

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

January 22, 2020

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Block House Municipal Utility District was held on January 22, 2020, 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"**.

All of the Directors were present, as follows:

Cecilia A. Roberts	-	President
Steve Bennett	-	Vice President
Ryan Horak	-	Secretary
Ursula Logan	-	Assistant Secretary
Byron Koenig	-	Treasurer

Also present at the meeting were Taylor Kolmodin of Municipal Accounts & Consulting, L.P. ("MAC"); Jacquelyn Smith and Lisa Torres of Crossroads Utility Services, LLC ("Crossroads"); Tom Davis of Lifeguard4Hire ("L4H"); Tripp Hamby of Priority Landscapes, LLC ("Priority"); Lisa Pepperell of the Block House Creek Owners Association (the "OA"); Sergeant Chuck Kelley of the Williamson County Sheriff's Office ("WCISO"); Diane Donachy, Rena LaVance, and Darrell Frost, residents of the District; Tanya Emmons of Pinnacle Texas Management, LLC ("Pinnacle"); Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC ("MGSB"); and Sean Abbott of Armbrust & Brown, PLLC ("A&B").

Director Roberts called the meeting to order at 6:30 p.m. and welcomed those present. She announced that public comments were taken during designated portions of the meeting only and asked that anyone who wished to address the Board complete a Community Comment form. 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 Roberts stated that the Board would receive the OA report. Ms. Pepperell stated that the OA was very pleased with the holiday decoration contest and appreciated all those who participated as judges this year. She also noted that the OA's annual meeting would take place at Block House Elementary School at 9:30 a.m. on Saturday, January 25, 2020.

Director Roberts stated that the Board would then receive citizens' communications. Ms. Donachy addressed the Board regarding the disc golf course at Tumlinson Park. She stated that she had concerns due to danger the discs present, including that and there were many careless players on the course and that such players offered little courtesy while playing. She indicated that her dog was hit be a disc, that she was nearly hit by a disc and that cars were often hit. Ms. Donachy also indicated that people often play in the wrong direction, which adds to the danger. She further stated that many people, though not all, had been extremely rude and that she had seen various forms of misconduct when disc golfers attempt to retrieve their discs that had left the course, including climbing fences and even climbing on top of roofs. She added that two disc

landed in her yard and that one disc was lodged between her chimney and trim, which required a roofer to visit her house and make a repair. She noted that many players throw dangerously and wildly. She requested that the Board consider moving the disc golf course to a safer, less populated area. She added that the park has become more dangerous because of the growing population, including non-residents, using the park. Ms. Donachy then addressed the Board regarding walking paths in Tumlinson Park and requested that more benches be added to allow for rest.

Director Roberts then stated that the Board would receive a report on the audit of the District's financial statements for the fiscal year ended September 30, 2019. Ms. Martin addressed the Board and confirmed that no significant difficulties were encountered in connection with the audit, that no misstatements were detected, and that there had been no disagreements with management. Ms. Martin then reviewed the audit report attached as **Exhibit B** with the Board, including a summary of (i) the independent auditor's opinion, which she explained was an unqualified, "clean" opinion; (ii) the Management's Discussion and Analysis, which she explained was a summary of District operations prepared by the District's bookkeeper on behalf of District management; (iii) the basic financial statements and the notes thereto; (iv) the required supplemental information; and (v) the Texas supplemental information. Ms. Martin then reviewed the client representation letter attached as **Exhibit C**, and explained that it was provided in reliance on the representations of the District's consultants. She then concluded by requesting that the Board approve the audit report and representation letter and authorize filing of the District's audit with the Texas Commission on Environmental Quality. Upon motion by Director Logan and second by Director Bennett, the Board voted unanimously to do so.

Director Roberts stated that the Board would next consider approving the minutes of the December 18, 2019 Board meeting. Upon motion by Director Horak and second by Director Bennett, the Board voted unanimously to approve the minutes.

Director Roberts then stated that the Board would receive the monthly security report from the WCSO. Sgt. Kelley stated that he would like to see an article in the District's monthly newsletter confirming that it was illegal to trespass on someone's property to retrieve a frisbee. He further encouraged District residents to contact the WCSO and take pictures if they were aware of a trespass occurring. Sgt. Kelley then reported on a traffic stop in the District and explained that Deputy Pena had arrested a non-resident who possessed narcotics and related paraphernalia. Sgt. Kelley then stated that a hit and run accident had occurred in the District that caused significant damage to a fence along a resident's property. Director Logan directed Ms. Smith to ensure netting was installed on the fence to ensure the resident's dogs and children would be safe in the yard. Sgt. Kelley also informed the Board that warnings had been issued for criminal trespass in the District and that extra patrols were conducted on New Year's Eve. Director Logan asked Sgt. Kelley if the WCSO could enforce the District's rules relating to fireworks and Sgt. Kelley responded that the WCSO could not enforce the District's rules, but could only enforce State law. Sgt. Kelley advised the Board that the deputies could document rule violations and provide such records to the District.

Director Roberts next stated that the Board would receive the operations report and recognized Ms. Torres, who presented the report attached as **Exhibit "D"**. She reported that, as of the end of December of 2019, the District had 2,185 occupied single-family connections, that all bacterial samples were satisfactory, and that there had been a water loss of .10% for the prior reporting period. Ms. Torres then presented the write-offs reflected in the operations report, noting that there were two accounts totaling \$67.97, and requested approval. Upon motion by Director Horak and second by Director Bennett, the Board voted unanimously to

approve the write-offs. Ms. Torres also reported that Capital Hydrant, LLC had completed the valve replacements in the District as of January 9, 2020.

Director Roberts then recognized Ms. Torres for an annual review of the Identity Theft Prevention Program. Ms. Torres presented her report on the administration of and compliance with the Identity Theft Prevention Program, reviewed the Resolution Confirming Annual Review of Identify Theft Prevention Program attached as **Exhibit “E”**, and recommended approval of the Resolution. After discussion, upon motion by Director Bennett and second by Director Koenig, the Board voted unanimously to approve the Resolution.

Ms. Torres then addressed the Board regarding payment transactions and fees incurred by District utility customers paying with credit cards, electronic checks, or ACH's (collectively the “*Payment Transactions Fees*”). She reported that customers of the District were charged approximately \$39,000 by Bluefin Payment Systems LLC on an annual basis for Payment Transaction Fees and stated that approximately 55% of the District's utility customers paid with either credit cards, electronic checks, or ACH's. Upon motion by Director Logan and second by Director Bennett, the Board opened discussion on whether the District should absorb the Payment Transaction Fees incurred by District utility customers paid to Bluefin Payment Systems LLC. The Board voted unanimously against the motion and agreed to continue the current system of District utility customers paying the Payment Transaction Fees associated with payment of their utility bills.

Director Logan then inquired of Ms. Torres regarding the recent ransomware attack suffered by Crossroads and how Crossroads was documenting the event, what sort of written documentation the District would receive relating to the event, and about preventative efforts going forward. Ms. Torres indicated that Crossroads had retained a third party to investigate and document the ransomware event and that a written report would be delivered to all Crossroads customers in a timely fashion, which should address all of Director Logan's concerns.

Director Roberts stated that the Board would next receive a report from Pinnacle and discuss restrictive covenant enforcement, including pending and contemplated litigation. Ms. Emmons stated that the Restrictive Covenant Subcommittee recently had a call to discuss documented violations. Ms. Emmons also reminded the Board that, in consideration of the holidays, Pinnacle documented covenant violations during the month of December, but did not send notice of such violations until January. Ms. Emmons also confirmed that Whitney Killian would be staffing District Board meetings going forward on behalf of Pinnacle. Directors Horak and Koenig then confirmed that they had undertaken visual inspections of the properties identified on the Board's meeting agenda for restrictive covenant enforcement. After discussion, upon motion by Director Horak and second by Director Koenig, the Board voted unanimously to authorize the Restrictive Covenant Subcommittee to provide direction to Andrew York of Armbrust & Brown, PLLC, on addressing restrictive covenant violations, in the form of telephone calls and/or letters, on the following properties: 15006 Snelling Drive, 2605 South Walker Drive, 16725 Spotted Eagle Drive, and 2502 Tracy Cove.

Director Roberts then stated that the Board would discuss the newsletter, water bill inserts, website and District-wide calendar, including report from Communications Subcommittee and report from and directives to Pinnacle Texas Management, LLC. Ms. Emmons reported that a draft newsletter had been circulated for review by the Communications Subcommittee. Director Roberts emphasized a focus on District-specific issues being included in the newsletter in addition to items of general interest. Ms. Emmons confirmed that she

would include a section relating to disc golf, including information relating to the violation of criminal trespass, as recommended by Sgt. Kelley.

Director Roberts stated that the Board would next receive the bookkeeper's report and recognized Ms. Kolmodin. Ms. Kolmodin presented the check register attached as **Exhibit "F"** and the supplemental check register attached as **Exhibit "G"**. She reviewed the District's investments and budget comparison, and requested approval of three fund transfers. Director Logan then inquired of Ms. Smith regarding postage fees included in the invoices from Crossroads. In particular, Director Logan noted that postage fees were included multiple times in the invoices. Director Logan then directed Ms. Smith to investigate the postage fees noted in the Crossroads invoices and to report back to the Board. Director Logan also confirmed that she had previously inquired about the apportionment of certain Crossroads billings and that those issues had been properly addressed. Director Horak confirmed that the Financial Subcommittee recommended approval of payment of the bills and invoices as presented. After discussion, upon motion by Director Koenig and second by Director Bennett, the Board voted unanimously to approve payment of the bills and invoices and the fund transfers, as presented.

Director Roberts then stated that the Board would discuss arbitrage rebate matters, including the Addendum to Rebate Services Letter Agreement. Mr. Abbott briefly reviewed the Addendum to Rebate Services Letter Agreement with BLX Group, LLC for the District's \$3,310,000 Unlimited Tax Refunding Bonds, Series 2020, attached as **Exhibit "H"**, and the related compliance summary. Upon motion by Director Bennett and second by Director Koenig, the Board voted unanimously to approve the Addendum to Rebate Services Letter Agreement.

Director Roberts stated that the Board would next discuss pool operations, repairs, and management. Mr. Davis stated that L4H was preparing the application for pool permitting required by Williamson County. He advised the Board that the permitting requirements were new in Williamson County, but that L4H had worked on similar applications in neighboring jurisdictions. He also confirmed that the application fee for the permit was \$250 per pool. The Board directed Mr. Davis to continue working on the applications, with assistance from Ms. Smith as necessary. Director Logan requested that Mr. Davis provide timely updates to the Board relating to the permitting process.

Ms. Smith then reviewed bids received for the Tumlinson Pool Pump House upgrades. She confirmed that she had solicited three bids for the project and had received two bids to present to the Board for consideration. Ms. Smith identified the low bid as Estimate #2522 and reviewed the accompanying bid documents from Lifeguard 4 Hire, attached as **Exhibit "I"**. She noted that L4H would be providing a credit to the District for the current pump at Tumlinson Pool. After discussion, upon motion by Director Bennett and second by Director Logan, the Board voted unanimously to approve Estimate #2522. Director Logan then requested that the Maintenance and Engineering Subcommittee oversee the project and Director Bennett agreed it would do so.

Director Logan then advised the Board that the masters swim class would be starting soon and there would be two sessions offered. She expressed enthusiasm for the class. She then directed Ms. Smith to confirm funding for the masters swim class, including: (i) rates paid by residents and non-residents for the class; and (ii) the availability of funds to be dedicated to resident fees for the class from non-district resident participation in Tidal Waves.

Director Roberts stated that the Board would next receive the landscape report. Ms. Smith presented Priority's report, attached as **Exhibit "J"**, and reviewed it with the Board. She noted that tree canopies on District-owned main thoroughfares had been trimmed to

accommodate public safety vehicles. She added that Christmas trees had been chipped and that the resulting mulch had been added to tree rings. Ms. Smith then presented the proposal for Tumlinson Park drainage improvements (Estimate #3104) attached as **Exhibit “K”**. After discussion, upon motion by Director Horak and second by Director Koenig, the Board voted unanimously to approve Estimate #3104. Ms. Smith then presented the proposal for landscape repair along Block House Drive where the welcome sign was destroyed (Estimate #3397) attached as **Exhibit “L”**. After discussion, upon motion by Director Horak and second by Director Logan, the Board voted unanimously to approve Estimate #3397. Finally, Ms. Smith presented the proposal for fence repair behind 16402 Jadestone Drive (Estimate #3398) attached as **Exhibit “M”**. After discussion, upon motion by Director Horak and second by Director Koenig, the Board voted unanimously to approve Estimate #3398.

Ms. Smith then noted that a watering variance had been requested by Priority and that the variance Review Board had approved the request. Director Roberts directed Ms. Smith to work with Pinnacle to ensure that the watering variance and recent ant treatments in the District were noted in the next newsletter.

Director Roberts stated that the Board would next discuss general management items and recognized Ms. Smith. Ms. Smith reviewed her report, attached as **Exhibit “N”**, and reported on her directives. She stated that the Tonkawa fence was recently painted and that the fence repair on North Walker was complete. She then noted that the OA had requested use of the Pavilion to conduct Zumba classes. After discussion, upon motion by Director Logan and second by Director Roberts, the Board voted 4-0, with Director Horak abstaining, to approve the OA’s request to use the Pavilion for Zumba classes.

Ms. Smith then stated that a kickoff meeting had been held relating to the website updates and that a preliminary timeframe had been established. She also noted that she continued to work to finalize the District’s acquisition of a “.GOV” domain for the District website. Ms. Smith added that she would work with the Communications Subcommittee to conduct a survey relating to the District’s website, which would likely occur in May or June.

Ms. Smith then discussed District branding and conducting an identity and visual brand strategy workshop. Director Roberts spoke in favor of conducting a workshop and expressed a preference for scheduling the workshop on either the second or third Wednesday in February.

Director Roberts stated that the Board would next discuss engineering matters. Ms. Smith presented the engineer’s report attached as **Exhibit “O”** and reviewed it with the Board. Ms. Smith indicated that the work to be conducted by Utility Specialists at Tumlinson Pool should begin in early to mid February.

Director Roberts then stated that the Board would receive a report from the Maintenance and Engineering Subcommittee. Director Bennett presented the Subcommittee report attached as **Exhibit “P”**, detailing required maintenance items noted at Apache and Tumlinson Pools.

Director Roberts stated that the Board would next discuss solid waste services. Ms. Smith reviewed the report from Texas Disposal Systems, Inc. (“*TDS*”) attached as **Exhibit “Q”**. She then noted that TDS had provided an estimate of \$12,400 for a one-day community clean-up. Director Logan directed Ms. Smith to request a detailed breakdown of costs under the estimate.

Director Roberts then stated that the Board would discuss issues relating to fire service and the Cedar Park Fire Department. Ms. Smith reviewed the Department’s “calls for service”

log and reported that there had been 25 calls for service in the month of December. She also noted that she had contacted Williamson County to request its assistance with the trimming of certain trees in the District.

Director Roberts stated that the Board would next receive a report from the Water/Environmental Subcommittee. Director Bennett provided the storm water report attached as **Exhibit R**. He noted that illegal dumping had been occurring along drainage channels in the District and that the District needed to identify all instances of illegal dumping and establish a plan to remove all offensive material. Ms. Smith confirmed that Crossroads was establishing a schedule to inspect the drainage channels. Director Bennett also stated that certain trails and drainage channels in the District need to be trimmed and/or maintained. He also stated that he was in favor of soliciting volunteers for the project and that it might be prudent to combine efforts with similar maintenance projects at the Community Garden.

Director Roberts stated that the Board would next receive a report from the Community Garden Subcommittee. Director Bennett provided the Community Garden report, attached as **Exhibit S**. He stated that a general clean-up day was necessary at the Community Garden and the District would need to solicit volunteers. He added that requesting assistance from the Scouts would be prudent and that the Scouts could also help with clean-up issues in Jumano Park. Director Bennett confirmed that funds had been allocated and were available in the budget to assist in these clean-up efforts, if necessary.

Director Roberts then stated the Board would discuss disc golf matters in the District. She stated that the disc golf course (the "Course") had been improperly utilized and that residents were upset. Director Roberts suggested it might be prudent to relocate the Course to a more remote portion of the District, such as Jumano Park, that would be isolated from homes and "high pedestrian traffic" areas of the District. Director Bennett agreed that moving the Course would be prudent, but expressed concerns with the cost of moving the Course to Jumano Park. Director Logan suggested it might be beneficial to move certain holes of the Course, but that moving the entire Course to Jumano Park could potentially create new issues for the Board to deal with. Director Roberts stated the Course was utilized very frequently—from dawn to dusk on a daily basis on nearly every day of the year. She expressed concern about such heavy use, given the proximity of the Course to homes in the District and to other park facilities utilized by District residents. Director Logan suggested a town hall meeting to gain input directly from the disc golf players and residents to brainstorm on different options. After discussion, the Board directed Ms. Smith to: (i) post signs on the holes of the Course located in Tumlinson Park, indicating that such holes would be unavailable for use as of March 1, 2020; and (ii) notate on such signs that the Board intended to conduct a town hall meeting relating to the Course to solicit opinions and feedback from District residents.

Director Roberts then stated the Board would discuss a lottery system for reservation of the Luther Chance Practice Fields. Director Roberts expressed concern that the District's current "first come, first served" reservation system excluded many District residents from the ability to utilize the fields. She noted that certain youth select teams reserved the fields very early in both the spring and fall seasons. Director Bennett noted that these teams often must rely on reservations for their regular practice schedules. Ms. Smith confirmed that she was currently managing the field reservations and that she was working through the logistics of recent requests. Director Roberts then stated her preference to maintain current policies and keep the status quo for the rest of the calendar year.

Director Roberts stated that the Board would next discuss Scout items. Director Bennett confirmed he would work with Ms. Smith to coordinate volunteer opportunities with the Scouts in the District.

Director Roberts stated that the Board would next receive a report from the Park Improvements Steering Committee. Ms. Smith reported that the Committee had examined the original parks master plan for the District. She suggested that fencing projects seemed to be the priority of the Committee.

Director Roberts then stated that the Board would receive the attorney's report and recognized Mr. Abbott. Mr. Abbott reviewed pending directives to A&B. He reported that all directives had been accomplished.

Mr. Abbott then stated that it was time for the Board to conduct its annual review of the District's Code of Ethics and Financial Investment, Travel and Professional Services Policies. Mr. Abbott stated that he did not recommend any changes to the existing policies. After discussion, upon motion by Director Koenig and second by Director Horak, the Board voted unanimously to approve the Resolution Confirming Annual Review of Code of Ethics, Travel, and Professional Services Policy and Financial Investment Policy and Adopting Updated List of Qualified Brokers attached as **Exhibit "T"**.

Mr. Abbott stated that it was also time for the Board to conduct an annual review of the District's written procedures for post bond issuance federal tax compliance. He reviewed the District's current procedures and highlighted the arbitrage, private use, and records retention requirements. He stated that these procedures would likely evolve over time to keep up with underlying regulatory changes, but no changes were proposed at this time. After discussion, upon motion by Director Koenig and second by Director Horak, the Board voted unanimously to approve the Resolution Confirming Annual Review of Written Procedures for Post Bond Issuance Federal Tax Compliance attached as **Exhibit "U"**.

Director Roberts stated the Board would review the meeting notes attached as **Exhibit "V"**. Director Horak reviewed the notes and confirmed that all actions were properly noted.

There being no further items to come before the Board, upon motion by Director Bennett and second by Director Koenig, the Board voted unanimously to adjourn the meeting.

* * *



[SIGNATURE PAGE TO JANUARY 22, 2020 MINUTES]

Ryan Horak Secretary
Board of Directors

Date: 2-26-20