

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

August 22, 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 22, 2018, at 2600 Block House Drive South, Leander, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the Notice is attached as **Exhibit "A"**.

The roll was called of the members of the Board:

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

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

Director Longoria-Carter called the meeting to order at 6:35 p.m. and welcomed those present. Following the Pledge of Allegiance to the U.S. flag, the Board and those present at the meeting observed a moment of silence or prayer. Director Longoria-Carter asked that anyone who wished to address the Board fill out a Community Comment form and state his or her full name before making oral comments.

Director Longoria-Carter stated that the Board would first consider the report from the OA and recognized Mr. Soule. Mr. Soule stated that the OA had received a request from a local yoga instructor to reserve some dates in the September through November timeframe to conduct yoga classes. On behalf of the OA and the yoga instructor Mr. Soule requested to reserve the Tumlinson pavilion for Monday and Wednesday evenings, September 17 through October 4, and Tuesday and Thursday evenings, October 16 through November 8, and he requested that those dates be added to the OA's contract with the District. Mr. Soule mentioned that the Pumpkin Patch would be located west of Tumlinson Pool October 6 through October 13. Director Longoria-Carter asked whether the pool runoff problem had been remedied and Mr. Hanson replied that it had not. Mr. Soule mentioned that the OA had contracted with a former Block House resident, Corin Silva, with their Smoke Out Crime Cook-Off, scheduled for October 12 and 13. Director Logan moved to approve the OA's requests for use of facilities. Director Longoria-Carter seconded the motion and the Board voted unanimously to approve the motion.

The Board directed A&B to prepare a contract amendment for the additional items on the exhibit to the OA's contract with the District if required by standard Board protocol for OA facility reservation requests.

Director Longoria-Carter stated that the Board would next consider approving the minutes of the July 25, 2018, July 30, 2018, and August 8, 2018, Board meetings. Director Logan made a motion to approve the minutes as presented. Upon second by Director Roberts, the Board voted unanimously to approve the motion.

Director Longoria-Carter then stated that the Board would receive the landscaping report attached as **Exhibit "B"**. Director Roberts stated that the Parks Subcommittee was getting work done because approximately \$20,000 remained in the District's Parks budget for the current fiscal year. Director Roberts then presented landscape proposals. She first discussed the proposal for installation of an irrigation zone on the north side of Tumlinson Park (Estimate #1927), attached as **Exhibit "C"**, and stated that the new irrigation zone would protect trees being affected by the heat and dry weather. Mr. Hamby added that the District needed more coverage and that the new irrigation zone would allow for elimination of the barrels at that location. Director Roberts then discussed the proposal for installation of an irrigation zone at the windmill area (Estimate #1928), attached as **Exhibit "D"**, and stated that the sod had been replaced twice in the last 18 months and installation of irrigation to the area would reduce erosion by preserving the sod. Director Roberts next discussed the proposal for installation of native mulch in Tumlinson Park (Estimate #1929), attached as **Exhibit "E"**. She asked whether the mulch would damage air roots and Mr. Hamby replied that it would not. Director Roberts then discussed the proposal for pruning trees in the right-of-way along Block House Drive and Creek Run Drive (three mile loop) to raise canopies above private properties (Estimate #1930), attached as **Exhibit "F"**. Director Roberts next drew the Board's attention to the proposal for deadwood pruning of trees along the three mile loop and pruning of squirrel damage in Tumlinson Park (Estimate #1931), attached as **Exhibit "G"**. Mr. Hamby added that the Parks Subcommittee had also recommended that proposal and that it would also reduce risk of damage and safety concerns after ice storms. Next Director Roberts presented the proposal for installation of additional trees in Tumlinson Park and Tonkawa Park (Estimate #1932), attached as **Exhibit "H"**. She stated that the Parks Subcommittee had agreed that bald cypress trees in Tonkawa Park were declining rapidly, and required significant water. She stated Priority Landscapes would replace the declining cypress trees with three inch caliper hardwoods, including Monterey Oaks and Mountain Laurels, which were more drought tolerant. Mr. Hamby added that the Subcommittee had discussed developing a plan for tree placement. Mr. Hamby stated that they would update the tree survey with the changes. Director Logan asked whether raising the canopy on the three mile loop would include the front of the District and Mr. Hamby stated he would have to check and follow up on that. Director Longoria-Carter reiterated that the pruning work would also remove the debris after strong winds. Director Logan asked Mr. Hamby about his thoughts on mulch around trees, and he replied that the arborist's opinion was that it was a good idea. He stated that the type of mulch would be coarse, would be aerated, and would not create a mulch mat. Director Roberts asked for assurance that the mulch would not kill off the trees, and Director Longoria-Carter noted that the Board had committed to rely on its experts and that her interest was in getting an explanation of the mulching process. Director Roberts made a motion to approve Estimates #1927 through #1932. Director Horak seconded the motion. Director Roberts noted that the new fiscal year started October 1, 2018, and Mr. Hamby affirmed that the work just approved would be invoiced during the current fiscal year. Director Longoria-Carter mentioned that the landscaping changes had been wonderful and that the invoices were reasonable and appropriate. The Board then voted unanimously to approve Estimates #1927 through #1932. Mr. Hamby then mentioned that a

pecan tree near Tumlinson Pool had some aphid damage and that they were increasing watering to improve its condition. Director Logan stated that the Board would keep an eye on its condition in determining whether to preserve it. Mr. Hamby added that the arborist recommended aerating soil around the pecan tree but that, in his opinion, the tree was still viable. Director Logan asked that the tree's removal be an item on the September 26 Board meeting agenda, and Mr. Hamby stated he would provide a proposal to the Board for aeration around the tree. Mr. Hamby mentioned that a leak detection expert was coming to look at the leak at Tumlinson Pool. Director Roberts asked Mr. Hamby to remind the crews to replace the cover on the irrigation valve box. She mentioned that the trails had been edged again and that they looked good; the other Directors agreed. Mr. Hamby stated that he had cleaned the algae off the sidewalk where the leak was to improve its aesthetics until the leak could be stopped.

Director Longoria-Carter stated that the Board would next receive the security report and recognized Sergeant Kelley. Sergeant Kelley stated that while he was doing a security check at the derelict house on English River Loop, a passerby asked whether the tenants were being evicted and that he was a prospective purchaser who would renovate it. Sergeant Kelley mentioned that Deputy Pena called in a suspicious vehicle, made a traffic stop of the vehicle, and found that the driver had four traffic warrants and drugs in his possession. Sergeant Kelley then gave an update on the person who had repeatedly fled from various deputies. Sergeant Kelley stated that the Sheriff's Office was able to identify the person who had fled, and that he worked up a warrant on evading arrest. He continued that, on another date, in conversation with a City of Leander officer, the officer stated that his department had arrested that suspect that same morning. Sergeant Kelley then mentioned that with regard to locking the Jumano Park gates, the deputies stated that $\frac{3}{4}$ of the deputies believed it was a better idea to keep them locked. He mentioned that Bill Greenwood of Crossroads had recommended fencing the drainage easement off of Catalina Drive to minimize trespassing. Director Longoria-Carter directed Mr. Hamby to provide a proposal on landscaping boulders that would impede vehicular access at that location. Director Longoria-Carter directed Ms. Emmons to research whether boulders could be placed at that location, or whether it would adversely affect fire department access or any other similar issues. Ms. Emmons added that the various options were still being discussed by Crossroads and the Sheriff's Office. Sergeant Kelley suggested installation of a gate at that location that could be locked and unlocked to allow vehicular access when desired. The Directors also discussed with Sergeant Kelley the options of bollards, boulders, or an offset entrance where pedestrians could enter but vehicles could not. Director Logan directed the Security Subcommittee to follow up on options. Director Logan asked about "blocking the walk" and Sergeant Kelley replied that that was not authorized because the right-of-way extended across the sidewalk and the road and across the sidewalk on the other side. Director Logan suggested that the District should educate the public and Ms. Emmons responded that a recent newsletter article had included that information. Director Longoria-Carter added that a notice might be more effective if placed on the e-sign and stated that the Communications Subcommittee would explore the matter further. Director Longoria-Carter gave kudos to the Deputies for protecting the District from the burglary suspect who had been arrested. Ms. Emmons stated that she had been in communication with Mike McKelvey of ABC Home and Commercial Services because the AT&T internet service connection to the locks on the gates had failed and damaged the locks. Director Roberts asked whether insurance covered that damage and Ms. Emmons replied she did not know whether the equipment had to be "scheduled" on the District's insurance with the Texas Municipal League ("*TML*"). Ms. Emmons stated that she would provide the repair estimate from Mr. McKelvey to TML and determine whether the equipment was covered. Ms. Emmons added that Mr. McKelvey stated that he wanted to review the conditions that might have caused the damage to ensure appropriate and effective remedies were performed.

Director Longoria-Carter then stated that the Board would discuss the District's pools and recognized Mr. Hanson, who reported on the count of in-District and out-of-District swimmers, payment of fees, and master swim program. Mr. Hanson stated that the Pools Subcommittee had met with him and discussed potential off-season projects. He continued that they were looking at options for the Apache Pool heater replacement, and Director Logan mentioned that the purchase needed to be made during the current fiscal year. He noted that the Tumlinson Pool and decks were getting more leaves knocked into them. Mr. Hanson added that scheduling lifeguards was getting more challenging as kids returned to school and extracurricular activities, and that some kids just stopped showing up without calling. Director Logan mentioned that the District newsletter had recognized the L4H employees who performed the rescue earlier that summer, and that the Board would like to write a letter to thank the employees who performed the rescue and to recognize them at the September 26 Board meeting. Director Longoria-Carter recommended that if L4H had any changes it would like to make to its contract with the District, L4H should notify the Pools Subcommittee. Mr. Hanson mentioned that L4H did need to re-evaluate the lifeguards' schedule in January once L4H had the Spring schedule from the school district. Regarding the Block House Creek Swim Team, Director Logan stated that \$7,000 was received from out-of-district swimmers and that those funds would subsidize a masters swim program. She added that the Pools Subcommittee recommended that masters program participants pay a modest fee and that the program would be started in September. Director Longoria-Carter mentioned that former Director Debbie Plowman had had the idea to have those funds raise awareness of the team, and Director Longoria-Carter suggested meet-and-greets at the school and to introduce the swim team. The Board discussed that Leander Independent School District had an agreement for use of Apache Pool by the Leander High School swim team and that the District did not have an agreement with Rouse High School. Director Logan stated that the Subcommittee could explore the idea of an agreement with Rouse High School further.

Director Longoria-Carter stated that the Board would next receive a report on District operations and recognized Ms. Torres. Ms. Torres reviewed her report, attached as **Exhibit "I"**. She noted that water loss was 2.46% for the month. Ms. Torres discussed work on the lift station, and mentioned blockages on the District lines that had been excavated and repaired. She stated there was one write-off in the amount \$76. Director Logan moved to approve the write-off. Director Horak seconded the motion. The motion was approved unanimously with votes in favor by Directors Longoria-Carter, Logan, Horak, and Koenig; Director Roberts had briefly stepped out of the meeting. Ms. Torres then stated that a customer on Rainy River whose service had been terminated for delinquent payment had paid the associated reconnection fees and the fine by eCheck. Ms. Torres stated that as of Monday the eCheck had been returned as "insufficient funds" ("NSF"). She continued that the resident had requested that Crossroads work with her and not terminate the service again. Ms. Torres stated that Crossroads had done everything they could to help the resident. She stated that Crossroads could not be flexible when the situation involved meter tampering. At 7:48 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 District operations. During the executive session Director Roberts returned to the meeting. At 8:16 p.m., the Board reconvened in open session. Director Longoria-Carter announced that no action had been taken during executive session. The Board directed A&B to prepare an amendment to the District's rate order providing that if an account was paid with an NSF eCheck, an eCheck could not be used for payments of utility bills until the account had been current for six months for homeowners and 12 months for renters, and providing that delinquency-related charges could not be paid with an eCheck or credit card but only with a cashier's check or cash. The Board directed that the draft amended rate order be placed on the Board's September 26

meeting agenda. At 8:18 p.m., Director Longoria-Carter then stated the Board would take a brief recess.

At 8:27 p.m., the Board reconvened and Director Longoria-Carter stated that the Board would next discuss the Storm Water Management Program and creek maintenance. Ms. Emmons stated that she would cover relevant items as part of her manager's report.

Director Longoria-Carter stated that the Board would next discuss District bookkeeping matters and recognized Ms. Kolmodin, who presented the check registers attached as **Exhibit "J"**, the supplemental check register attached as **Exhibit "K"**, and four fund transfers attached as **Exhibit "L"**. Ms. Kolmodin drew the Board's attention to four supplemental checks and two investments which had been made earlier in the month and required Board approval. She briefly discussed the quarterly investment report. Director Longoria-Carter stated that the Board would next consider the Secretary's Certificate and Resolutions Regarding Manager's Account, Secretary's Certificate and Resolutions Regarding Operating Account, and Secretary's Certificate and Resolutions Regarding Capital Projects Fund Checking Account, attached as **Exhibits "M"**, **"N"**, and **"O"**, respectively. Director Roberts made a motion to approve payment of the bills and invoices, the four fund transfers, and the investments, and to approve the three Secretary's Certificates and Resolutions. Director Logan seconded the motion, which was adopted by a unanimous vote of the Board. Director Longoria-Carter mentioned to Mr. Hamby that Priority's contract was coming up for renewal and she asked him to provide any changes he recommended to the Parks Subcommittee.

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

Director Longoria-Carter then recognized Ms. Emmons for the purpose of receiving the manager's report. Ms. Emmons reviewed her report, attached as **Exhibit "P"**, and discussed the status of several of the directives that were in process. She stated that a resident had requested to reserve the Luther Chance Practice Field for her son's 18th birthday on a Saturday in October so he could have a baseball game for his birthday, but that the resident had not yet submitted a reservation form. Director Logan made a motion to approve the request for the requester's preferred date of October 13, from 5:00 to 8:00 p.m., as long as there was no conflict with standing reservations for the field. Director Longoria-Carter seconded the motion and directed Ms. Emmons to notify the requester of possible parking issues due to the barbeque cookoff the preceding night and Saturday morning. Thereupon, the Board voted to approve the motion, 4-1, with Director Roberts voting against, not based on the request itself, but so as not to start a precedent of granting requests without completed supporting documentation. The Board directed Ms. Emmons to provide A&B with a completed reservation form for the District records. Director Roberts asked whether certain street lights in the Walker House parking lot and the kiosk had been repaired, noting that the outage might have been caused by a recent storm. Ms. Emmons stated Pinnacle had contacted SunTech and asked them to make the repairs, and were waiting on them to do so. Ms. Emmons mentioned her recommendation for rekeying with high security locks and added that she would bring a proposal to the September 26th Board meeting. She discussed getting pods to store fence material. She stated that she and Jim Dillon had discussed the need to keep the gates locked for security versus unlocking them to allow access to the materials. Ms. Emmons continued that the Board could allow pods to be placed at the stubout as had occurred for other uses and items other than fence materials could remain behind the chain link fence at the Jumano Community Center. She mentioned the suggestion of a resident regarding placement of trash receptacles at Jumano Park. Director

Horak stated that the flag at Tonkawa Park needed to be replaced. Director Koenig asked what the Board did with the old flags and was advised that they were given to the Scouts for proper disposal. Ms. Emmons noted that Williamson County was seeking restitution from the person who had crashed through the District fence.

Director Longoria-Carter then stated that the Solid Waste Subcommittee had nothing to report. Director Longoria-Carter mentioned that Texas Disposal Systems ("TDS") had started to document the number of bulky pick-ups requested, and she drew the Board's attention to the information in TDS' report. She mentioned that when TDS noticed carts were deteriorating, TDS had been replacing those carts without having to be asked to do so. Ms. Emmons discussed an instance where TDS had not notified the District on the same day that no pick-up would be made. She continued that she had explained to the District's TDS representative that because the Board had agreed to TDS' requested change to not require same-day notice of no pickup, residents could not be advised as to what to expect regarding leaving their carts out. She continued that she had reminded the representative that the Board had foreseen this problem and explained it to TDS during discussion of contract renewal terms. Director Roberts asked Ms. Emmons to keep the Subcommittee apprised of such communications with TDS. Ms. Emmons then distributed an email from a resident requesting that the Board place signs cautioning against taking turtles from the creek. The Board discussed the appropriate location for such signs. The Board directed Ms. Smith to send the wording for a sign to Ms. Emmons, as well as the information from the park ranger so that information could be provided to the resident. Ms. Emmons added that she hand-delivered the letter from the District to Marci Thiessen regarding her application for an ATF permit. She added that the Restrictive Covenant Subcommittee expected to have a list of addresses for pending contemplated litigation at the September 26th Board meeting.

Director Longoria-Carter then stated that the Board would discuss District communications and social media. She stated that the Communications Subcommittee would be meeting Friday, August 24, to discuss signage and communications. Director Longoria-Carter noted that tweets could be scheduled in advance so significant Board meeting actions could be tweeted during the meeting. Director Horak asked if there would be a benefit to the tweets if no one was available to respond to them and Director Logan replied that having the real-time dissemination of information could be appreciated by residents. The Subcommittee agreed to discuss the matter of scheduled tweets further. Director Longoria-Carter voiced her support for retweeting useful information, which Director Horak added was termed as "curated" content, versus original content. Director Longoria-Carter reiterated the Board's desire for Regan Ashford of Pinnacle to embrace continuing use of social media for information dissemination, including tweets.

Director Longoria-Carter next stated that the Parks Subcommittee had nothing to report.

Director Longoria-Carter stated that the Board would next discuss legal matters and recognized Ms. Smith. Director Longoria-Carter noted that the Board had a new Director and asked whether it might be a good time to consider committee assignments. She recommended an ad hoc administrative committee to meet with the contractors and invite their comments on working with the Board and the District. She continued that Director Logan was interested in the District tracking the dates and content of contractor reviews. The Board concurred with the creation of an administrative ad hoc committee. Director Roberts supported revisiting and possibly changing assignments after the election of Directors. The Board directed A&B to place committee organization and assignments on the Board's November agenda. The Board also directed A&B to send the Sheriff's model contract to the Security Subcommittee.

Director Longoria-Carter then stated that the Board would consider the 2018 tax rate and referred the Board to the tax rate analysis provided by the District's financial advisor, attached as **Exhibit "Q"**. Mr. Taack discussed the analysis. He then discussed homestead exemption options, and stated that any changes would need to be adopted in the summer of 2019. He noted that changes to the tax rate could not affect payment of debt service but that the maintenance and operations ("M&O") budget and tax rate could vary. He added that a one cent change to the tax rate would result in an approximately \$47,000 change to District tax revenues. Director Longoria-Carter asked Mr. Taack to summarize the Board's financial position and good standing regarding debt and M&O. Mr. Taack replied that he recommended that the District maintain the debt service fund ratios required by the TCEQ for bond issuance while also maintaining an M&O balance to sustain the District's high quality services and amenities. Director Roberts moved to establish the proposed tax rate at \$0.8010, with \$0.2950 of that rate for debt service, \$0.3745 for M&O, and \$0.1315 for the fire tax paid for fire protection by the City of Cedar Park. Upon second by Director Logan, the Board unanimously approved the proposed tax rate of \$0.8010, with Directors Koenig, Roberts, Horak, Logan, and Longoria-Carter all voting "aye." Director Roberts then moved to schedule a public hearing on the 2018 tax rate on September 12, 2018, at 6:30 p.m., and authorize publication of notice of the public hearing. Upon second by Director Logan, the Board unanimously approved the hearing date for the 2018 tax rate and authorized publication of the notice.

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

There being no further business to come before the Board, upon motion by Director Logan and second by Director Longoria-Carter, the Board voted unanimously to adjourn at 9:50 p.m.



[SIGNATURE PAGE TO AUGUST 22, 2018 MINUTES]

Ryan Horak, Secretary
Board of Directors

Date: 9-26-18