

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

May 22, 2019

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Block House Municipal Utility District was held on May 22, 2019, 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
Rayan Horak	-	Secretary
Ursula Logan	-	Assistant Secretary
Byron Koenig	-	Treasurer

Also present at the meeting were Tanya Emmons, Regan Ashford, and Kim McKee of Pinnacle Texas Management Services ("Pinnacle"); Taylor Kolmodin of Municipal Accounts & Consulting, L.P. ("MAC"); Andrew Hunt and Lisa Torres of Crossroads Utility Services, LLC ("Crossroads"); Paul Hanson and Vaughn Stockon of Lifeguard4Hire; Sergeant Chuck Kelley of the Williamson County Sheriff's Office; JaMar Prince of Texas Disposal Systems; Heike Santiago of the Block House Creek Owners Association (the "OA"); Ed Ladd, Scott Carpenter, and Beck Brown, residents of the District; and Jenn Scholl of Armbrust & Brown, PLLC ("A&B"). Tripp Hamby of Priority Landscapes, LLC ("Priority") arrived later.

Director Roberts called the meeting to order at 6:30 p.m. Director Roberts welcomed those present and reminded them that public comments were taken only during designated portions of the meeting. She asked that anyone present who wished to address the Board complete a Community Comment form and state his or her full name for the record before making comments.

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. There being no residents present wishing to address the Board, Director Roberts then stated that the Board would consider approving the minutes of the April 24, 2019 and May 1, 2019 Board meetings. Upon motion by Director Horak and second by Director Bennett, the Board voted unanimously to approve the minutes.

Director Roberts stated that the Board would next discuss District security. Sergeant Kelley reported that the "no parking" signs referenced a number to a towing company that was no longer valid and that no fishing licenses would be required to fish on June 1st because it was a State-wide free fishing day. He then recommended that the Board send an e-blast to residents reminding them to lock their cars and keep their garage doors closed during the summer months, noting that there was usually an increase in criminal activity during that time. The Board discussed the "no parking" signs and Director Roberts requested that the District's legal counsel investigate obtaining new signs that listed the number of a valid towing company.

Director Roberts then requested increased patrols during the July 4th holiday. Director Logan reported that the Communications Subcommittee would meet later in the week and might organize a Town Hall meeting to address issues with vandalism and mail thefts. Sergeant Kelley stated that he thought that a Town Hall meeting was a good idea, but reminded Director Logan that the District could not prosecute mailbox theft because theft of mail was a federal offense. Director Roberts then recognized Ms. Santiago from the OA. Ms. Santiago stated that she did not have anything to report.

Director Roberts then stated that the Board would next receive the report from Pinnacle and recognized Ms. Emmons who reviewed her report, attached as **Exhibit "B"**, and her supplemental report, attached as **Exhibit "C"**. Ms. Emmons stated that the oscillating fans for Apache Pool and the water fountains for Apache Pool and Tumlinson Pool would be installed the next day, the roof repair at Apache Pool had been completed, the repairs to the Walker House window and sheet rock had been completed, and the installation of the additional lighting at Tumlinson Pool was underway.

Ms. Emmons then presented a request for a waiver of fees from the Girls Scouts Starlight Service Unit for use of the Pavilion on June 1, 2019 for an end-of-year bridging ceremony. After discussion, upon motion by Director Logan and second by Director Bennett, the Board voted unanimously to approve the waiver.

Ms. Emmons then presented the proposal from T.F. Harper & Associates, LP, for recoating the playscape in Apache Park (Quote #042319-05TB), attached as **Exhibit "D"**. Ms. Emmons stated that there had been delays in the project and recommended that the Board postpone taking action on the proposal until the next Board meeting. The Board concurred and no action was taken.

Ms. Emmons then presented the quote from Travelers Casualty and Surety Company of America for commercial crime insurance coverage attached as **Exhibit "E"**. After discussion, upon motion by Director Horak and second by Director Koenig, the Board voted unanimously to accept the quote.

Director Roberts stated that the Board would next discuss the management services transition and recognized Mr. Hunt, who presented the handout attached as **Exhibit "F"**. He stated that he and Ms. Torres had been working to effect the transition and anticipated having everything completed by June 1st. He stated that Crossroads was prepared to provide management services to the District on a long-term basis and that he could have a draft agreement ready for the Board to consider at its June Board meeting. Director Bennett then moved that the Board authorize Crossroads to prepare a long-term management services agreement that would be effective upon the termination of the management services agreement with Pinnacle for the Board's consideration. Upon second by Director Koenig, the motion passed unanimously. Director Logan inquired if the Board was required to obtain additional proposals or conduct any other due diligence before hiring a general manager. Ms. Scholl responded that additional proposals were not required. She explained that Chapter 2254 of the Texas Government Code (the "*Professional Services Procurement Act*") governed the selection of the District's general manager and provided that the selection could not be based on competitive bids, but must be based on competence, qualifications, and a fair and reasonable price. Director Logan directed Ms. Scholl to include an item on the next meeting agenda so that the Board could discuss any additional factors that would need to be considered prior to engaging a general manager. Ms. Scholl agreed to do so. Mr. Hunt then recommended that the current Secretary's Certificate and Resolutions Regarding Manager's Account and the current Resolution Adopting Amended and Restated Credit Card Use Policy be revised to update the

general manager. After discussion, upon motion by Director Bennett and second by Director Horak, the Board voted unanimously to approve the revisions to the account resolutions. Director Roberts inquired if the Board had a policy regarding the timing of payments and recommended that the Board adopt a "net 30" policy if it did not already have a policy in place. Mr. Hunt noted that any payments made by Crossroads on behalf of the District would always be paid within 30 days after receipt of an invoice. Director Roberts requested that Ms. Scholl add an item to the next meeting agenda for the Board to discuss such a policy if necessary.

Director Roberts stated that the Board would next receive a report on District operations and recognized Ms. Torres. Ms. Torres called the Board's attention to her report, attached as **Exhibit "G"**, and reported that the water loss was 6.75% in April. She reported that she had ordered a cover for the backflow preventer and that the public awareness flier for the MS4 permit had been mailed to customers. She stated that she had one write-off in the amount of \$129.84 to present and requested approval. Upon motion by Director Horak and second by Director Logan, the Board voted unanimously to approve the write-off. Ms. Torres reported that pump 4 at the booster station had gone out due to thermal overload, but had been repaired and was operational. Mr. Hunt then stated that Crossroads was transitioning to a new billing software, so the agreements with the existing service provider would need to be terminated and agreements with the new service provider would need to be approved, but all of the new agreements had not yet been finalized. He added that he anticipated that all agreements would be finalized by the next Board meeting and recommended that the Board postpone taking action on the agreements until that time. The Board discussed whether the billing fees should be passed along to the customers or absorbed by the District. Mr. Hunt pointed out that the fee charged by the new vendor was lower than the 5% total transaction fee charged by the current vendor and stated that he would bring information to the next Board meeting to assist the Board in deciding whether to absorb the costs or pass the costs along to the customers. He then reported that updates were being made to the format of the bills and the online payment portal and he would bring examples to the next Board meeting. Mr. Hunt noted that he anticipated presenting a proposal at the next Board meeting for a service that would convert the billing transactions into ACH transactions, which he explained would allow bills to be processed within 24 hours instead of the current processing period of 7-10 days.

Mr. Hunt then stated that the District's rate order provided that, if a customer was given notice of disconnection, an additional security deposit would be required up to a set maximum amount. He explained that this policy was difficult to program into Crossroad's billing system because the maximum security deposit amount for homeowners was different from the maximum security deposit amount for renters. He recommended that the rate order be revised to set the same maximum security deposit amount for homeowners and for renters. After discussion, upon motion by Director Logan and second by Director Koenig, the Board voted unanimously to approve 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 attached as **Exhibit "H"**.

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 "I"**, the supplemental check register attached as **Exhibit "J"**, and the fund transfers. She stated that nothing outside of the ordinary was being presented for approval. Director Koenig confirmed that the Financial Subcommittee recommended approval of the payments as presented. Director Roberts recommended that the check for the Tumlinson pool renovations be held until the Pools Subcommittee had an opportunity to inspect the work. Ms. Kolmodin then reviewed the District's investments and the budget comparison and also pointed out that

she had checks for the CASE Conference registrations and hotels. She reported that the District was about 98% collected on taxes through April and still had about \$56,027.82 in surplus bond funds available. After discussion, upon motion by Director Bennett and second by Director Koenig, the Board voted unanimously to approve the payment of the bills and invoices, investments, and the transfers, as presented, and directed that the check for the Tumlinson pool renovations be held until the Pools Subcommittee had inspected and approved the work. Director Roberts inquired about the format of several of the bills that had been included for approval and requested that additional descriptive information be included on future invoices. Ms. Emmons confirmed that additional descriptive information would be included on future invoices.

Director Roberts then stated that the Board would receive a report on the Walker House. Director Bennett stated that the Maintenance and Engineering Subcommittee did not have a report on current projects to present, but would coordinate the status of the projects with Mr. Hunt and Ms. Torres. Ms. Emmons reported that traps had been set for several baby armadillos that were living under the Walker House. The Board then discussed purchasing a mini-split air conditioning unit for the Tumlinson Pool pump room, but postponed taking action until the next Board meeting.

Director Bennett then stated that he and Director Koenig had met with Mr. Gray to discuss the Tumlinson Pool backwash water and reported that a nearby main was recently discovered and the plan was to connect the pool's piping to the main and install a drain that would allow the backwash to flow into the creek. Director Logan requested that Director Bennett confirm that this plan would comply with all requirements of the Texas Commission on Environmental Quality (the "TCEQ"). Director Bennett stated that he would confirm with Jones & Carter that the plan complied with all TCEQ requirements.

Director Roberts stated that the Board would next consider items related to solid waste services. She stated that the report from Texas Disposal Systems, Inc. ("TDS"), and the "calls for service" log from the Cedar Park Fire Department, were in the Directors' meeting packets. Director Roberts then recognized Mr. Prince. Mr. Prince presented the Block House Survey attached as **Exhibit "K"** and reviewed it with the Board. Director Logan requested that a number of the terms, such as "bulky waste", be defined to assist customers in completing the survey. Ms. Emmons stated that bulky waste cleanups had always been referred to as "large item cleanups" in the past and recommended referring to large item cleanups to avoid confusion. She also recommended including a reference to the pickup volume limit in the survey. The Board then discussed recycling efforts and requested that TDS send additional information about recycling to the District's customers. Director Roberts stated that the nearby firehouse was now responding to calls within the District and that a grand opening ceremony would be held soon. She stated that the fire department had requested that certain low-hanging trees on Kathleen Lane be trimmed because the trees might damage the fire truck equipment if the fire department responded to a fire in the area. Director Roberts reminded the Board that the District did not have the authority to trim the trees, but recommended sending an e-blast to residents requesting their assistance to meet the fire department's request by hiring contractors to trim the trees. Ms. Emmons recommended that the e-blast encourage residents to hire the same contractor because it would be more cost effective. Director Roberts then requested that Mr. Hamby provide additional recommendations in the e-blast for residents to consider in hiring contractors so that things such as oak wilt were not an issue. The Board agreed that Mr. Hamby should provide additional recommendations in the e-blast.

Director Roberts then stated that the Board would receive the landscape report. Mr. Hamby presented the report attached as **Exhibit "L"**. Director Roberts requested that Mr.

Hamby present a proposal to fix sharp corners next to a granite walkway near the sports field at the next meeting. Mr. Hamby then called the Board's attention to the proposal for modification of the drain outlet north of the Walker House and south of the pool fence (Estimate #3103), attached as **Exhibit "M"**. After discussion, the Board postponed taking action on the proposal until the next Board meeting.

Mr. Hamby then presented the proposal for the Tumlinson Park drainage improvements (Estimate #3104) attached as **Exhibit "N"**, and recommended approval. Director Bennett noted that it might be possible to connect the drainage improvements to the same main that would be used for the pool backwash and requested that the Board postpone taking action on this proposal until the next Board meeting. The Board then referred the proposal to the Maintenance and Engineering Subcommittee for further consideration.

Mr. Hamby then presented the proposal for the replacement of the Crape Myrtles at the entryway monument along Block House Drive and at the flag pole in Comanche Park (Estimate #3105), attached as **Exhibit "O"**, and recommended approval. Director Logan recommended that the three Crape Myrtles in the proposal be numbered and that the second Crape Myrtle be removed because it was for an area that would be included in the beautification project. Director Logan recommended that the Board approve the proposal in an amount not to exceed \$1,300. Mr. Hamby then presented the proposal for the replacement of trees 811, 817, and 818 (Estimate #3106), attached as **Exhibit "P"**, and the proposal for the addition of soil to the rotting tree stumps in Tumlinson Park (Estimate #3107), attached as **Exhibit "Q"**, and recommended approval. After discussion, upon motion by Director Horak and second by Director Koenig, the Board voted unanimously to approve replacement of the first and the third Crape Myrtles listed in Estimate #3105 for a cost not to exceed \$1,300, Estimate #3106, and Estimate #3107.

Director Roberts stated that the Board would next discuss pool operations, repairs, and management and recognized Mr. Hanson and Mr. Stockton. Mr. Hanson reported that pool operations were going well and that he was very excited about the solution for the pool backwash. He recommended that the Pools Subcommittee inspect the lighting during twilight hours so that the lights could be seen easier. Director Logan stated that she would like to be present during the inspection and recommended that the entire Board participate if desired. Mr. Stockton then addressed the Board and reviewed the status of the transition to the RecDesk system. He stated that he had been working to assist residents in registering for the system and outlined some of the issues that had been encountered. Director Roberts then recognized Beck Brown. Mr. Brown stated that he had issues registering with RecDesk because he had completed the registration online and received an email confirmation, but was told that he had not completed the signup process when he tried to access the pool. Mr. Stockton explained that registration was a two-step process and that Mr. Brown had only completed the first step. Mr. Stockton stated that he was not aware that an email confirmation was sent out after residents completed the first step and agreed that this was misleading. He stated that he would work to address this issue and make it easier to fully complete the registration process in the future. Mr. Ladd then stated that copies of the water bills were required to be uploaded as a part of the second step of the registration process and that it took him a very long time to upload his bill because he had attempted to upload a PDF file of the water bill and had later discovered that the system would only accept JPEG uploads. He stated that this fact was not made clear in the application process and recommended a note be added to help other residents avoid this problem. Director Roberts asked if the RecDesk program had any security or data privacy issues. Mr. Stockton stated that he felt that the system was secure. Ms. Scholl added that, based on her research, she felt the security protocols were appropriate.

Director Roberts then recognized Director Bennett for purposes of receiving a report on storm water system and creek maintenance projects. Director Bennett stated that the new mailer had gone out to residents and noted that the other projects were on hold due to recent rains.

Director Roberts then stated that the District's engineer would address the proposed park improvements and the right-of-way beautification project at a future Board meeting.

The Board then discussed the projected park costs and financing options, including the possible bond election and use of bond funds. The Board reviewed a proposed schedule of events and discussed creating a park improvement/bond steering subcommittee. After discussion, upon motion by Director Koenig and second by Director Bennett, the Board voted unanimously to appoint Scott Carpenter, Ed Ladd, Amber Wood, Amanda Milani, Ryan Pope, David Shoemaker, David Johnson, and Lisa Pepperell to the subcommittee.

Director Roberts stated that the Board would next discuss restrictive covenant enforcement and pending and contemplated litigation. Ms. Emmons stated that she had nothing to report regarding 612 Kathleen Lane. She updated the Board on 15361 English River Loop, 606 Gabriel Mills Drive, and 16901 Black Kettle Drive. Director Bennett stated that he had been made aware of several vehicles that were parked on blocks in driveways and, while the registration stickers were not visible from the streets, it was unlikely that the vehicles were registered because they had not moved in several years. He pointed out that unregistered vehicles were prohibited under the restrictive covenants and asked if there was anything that the District could do to remind the residents of this fact or enforce the restrictions. Ms. Scholl agreed to follow up with Andrew York in her office to confirm if there was any action that the District could take.

Director Roberts then stated that the Board would receive the attorney's report and recognized Ms. Scholl. Ms. Scholl reviewed her directives.

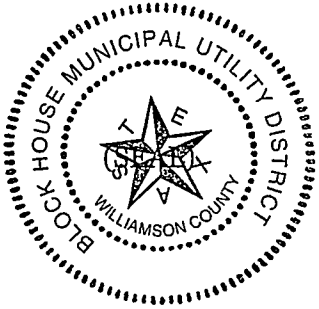
Director Roberts stated that the Board would next discuss subcommittee membership composition. After discussion, the Board postponed action on this item until the next Board meeting.

Director Roberts then stated that the Board would discuss the schedule for consultant reviews. Director Horak recommended that the consultant review for Lifeguard 4 Hire be completed mid-season. Ms. Kolmodin stated that her firm's contract would expire at the end of the month and requested that her firm's review be completed at the July Board meeting. After discussion, the Board agreed to conduct the consultant review for MAC at the July Board meeting.

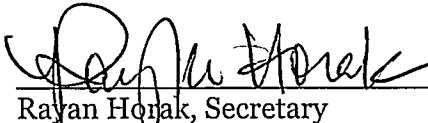
Director Roberts then stated that the Board would review the meeting notes attached as **Exhibit "R"**. Director Horak reviewed the notes and the Board concurred that no changes to the notes were necessary.

There being no further business to come before the Board, the meeting was adjourned.

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[SIGNATURE PAGE TO MAY 22, 2019 MINUTES]



Rayan Horak, Secretary
Board of Directors

Date: 6-26-19