

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

November 28, 2018

THE STATE OF TEXAS           §  
  §  
COUNTY OF WILLIAMSON       §

A meeting of the Board of Directors of Block House Municipal Utility District was held on November 28, 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 following Directors were present, constituting a quorum:

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

Also present at the meeting at various times were Tanya Emmons of Pinnacle Texas Management Services ("Pinnacle"); 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; Ken Soule of the BHC Owners Association ("OA"); Jeff Coffee of American Fireworks ("American Fireworks"); Andres Guerrero, Gavin Guerrero, Derek Steffen, and Domingo Garcia, residents of the District; and Sharon Smith of Armbrust & Brown, PLLC ("A&B").

Director Roberts 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 Roberts 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 Roberts then stated that the Board would discuss the request for a temporary waiver of use restrictions contained in the Declaration of Covenants, Conditions, and Restrictions for Block House Commercial Areas. Ms. Smith acknowledged Mr. Coffee and made preliminary comments regarding the Board's action in 2017. She noted that Director Koenig and Director Bennett were not on the Board at that time and that her comments were to provide some context for the proposal and clarification regarding the proposal. Ms. Smith stated that she and Mr. Coffee had had different understandings of what the Board had approved in December 2017. She continued that the Board could reasonably interpret its action the previous year as approving sales of fireworks through the December 2018 selling season because Mr. Coffee had not received Board approval in time to sell fireworks in December 2017. The Directors agreed to accept that interpretation. Mr. Coffee then thanked the Directors for their attention to his request for approval to sell fireworks from June 20 to July 8, 2019, and from December 16, 2019, to January 6, 2020. Mr. Coffee stated his understanding of the condition for approval that he provide one fireworks display, at a value of \$10,000, from the site indicated

in his proposal on July 4th, and that such fireworks display would also be a permitted temporary use. He added that there were no issues in the preceding fireworks sales season and no issues with the City of Cedar Park. After brief discussion, upon motion by Director Bennett and second by Director Logan, the Board voted unanimously to approve the permitted temporary use of no more than three fireworks stands, at the retail sales area indicated in the proposal, during the period from June 20 to July 8, 2019, and the period from December 16, 2019, to January 5, 2020, and to approve a fireworks display by Mr. Coffee as he had described.

Director Roberts stated that the Board would next consider accepting the sworn Statement of Elected/Appointed Officer and Oath of Office for Director Logan. Director Roberts noted that Director Bennett and Director Koenig were sworn in on November 20, 2018. Director Logan then took her Oath of Office and read and affirmed her Statement of Elected/Appointed Officer. Director Horak moved to accept the Statement and Oath of Office for Director Logan. Upon second by Director Koenig, the motion was adopted by a vote of 5-0.

Director Roberts stated that the Board would next consider the election of officers. Director Bennett made a motion to elect Director Roberts as President, Director Bennett as Vice President, Director Koenig as Treasurer, Director Horak as Secretary, and Director Logan as Assistant Secretary. He noted that he would be agreeable to either Director Horak or Director Logan serving as Secretary. Director Roberts seconded the motion. Director Logan asked Director Horak if she would like to be President and Director Horak responded that she could not accept the request, but that she was agreeable to continuing as Secretary. Director Logan stated that she had been Secretary and Treasurer and would like to serve as Vice President. She then made a substitute motion to nominate herself as Vice President. The motion did not receive a second, and after a brief discussion, the Board then voted on the original motion of Director Bennett, which was approved with Directors Roberts, Bennett, and Koenig voting in favor, Director Logan voting against, and Director Horak abstaining.

Director Roberts then stated that the Board would consider approving the revised District Registration Form. Upon motion by Director Logan and second by Director Bennett, the Board voted unanimously to approve the District Registration Form attached as **Exhibit "B"**.

Director Roberts stated that the Board would next receive citizens' communications. There being none, Director Roberts stated that the Board would next discuss subcommittee organization and assignments. Director Roberts noted the subcommittee vacancies created by former Director Plowman's resignation had never been officially filled. Director Logan asked whether the Board would be interested in not having subcommittees and the Board discussed the benefits and challenges of the use of subcommittees. Ms. Kolmodin stated that she represented other Boards that did not have subcommittees. Ms. Emmons mentioned that the Lost Creek limited district no longer used subcommittees, although their Treasurer continued to meet with their General Manager for bills and invoices. Director Roberts noted that the Board had tried the alternative of two meetings per month. She suggested agreeing on the subcommittee assignments and then scheduling a workshop to discuss the subcommittee structure and organization at a more in-depth level. Director Roberts proposed that such a meeting be held in January and the Board agreed. Ms. Emmons mentioned that if the MUD Sponsored Events subcommittee was not continued, the Cocoa Christmas event on December 15 might need another person to step up and help with that. Director Roberts responded that she would help, and the Board agreed that generally Director Horak and the General Manager would be the decision-makers and Director Roberts would assist as needed. Director Roberts suggested that the Restrictive Covenant subcommittee was not needed and that the General Manager could perform the subcommittee's function. Director Logan agreed, and stated that

Whitney Emmons was “on top of it” and had a good rapport with the District’s restrictive covenant attorney, Andrew York. Director Logan asked whether there was a need for the Water/Environmental Subcommittee. Director Bennett responded that he thought there was, in part to ensure compliance with Texas Commission on Environmental Quality requirements, and he added that he would be glad to tutor any new member on the subcommittee. Director Logan stated that everyone would benefit from a turn on that subcommittee. Director Bennett stated that he would stay on the Water/Environmental subcommittee for six months or whatever it took to get it in order, after which other Board members could rotate onto, and he would rotate off of, the subcommittee. The Board agreed that rotating subcommittee membership in general was a benefit to the Directors becoming educated about District business matters. Upon motion by Director Horak and second by Director Logan, the Board voted unanimously to approve the revised subcommittee assignments attached as **Exhibit “C”**.

Director Roberts then stated that the Board would discuss the Open Meetings Act training and Public Access Option Form for new Directors. Director Logan mentioned to Director Bennett that the Board had updated the Code of Ethics, Travel and Professional Services Agreement, including a two-hour ethics training requirement for all members, as well as including ethics training as a remedial measure. The Board discussed having a CASE representative provide ethics training to the Board. Director Logan noted that Open Meetings Act training was required for all new directors. Ms. Smith stated that A&B would send the internet link for the Texas Attorney General’s Open Meetings Act training to the Directors.

Director Roberts stated that the Board would next consider approving the following revised account resolutions: the Secretary’s Certificate and Resolutions Regarding Manager’s Account attached as **Exhibit “D”**; the Secretary’s Certificate and Resolutions Regarding Operating Account attached as **Exhibit “E”**; the Secretary’s Certificate and Resolutions Regarding Capital Projects Fund Checking Account attached as **Exhibit “F”**; and the Resolution Approving Change in Bank Signatories and Change in Certificate – Lock Box Clearing Account attached as **Exhibit “G”**. Upon motion by Director Bennett and second by Director Horak, the Board voted unanimously to approve the Secretary’s Certificates and Resolutions.

Director Roberts stated that the Board would receive a report from the BHC Owners Association and recognized Mr. Soule, who stated that one new member was elected to the OA board but that the board had not yet elected officers. Mr. Soule stated that he regretted that Sergeant Kelley had needed to leave the meeting for a special operations assignment, and that Mr. Soule had wanted to present Sergeant Kelley a letter of appreciation for providing excellent security services for the lantern parade. Mr. Soule noted that the event was a great success, and that over 100 residents had participated and expressed gratitude for the security provided by the Sheriff’s Office. He stated that the OA looked forward to having a parade again in 2019. Mr. Soule read the letter, attached as **Exhibit “H”**, to the Board and then gave the letter to Ms. Emmons for delivery to Sergeant Kelley.

Director Roberts stated that the Board would next consider approving the minutes of the August 15, 2018, and October 24, 2018, Board meetings. Director Logan stated that she had comments but that she did not have them on hand, and she added that when she located them, she would bring them to the Board’s attention if she identified any significant concerns. Upon motion by Director Horak and second by Director Logan, the Board voted unanimously to approve the minutes.

Director Roberts stated that the Board would next discuss District bookkeeping matters and recognized Ms. Kolmodin, who presented the check registers attached as **Exhibit “I”**, the

supplemental check register attached as **Exhibit “J”**, and the three fund transfers attached as **Exhibit “K”**. She drew the Board’s attention to a new report for cash flow. Director Roberts mentioned that the Financial Subcommittee had had the General Manager review the bills and invoices to verify that all items were appropriate and that requirements for payment to the contractors and merchants had been complied with. After discussion, upon motion by Director Logan and second by Director Koenig, the Board voted unanimously to approve the payment of the bills and invoices, as presented, and the funds transfers. Director Roberts noted that a drainage easement within the District was on the delinquent tax roll and that the original developer was listed as the owner of the property. Ms. Kolmodin stated that the delinquency would be dropped from the roll after 10 years. Director Roberts added that ownership of the tract was uncertain. Director Roberts directed A&B to evaluate, through a title search or otherwise, who controlled the property and any other ownership matters that might be of concern to the District.

Director Roberts then stated that the Board would discuss computer fraud insurance, and renewal of general liability, automobile liability, errors and omissions (public officials) liability, law enforcement liability, property, crime, and workers’ compensation insurance. Ms. Smith noted that at the Board’s October meeting, the Board had declined to vote on renewal of the general insurance that the District carried until the Board was able to determine the amount of computer fraud insurance the District should carry. She explained that the general types of insurance listed automatically renewed without Board action, and she recommended that the Board affirm renewal of the coverage. After discussion, upon motion by Director Logan and second by Director Bennett, the Board voted unanimously to renew the District’s insurance as discussed. Ms. Smith then stated that the Texas Municipal League Intergovernmental Risk Pool had reduced its computer fraud insurance coverage from \$1,000,000 to \$100,000. Director Logan and Ms. Kolmodin responded that Ms. Kolmodin had completed portions of the computer fraud liability application and questionnaire, which was required in order to obtain a quote for the cost of premiums to again carry \$1,000,000 in computer fraud coverage. Director Logan continued that she and Ms. Emmons would work with Crossroads to complete the remaining questions. The Board postponed further discussion of the computer fraud coverage to the Board’s January meeting.

Director Roberts noted that a representative of the District’s engineer, Gray Engineering, Inc. (“*GEI*”), was not present to present the engineer’s report, attached as **Exhibit “L”**, and that the report stated there were no new engineer-related activities undertaken by GEI.

Director Roberts then stated that the Board would receive the landscape maintenance report, attached as **Exhibit “M”**. Ms. Emmons stated that Mr. Hamby’s report was in the meeting packet. She mentioned that Priority had completed wildflower seed installation, and that Mr. Hamby had advised her that Priority was trying a new procedure, power raking the area, to improve germination of the seeds, and that Priority had not charged the District for that work. Ms. Emmons reported on areas that had been mowed and on the mowing schedule. She stated that Mr. Hamby had provided a new CAD file for an exhibit to the Landscape Maintenance Agreement, and that she would give that to Ms. Smith if the Board approved the Agreement. Director Roberts proposed increasing the frequency of mowing for an area behind St. Genevieve. Ms. Emmons replied that that work would change the cost of the contract and that the contract already included a price for extra mows. She recommended that St. Genevieve be monitored and extra mows be requested on an ad hoc basis upon recommendation of the Landscape Subcommittee. Director Horak then made a motion to approve the Landscape Maintenance Agreement with the corrected CAD file from Mr. Hamby to be substituted in Exhibit “B”. Director Logan seconded the motion, which was adopted by unanimous vote of the

Board. A copy of the approved Landscape Maintenance Agreement is attached as **Exhibit “N”**. Ms. Emmons added that the boulders for Catalina Drive had been ordered and would be installed within the next few weeks.

Director Roberts stated that the Board would next discuss the District’s pools. Ms. Emmons presented the pool report attached as **Exhibit “O”**. She stated she would report to Mr. Hanson that Officer Boggs found the pool gate open at 4:00 p.m. on the day of the Board meeting. She mentioned that master swim classes would begin on Monday, January 7, 2019, from 6:00 to 6:45 p.m. each Monday, with the cost of a four week class at \$60 and a six week class at \$90, which resulted in a fee of \$5 per class. Ms. Emmons noted that the increased fees for out-of-District swim team members had been intended to subsidize the costs of pool activities for District residents. She stated that each class would be required to have at least 10 registrants and no more than 25 registrants. Director Roberts asked whether the registration form could be completed online and Ms. Emmons replied she would follow up with L4H as to whether that was feasible. The Board directed the Pools Subcommittee to determine the portion of the \$5 cost to be paid by registrants and the portion to be subsidized by the District. Ms. Emmons stated that the Tidal Waves swim team had requested that the Polar Bear Swim be held Saturday, December 29, from 8:30 to 10:30 a.m. She added the District would advertise the Polar Bear Swim as a community-wide event. Ms. Emmons then presented the proposal from L4H for the Apache Pool lane line replacement (Quote #2797), attached as **Exhibit “P”**, and the proposal from L4H for the Apache Pool lane line reel and cover (Quote #2799), attached as **Exhibit “Q”**. Director Logan moved that the Board approve the proposals from L4H, and Director Koenig seconded the motion, with the Board voting unanimously to adopt the motion. Director Bennett stated that the pool line reel had been replaced two years earlier, and he recommended that the Board review why it had failed so quickly. Ms. Emmons stated that the cover would better protect the longevity of the reels, and was expected to extend their life, and Director Logan noted that the reel was powered instead of manually operated. Director Roberts directed the Pools Subcommittee to determine what the warranty period was on the reel.

Director Logan then introduced Gavin Guerrero, a Scout in Troop 171 who was a fifth grader at Block House Creek Elementary and was observing the meeting.

Director Roberts stated that the Water/Environmental Subcommittee had no report. Ms. Emmons mentioned that Jones-Carter, the engineers for the District’s Storm Water Management Program, had completed the District’s MS4 report but had missed the November 28 meeting packet deadline and that the report should be placed on the Board’s December meeting agenda. Ms. Emmons then presented the proposal from Capital Landcare & Utilities for clearing of the creek channel at Block House Drive South Bridge (Tumlinson Bridge) (Estimate #5022) attached as **Exhibit “R”**. She stated that the proposal was in the meeting packet and was for the amount of \$8,500, and also noted that the proposal included the same scope, work, and cost as the proposal for the last time such work had been performed. Ms. Emmons mentioned that performing the work at that time of year would be least disruptive to the wildlife. Director Logan directed Ms. Emmons to publicize the project in advance because the last time the residents did not understand what work was being done and that the purpose was to improve flood control. Director Bennett asked that the operators work only from 8:00 a.m. to 2:00 p.m. each day, so they would be offsite when children were arriving for, and leaving, school each day. Ms. Kolmodin mentioned that the item could be paid with surplus funds. Thereupon, after a motion by Director Horak and second by Director Koenig, the Board voted unanimously to approve the proposal.

Director Roberts then recognized Ms. Emmons for the purpose of receiving the manager’s report. Ms. Emmons reviewed her report, attached as **Exhibit “S”**, and stated that

generally the items were self-explanatory. Ms. Emmons discussed the proposal for an electronic gate security mechanism on the sport courts gate, and options to repair or replace the gate. She noted that Michael McKelvey, with ABC Home and Commercial ("ABC"), was recommending switching from a latching mechanism to a mag lock, but that that would not prevent persons from climbing the fence. She presented a proposal for the lock and another proposal for the lock and two gates. Ms. Emmons stated that she had also contacted Compound Security Specialists ("CSS"), a business that specializes in gates, and presented a price quote, attached as Exhibit "T". She stated that the quote of \$6,800 was substantially less than the ABC proposal that included fabrication of the gate. Ms. Emmons explained that CSS stated that most of the problem was that the gate was not intruder-resistant, and that CSS' bid included fabrication of a new gate and installation of the existing hardware and electronic software. She noted that a mag lock could be tampered with. She recommended that the Board take the more conservative approach of replacing the gate for the \$6,800 price. Director Roberts stated that the Board had raised the concerns to ABC about the integrity of the gate when the security system was first installed. Ms. Emmons replied that the gate was already in place and that the District had only purchased the access control equipment, which could be reused with the new gate. She added that if the Board wanted to seek any cost recovery from ABC, the appropriate time would be if the Board decided the existing hardware was ineffective or flawed. Director Koenig then made a motion to approve the proposal from Compound Security for a new gate, and Director Horak seconded the motion. Director Logan stated that she was not in favor of spending so much money in trying to keep people off of the District's courts. Director Koenig stated that if the concern was just mischievous kids, he would not mind so much, but that there were bad actors on the court. Director Roberts confirmed that she had seen such people trespassing on the courts, and that she also opposed use of the District facilities by nonresident adults who were not supporting the District with tax dollars. Director Logan replied that some children made use of the courts even if they were not residents and she did not have concern about that; Director Koenig reiterated that some intruders were not children. Director Bennett asked if electronic controlled access was being considered for the pools and Ms. Emmons stated that it was, and that she had recommended that the system be installed on a trial basis at other District facilities before it was installed at the pools. Director Roberts concurred with testing the system with a more intruder-resistant gate. Thereupon, the Board approved the proposal from Compound Security to replace the gate, with Directors Robert, Bennett, Koenig, and Horak voting in favor of the motion and Director Logan voting against it.

Director Roberts stated that the Board would then discuss the Walker House maintenance and repairs. Ms. Emmons mentioned cracks in the Walker House walls. She noted that the holiday decorating had revealed some wood rot. She stated that she would try to get a repair estimate for the wood rot, but not for the cracks until the Board addressed the Walker House foundation problems. Director Bennett directed Ms. Emmons to send him the proposal. Ms. Emmons suggested that the Maintenance and Engineering Subcommittee review the matter and the Subcommittee agreed that it would do so.

Director Roberts stated there was nothing new from the Maintenance and Engineering Subcommittee, and mentioned that the report from Texas Disposal Systems, Inc. ("TDS"), and the "calls for service" log from the Cedar Park Fire Department, attached as Exhibit "V", were in the Directors' meeting packets. Ms. Emmons stated that the District was not recovering TDS' rate increase of \$3 per month for weekly recycling and the opportunity for large item pick-up six times per year per customer. The Board directed A&B to put the District's rate order on the December agenda so that the base rate could be increased accordingly. Director Roberts drew the board's attention to TDS' operations report and asked whether the Board should request that the residents' names on the accounts not be included in the report. The Board concluded that

because the names were public information, it was not necessary to ask TDS to redact them from the report. Director Roberts mentioned the tonnage for bulk pick-up and noted that it matched the amount of waste that had been dumped at the Jumano Community Center gate, which she stated suggested that the Board's goal of reducing dumping was being met. Director Roberts asked whether the "poly" on the Crossroads invoice referred to polybutylene pipes and Ms. Torres replied that that was a somewhat misleading shorthand for the pipe material. Ms. Torres stated that she would instruct the Crossroads billing clerk to identify the specific name for the actual material.

Director Roberts stated that the Board would next receive a report on District operations and recognized Ms. Torres. Ms. Torres reviewed her report, attached as **Exhibit "W"**. She reviewed the directives to Crossroads and mentioned that the Board's September directive to provide a Crossroads Corner article for the District newsletter been completed. She noted that water loss was 7.56% for the month. She mentioned that Wastewater Transport had conducted a cleaning at the lift station. She added that 16711 Shipshaw River Cove had a sewer back-up on the District side that was remedied. Ms. Torres stated that there was one write-off for the month, for \$143.87 after the \$200 deposit was applied. Director Horak moved to approve the write-off and send it to collection. Director Koenig seconded the motion, which was unanimously adopted by the Board.

At 8:06 p.m., the Board briefly adjourned for a ten-minute break, after which Director Logan left the meeting. When Director Roberts reconvened the meeting, Ms. Emmons noted that she had nothing new to report regarding restrictive covenant enforcement, including contemplated litigation for 15361 English River Loop and 606 Gabriel Mills Drive, and requested that A&B place those two matters on the Board's January meeting. She added that she had nothing new to report regarding drought management and water use restrictions, and did not expect the Board would need to discuss those matters until warmer months in 2019.

Director Roberts then stated that the Board would discuss communications, media and website matters. Ms. Emmons stated that the December newsletter would be finalized after pictures from Cocoa Christmas were available. She added that she had nothing new to report regarding District parks and facilities or Scout items.

Director Roberts then stated that the Board would discuss District signage. Ms. Emmons reported that she and Bill Greenwood of Crossroads would meet with Sergeant Kelley regarding reversal of the traffic flow at the Apache Pool parking lot. She stated that the plan was to implement the change on the date of the Polar Bear Swim. Ms. Emmons stated that signs had been ordered designating the entrances as one-way and identifying a pedestrian crossing. Director Bennett suggested a "coming soon" announcement and Ms. Emmons stated that that would be in the December newsletter. Director Koenig directed Ms. Emmons to have arrows painted on the parking lot pavement entrance and exit showing the new directions.

Director Roberts then recognized Ms. Smith for purposes of discussing legal matters. Ms. Smith presented the General Management Services Agreement attached as **Exhibit "X"**, with changes including a provision regarding gate-opening services that Pinnacle had been providing, and standard contract requirements added by the 2017 Texas Legislature. A motion was made by Director Horak and second by Director Koenig to approve the General Management Services Agreement. Director Roberts asked about the directive that the General Manager create an Excel spreadsheet of requests for action regarding District facilities and services and Director Bennett mentioned that the contract already included a similar requirement. Ms. Emmons responded that Pinnacle was collecting reports from the various contractors and that she would compile them into a tabbed report. Director Bennett mentioned

it would be very helpful to have an ongoing updated report of facility repair and maintenance and that the Maintenance and Engineering Subcommittee would work with Ms. Emmons on that component of the report. The Board then approved the General Management Services Agreement, with Directors Bennett, Koenig, and Horak voting in favor and Director Roberts voting against.

Ms. Smith then presented the Joint Use Agreement for Community Electronic Sign attached as **Exhibit “Y”** and reviewed it with the Board. Ms. Emmons recommended extending the term to three years. A motion was made by Director Bennett and seconded by Director Koenig to approve the Agreement with a term of three years. After brief discussion, the Board voted to approve the Joint Use Agreement with the three-year term recommended by Ms. Emmons, with Directors Roberts, Bennett, and Koenig voting in favor of the Agreement and Director Horak abstaining due to her membership on the OA Board.

Director Roberts then stated that the Board would discuss the ad hoc subcommittee regarding fire protection service options, and added that she would volunteer to replace Director Longoria-Carter on the subcommittee. The Directors agreed.

Director Roberts stated that the Board would next discuss future Board meetings and agenda items. She stated that she would work on revisions to the order of business for the meeting agendas, noting that the Board had to balance considerations of the cost of consultants attending the meeting and billing on an hourly basis, minimizing delay for residents with matters on which they wished to speak, efficiency in conducting business, and other such considerations. Ms. Emmons stated that she would present the L4H report during the winter season, during which Mr. Hanson would not be in attendance, and that Mr. Hanson would resume attendance at meetings during the April to September swim season. She added that she would also present Priority’s report but that Mr. Hamby desired to be at every meeting and available for questions.

Director Roberts then stated that the Board would review the meeting notes. After review of the notes, Director Horak moved approval of the meeting notes attached as **Exhibit “Z”**. Director Koenig seconded the motion, which was unanimously adopted.

Mr. Hamby then arrived at the meeting with the revised CAD file exhibit that had been discussed earlier in the meeting.

There being no further business to come before the Board, the meeting was adjourned at 8:45 p.m.





[SIGNATURE PAGE TO NOVEMBER 28, 2018 MINUTES]

Steve Bennett, Vice President  
Board of Directors

Date: 12-19-18