at the Center. Director Longoria-Carter stated that she had discovered that pool supplies were sitting outside at the Center, and Director Plowman replied that that was because the District had no place to store them. Director Plowman added that the residents and groups who used the Center were not carrying out their trash, and so the materials at that location that needed to be better managed were generated by the fence contractor, the Scouts and community users, and the pool contractor. Director Plowman's third recommendation was that the Board direct Pinnacle to exercise much stronger and more frequent oversight of storage and other conditions at the Center. She continued that she would like the General Manager to be empowered. Director Roberts mentioned her discovery and concern that five-gallon buckets of stain were sitting out and that that material was toxic and flammable. She added her understanding that the District's solid waste service provider, Texas Disposal Systems, had stated that it would haul off the stain at no charge. Director Plowman stated as her fourth recommendation that Pinnacle should consider whether they needed to hire another employee or take whatever steps were necessary to exercise more

control over the Center and the fence contractor and materials. Director Longoria-Carter mentioned that Director Roberts had suggested the possibility of designating and converting the Center into an official District storage building and to put the \$10,000 to \$20,000 that a storage building would cost toward a new community center. Director Plowman stated that whenever a contractor proposed work within the District, if the proposal did not include information about what storage would be provided, if storage was necessary, that the Board should provide the storage. The Board then directed the General Manager to rent a POD until the Board approves other options for storage at the Center. Director Plowman recommended that the rental be accomplished by the following Wednesday, August 15.

Director Longoria-Carter stated that the Board would next discuss the District's 2018/2019 budget and 2018 tax rate and would have a work session on the District's 2018/2019 budget. Ms. Kolmodin distributed the 2018 Tax Rate Analysis prepared by Public Finance Group ("*PFG*"), the District's financial advisor, and distributed the draft notice of public hearing on the tax rate, attached collectively as **Exhibit "E"**. She mentioned that representatives of PFG and Gray Engineering had been requested to attend the meeting and had responded that they would, but that they were not able to attend the meeting after all. She therefore recommended that the Board schedule an additional tax and budget meeting for August 15, the date the Board had tentatively set for a possible second meeting on those matters. The Board agreed. Ms. Kolmodin emphasized that she had not prepared the tax rate analysis, and that she would walk the Board through the analysis, but that any questions would likely need to be addressed to PFG or Gray Engineering at the Board meeting the following week. She explained that typically the Board would take a record vote on the rollback tax rate as the proposed tax rate and then, after the public hearing, adopt a lower rate if the Board so desired. The Board then discussed various budget items. They discussed documenting the shifting of funds and Director Longoria-Carter expressed her interest in ensuring that allocated funds that were redirected actually went for what they had been redirected to. After additional discussion, Director Longoria-Carter reminded the Board of its goal to rely on its experts and the Board concurred. Director Plowman pointed out that if the tax rate was lowered and property values subsequently declined, the Board could be limited in the amount it could increase the tax rate, if needed, to generate sufficient revenue for District operation and management. Ms. Emmons read through the landscape wish list provided by Tripp Hamby of Priority Landscapes. During the discussion of budget matters, Ms. Kolmodin mentioned that the Board did not need to add a line item for every expense that resulted in a budget change.

At 9:00 p.m., former Director Plowman turned in her keys and prepared to leave the meeting. As everyone bid former Director Plowman goodbye and good luck, Director Koenig's appointment became effective and he joined the Board at the table for the remainder of the budget discussion. Ms. Kolmodin stated that she would send out electronic copies of the budget to the Directors.

Director Horak then read the meeting notes to the Board, attached as **Exhibit "F"**. Upon motion by Director Roberts and second by Director Longoria-Carter, the Board voted unanimously to approve the meeting notes. She requested that

A&B send her a “form” for meeting minutes since A&B would not be present at the Board meeting on August 15.

There being no further business to come before the Board, the meeting was adjourned at 9:19 p.m.



[SIGNATURE PAGE TO AUGUST 8, 2018 MINUTES]

Ryan Horak, Secretary
Board of Directors

Date: 8-22-18