

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

December 19, 2018

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Block House Municipal Utility District was held on December 19, 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:

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| Cecilia A. Roberts | - | President |
| Steve Bennett | - | Vice President |
| Byron Koenig | - | Treasurer |

Director Rayan Horak and Director Ursula Logan were absent. Also present at the meeting were Tanya Emmons and Kim McKee 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"); Carolyn Patrick of the BHC Owners Association (the "OA"); Barbara Zavala and Allen Fleming, residents of the District; and Sue Brooks Littlefield and Sharon Smith of Armbrust & Brown, PLLC ("A&B").

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

Director Roberts then stated that the Board would receive citizens' communications. She recognized Ms. Zavala, who stated that she was the owner of the home at 15314 English River Loop. She stated that she had submitted a request to the Architectural Control Committee ("ACC") for approval of an addition to her house and was told the request was denied and that she needed to get letters of support from all of her neighbors. She stated that she was present to get an explanation of what was needed. Ms. Emmons explained that the denial letter had gone out from the ACC and her office had received a call from the contractor regarding the proposed addition. She explained that her office did not make the decision and that her office's discussion with the contractor was simply to provide ideas about how Ms. Zavala might submit an appeal to the ACC. She added that neither the Board of Directors or her company had any authority regarding ACC approvals or denials, and pointed out that the ACC had denied the request based on a finding that the addition would have a negative impact on neighboring properties, which was a basis for denial contained in the covenants. Ms. Emmons stated that the discussion was about what she might do, for example, to show that her neighbors thought the change was acceptable. She noted that the denial letter went to the contractor because the contractor had submitted the request, but agreed to provide another copy to Ms. Zavala. Director Roberts

clarified to Ms. Zavala that the Board had not made this decision and that any appeal would need to be submitted to the ACC. Director Koenig asked who served on the ACC and Ms. Emmons responded that the ACC asked to keep this information confidential. Ms. Littlefield stated that the District did not have jurisdiction over the ACC or Ms. Zavala's request and could not take action regarding any issue relating to the denial. There being no further residents wishing to address the Board and no Board member announcements, Director Roberts stated that the Board would receive a report from the OA and recognized Ms. Patrick, who stated that she was the chair of the OA recreation committee. She stated that she had submitted a request for use of District facilities and fee waivers the previous day and wanted to review the highlights of the request with the Board. She added that she might be back before the Board in March with additional requests. Ms. Patrick then summarized the requested uses, including Zumba starting in February, an Easter Bash, an end of school party, a July 4th party, a back to school party, a lantern parade and the "Great Block House Campout". She also stated that the OA proposed to have an "adult swim" one night per month, not a party, but just to have the pool open on Thursday nights from April through October for two extra hours for use by adults only. Ms. Patrick also stated that the OA proposed to have a board game night once per month at Jumano. Director Roberts asked who had the complete list of requests and added that she would like the entire Board to have the opportunity to review it. Ms. Emmons explained that she had only received the request the prior day and confirmed that that the list would be included in the January meeting packet.

Director Roberts stated that the Board would next consider approving the minutes of the November 20, 2018, and November 28, 2018, Board meetings. Director Bennett and Ms. Emmons requested revisions to the draft minutes of the November 28 meeting. Upon motion by Director Koenig and second by Director Bennett, the Board voted 3-0 to approve the November 20, 2018 minutes as presented and the November 28, 2018 minutes, as revised.

Director Roberts then stated that the Board would discuss District security and called the Board's attention to the report in the packet, noting that Sergeant Kelley was not present. Ms. Emmons stated that fabrication of the gates for the sport courts had begun and she had met with Sergeant Kelley on changing the flow of traffic at Apache Pool.

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 "B"**. She pointed out that the District's water loss was 4.95% for the prior reporting period, and noted that fencing repairs were being made at the lift station and new signage was being installed. She stated that a Texas Commission on Environmental ("TCEQ") inspection of the ground storage tank had occurred, and that some maintenance items that had been noted were included in the 2019 budget. She reported that there were two Clay valves that needed repair and that Crossroads was having a contractor come out to provide pricing. She stated that Crossroads had purchased several heaters for District facilities in preparation for any possible freeze. Director Roberts asked if the heaters had been logged into the inventory. Ms. Torres stated that they had not, and agreed to provide the necessary information to Ms. Emmons so the inventory could be updated. Ms. Torres reported that Crossroads had recently had the backflow preventer at Tonkawa Park checked at the request of the City of Cedar Park and it had failed, so a new one had been ordered and Crossroads was waiting for the maintenance contractor to install it. Ms. Torres stated that she had one write-off to present in the amount of \$54.04, which was after the customer's deposit was applied. Director Koenig moved to approve the write-off. Director Bennett seconded the motion, which was adopted by a vote of 3-0.

Director Roberts stated that the Board would next discuss bookkeeping matters and recognized Ms. Kolmodin. Ms. Kolmodin presented the check register attached as **Exhibit "C"**,

the supplemental check register attached as **Exhibit "D"**, and three fund transfers. She pointed out that the per diems to Directors Horak and Logan would be voided due to their absence from the meeting. She called the Board's attention to the AWBD membership renewal and pointed out that the AWBD legislative conference would be held at the end of January. Ms. Emmons agreed to send information on the conference to all Board members so that any Board members who wished to attend could be registered. Ms. Kolmodin then reviewed the District's investments and explained that MAC had renewed several CDs so the District could earn interest on its funds until the District needed the money. After discussion, upon motion by Director Koenig and second by Director Bennett, the Board voted 3-0 to approve the transfers and the payment of the bills and invoices, as presented, with the voids noted. Ms. Kolmodin then asked if the Board wished to contract for third party payroll services which would allow per diems to be processed by direct deposit, noting that there would be a fee of \$45 per month from the company that handled the payment processing. After discussion, the Board declined participation in this service. Director Roberts thanked Ms. Kolmodin for providing the information.

Director Roberts then recognized Ms. Emmons for the purpose of receiving the manager's report. Ms. Emmons reviewed her report, attached as **Exhibit "E"**. Director Roberts asked for a timeline for completion of the Three Mile Loop fence. Ms. Emmons stated that the proposal was worded to provide for completion by the end of December, weather permitting, and stated that she felt the contractor was making good progress except where its work was affected by wood rot and tree growth that needed to be addressed. Director Roberts asked Ms. Kolmodin for the amount paid to the contractor to date, and she agreed to provide this information to the Board. Director Roberts asked Ms. Emmons to keep the contractor's "feet to the fire" as this project had been underway for a very long time and needed to be completed. Ms. Emmons then reported that the Maintenance and Engineering Subcommittee had begun meeting and had begun with an inspection of the pools. She called the Board's attention to the report from the Subcommittee attached as **Exhibit "F"**. The Board then discussed which subcommittee would be more appropriate to handle the items raised by the report. Director Bennett suggested that the report be referred to the Pools Subcommittee, which he noted Director Koenig was also on, and, if the Pools Subcommittee preferred not to handle any items, then the Maintenance and Engineering Subcommittee would assist as needed. Director Koenig pointed out that there were several electrical items noted in the report that were safety issues. After review of the report, the Board directed Ms. Emmons to address items J-1, J-2 and J-3 as safety issues. The Board then discussed the Subcommittee's recommendation to replace some deteriorating sheetrock with plywood and Ms. Emmons stated that she would coordinate with the Maintenance and Engineering Subcommittee on this item. Director Koenig then asked what the stains around the pool deck were. Ms. Emmons responded that she wasn't sure what the cause of the discoloration was, and speculated that the stains might have been caused by the way the pool decking was cleaned. Director Koenig requested that she ask Lifeguard 4 Hire about this and Ms. Emmons agreed to do so. Ms. Emmons stated that she had forwarded the report to Lifeguard 4 Hire to see how much of the maintenance work identified could be addressed in-house. Ms. Emmons then reported that, for the Master Swim to be cost-effective, it needed 10 participants and right now only seven had signed up. She stated that she would seek additional participation for the Master Swim, as well as for the Polar Bear Swim, which she noted would make it more of a community-wide event. Ms. Emmons stated that the E-Sign was down and the sign company had ordered parts for the repair. She reminded the Board that the repair would be at the cost of the OA. Director Roberts asked for clarification of the problem and Ms. Emmons explained that there was a kind of error message, and the only way to get rid of it was to flip the breaker, but she had some concern that doing this might affect other things on the same breaker. Director Roberts asked if the sign could be put on its own

breaker. Director Koenig stated that, if it was on the same breaker with other things, it should be fairly easy to correct. Ms. Emmons then stated that two fixtures on poles in the Walker House parking lot had to be replaced because the existing fixtures were obsolete and that the electrician was coming out on the 28th. The Board directed Ms. Emmons to ensure that the E-Sign was on its own breaker and, if it wasn't, to see what it would take to put it on its own breaker. Director Koenig agreed to be present to discuss the issue with the electrician if he was able to do so.

Director Roberts then stated that the Board would receive the landscape maintenance report. Ms. Emmons stated she was prepared to present the landscape report, attached as **Exhibit "G"**, but noted that Mr. Hamby was present if there were questions. She stated that the landscape crews were continuing to cut areas on schedule, but explained that the volume of leaves and trimming debris was so great that they had to leave some piles around the Three Mile Loop and nature trail, and added that this would be collected the following day. She noted that the crews had blown the leaves off the Walker House roof and pointed out that the irrigation system was intentionally off because of the rain. She stated that there had been some wires dangling from trees in front of the Walker House and that Mr. Hamby's crew had repaired them and had removed a broken limb on the nature trail. Ms. Emmons also pointed out that the paver walkway by the Walker House had settled due to the wet weather and stated that this was on the calendar for repair in February. Director Roberts asked if granite needed to be added to the walking trails. Mr. Hamby stated that he would get this on the schedule.

Mr. Hamby then presented the proposal for synthetic turf in the Tumlinson Pool area (Estimate #2040) attached as **Exhibit "H"** and explained that the area got a lot of water, got muddy where the pool side chairs were, and was a high traffic area. Ms. Emmons stated this proposal was limited to the area previously discussed, which would be a test area. Director Roberts stated that she supported doing this, because mud from the turf area was currently going into the pool. Director Koenig agreed that this was the most important area that needed to be addressed. Director Roberts asked how confident Mr. Hamby was about this product and Mr. Hamby responded that he was pretty confident, noting that his company had used it in other areas. Director Koenig noted that the Pools Subcommittee had discussed installing a stone border around the synthetic turf, but, because this was an open area that they had discussed covering with a pavilion cover, recommended using a smooth metal edging as included in the proposal, which would be easier to replace. Director Koenig moved approval of the proposal and Director Bennett seconded the motion. Director Roberts asked if Mr. Hamby had used synthetic turf in this type of application, noting that she was concerned about mold. Mr. Hamby stated that he would discuss this with the supplier. Director Koenig pointed out that the fact that the water was chlorinated should reduce any concerns about mold. Mr. Hamby stated that the turf was shorter so it could easily be hosed off. Upon being put to a vote, the motion was adopted by a vote of 3-0. Mr. Hamby then presented the proposal for aeration of compacted turf at the North Bell Boulevard entry (Estimate #2041) attached as **Exhibit "I"** and explained that this area was compacted due to the mowing pattern and aeration would help it rebound in the Spring. After discussion, upon motion by Director Koenig and second by Director Bennett, the Board voted 3-0 to approve the proposal.

Ms. Emmons then advised the Board that the Stormwater and Creek Maintenance Subcommittee had met with Cathy Mitchell of Jones & Carter about the District's storm water management plan. She called the Board's attention to the Professional Engineering Services Proposal for Storm Water Management Program from Jones & Carter attached as **Exhibit "J"** and stated that the TCEQ was behind on generating the new requirements for the next five year permit cycle and so, effectively, 2019 would be the sixth year of a five-year permit process. She

stated that a few items had been found that needed to be addressed, and noted that, the prior year, Crossroads had addressed those types of items without providing a scope or price. Ms. Emmons stated that she would clarify that she needed a proposal from Crossroads for Board approval. Ms. Littlefield suggested Ms. Emmons also obtain a proposal from the landscape contractor if the type of work to be done was within its abilities and Ms. Emmons agreed to do so. Director Roberts stated that she was concerned about dumping in the District's stormwater drains and Ms. Emmons agreed, noting that she had just gotten a report of a problem with a homeowner encroaching on District property and using it as a dumping ground. She stated that she had gotten photographs. After discussion, the Board directed that Ms. Emmons provide the details and photographs to Ms. Littlefield and the homeowner be notified of the violation. Ms. Littlefield and Ms. Emmons agreed to coordinate to prepare the necessary letter. Upon motion by Director Bennett and second by Director Koenig, the Board voted 3-0 to approve the proposal from Jones & Carter.

Ms. Emmons then called the Board's attention to the report from the District's engineer, Gray Engineering, Inc. ("GEI") attached as **Exhibit "K"**.

Director Roberts pointed out that there would be a shift in the timing of solid waste collection for the next two weeks. After discussion, Ms. Emmons agreed to send out a reminder of the change in collection dates through email and social media and also to remind the residents of the "waste wizard" feature, which provided Texas Disposal Systems pick up dates and would also text a reminder to residents who registered for the service.

Director Roberts stated that the Board would next discuss restrictive covenant enforcement and pending and contemplated litigation. Ms. Emmons noted that she and Mr. York had touched based about doing away with the covenants subcommittee, but stated that she felt it was important to send the message that the District was in the business of enforcing restrictive covenants, so that it was clear. After discussion, the Board directed that this be placed back on the agenda for discussion in January.

Ms. Emmons then reported that Pinnacle had solicited proposals for repair of the wood rot at the Walker House, but had not yet received response from anyone who carried insurance. She stated that, if she was not able to obtain a bid from a contractor with the required insurance, Pinnacle would subcontract for the work. She stated that she would stay in contact with the Maintenance and Engineering Subcommittee on this item. The Board agreed that action on this item would be postponed until January.

Director Roberts then stated that the Board would discuss District signage. Ms. Emmons requested that this item be taken off the agenda until needed. Ms. Emmons reported that she had met with Sergeant Kelley and also contacted several companies about painting the stripes to change the flow of traffic at Apache Pool. She stated that she felt she could get it done at a cost not to exceed \$1,250. She requested authorization to proceed on this basis. Director Koenig moved approval of the requested authorization and Director Bennett seconded the motion. Director Bennett then asked for clarification of scope of the project and Ms. Emmons responded that changing the flow of traffic at Apache Pool had been Sergeant Kelley's suggestion and, to implement it, she wanted to paint crosswalk lines and directional arrows. Upon the motion being put to a vote, it was adopted by a vote of 3-0.

Director Roberts then asked for confirmation that the District had the authority to use the graphics being used on the E-Sign. Ms. Emmons confirmed that the graphics had been included in the package purchased with the E-Sign.

Ms. Emmons reminded the Board that there was a property on Gabriel Mills that the Board members were going to look at. She stated that she would put this back on the agenda for action if needed. She agreed to send a "bcc email" to the Board as a reminder of this directive.

Director Roberts then stated that the Board would discuss communications, media and website matters and asked if there was any information the Board members wanted to contribute to the newsletter. She suggested each Board member provide an article. Director Bennett stated that he would provide information for the January issue. Ms. Emmons stated that she had some information for the next newsletter, including photos from Cocoa Christmas, which she stated was well-received. Ms. Emmons noted that they had a train, a snow machine, photo booth and pictures with Santa and that everyone had worked well together and it had received very favorable reports.

Director Roberts then recognized Ms. Smith for purposes of discussing legal matters. Ms. Smith reviewed the directives. The Board directed Ms. Emmons to include information on the warranty period for the Apache Pool lane line reel in her report for the January meeting.

The Board then discussed the status of the District's application for computer fraud coverage. Ms. Emmons stated that she understood Director Logan was working on the application. Ms. Kolmodin stated that she had provided all of the information she could. The Board directed Ms. Emmons to follow up with Director Logan on the application so it would be completed in January and included on the Board's next meeting agenda for action at the January meeting. Ms. Smith pointed out that coverage had dramatically changed, indicative of the related risk. The Board concurred that it was important to move forward with this application. The Board directed Ms. Littlefield to see if A&B had a complete application that it could look at and that the District's application be included in the January meeting packet.

Ms. Smith then presented the 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 "L"**, noting that this included the \$3.00 per month in the base rate for the opportunity to get curbside bulky waste and increase to weekly recycling. After discussion, upon motion by Director Koenig and second by Director Bennett, the Board voted 3-0 to approve the Order.

The Board postponed discussion of the ad hoc subcommittee regarding fire protection service options.

Director Bennett then asked Ms. Emmons to provide information on the proposal for resurfacing of the tennis courts. She stated that she had gotten a proposal for applying another coat, but stated that the need was more significant. Ms. Emmons explained that the surface was insufficient and that she felt it was time to basically rebuild the courts. Director Bennett concurred and stated that the Maintenance and Engineering Subcommittee could research the best practices. Director Roberts stated that she would also contact an individual she knew who built sport courts. Director Roberts stated, for the record and disclosure purposes, that she knew this contractor, Eddie Oran, personally.

Director Roberts then stated that the Board would review the meeting notes attached as **Exhibit "M"**. After review of the notes, there being no further business to come before the Board, the meeting was adjourned at 7:43 p.m.

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[SIGNATURE PAGE TO DECEMBER 19, 2018 MINUTES]

Rayan Horak, Secretary
Board of Directors

Date: 1-23-19