

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

September 25, 2019

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Block House Municipal Utility District was held on September 25, 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
Byron Koenig	-	Treasurer
Ursula Logan	-	Assistant Secretary

Also present at the meeting were Tanya Emmons of Pinnacle Texas Management Services ("Pinnacle"); Taylor Kolmodin of Municipal Accounts & Consulting, L.P. ("MAC"); Jacquelyn Smith, Lisa Torres, and Andrew Hunt of Crossroads Utility Services, LLC ("Crossroads"); Tom Davis of Lifeguard4Hire; Tripp Hamby of Priority Landscapes, LLC ("Priority"); Sandy Martin of the Block House Creek Owners Association (the "OA"); Cheryl Allen of Public Finance Group LLC ("PFG"); Jacqueline Hale of McCall Parkhurst & Horton, PLLC; Sergeant Chuck Kelley of the Williamson County Sheriff's Office; Jim Dillon of Texas Trades; Mona D' Aunno, Theodora Bean, Leslie Gibson, Evan Pierce, Kimberly Mazulo, Elaine Cooper, Samantha Davis, Robert Mata, Edward Friel, Marla Garza-Friel, Yuridia Castelar, Jackie McCully, Sharon Sheguit, Elmer Karstensen, Kenneth Soule, and Helen and Travis Johnson, residents of the District; and Jenn Scholl of Armbrust & Brown, PLLC ("A&B").

Director Roberts called the meeting to order at 6:00 p.m. and welcomed those present. She announced that public comments were taken during designated portions of the meeting only and asked that anyone who wished to address the Board complete a Community Comment form. Following the Pledge of Allegiance to the U.S. flag, the Board and those present at the meeting observed a moment of silence or prayer.

Director Roberts then stated that the Board would first receive citizens' communications and conduct a hearing on the District's 2019 tax rate. Director Roberts opened the public hearing on the District's 2019 tax rate and asked if there was anyone present who wished to address the Board on the matter of the District's tax rate.

Director Roberts recognized Ms. McCully, who stated that Cedar Park had recently reduced its tax rate and Leander had also lowered its tax rate. She asked why the District needed to raise the tax rate and what the money would be used towards. She stated that she felt that the Board was fiscally irresponsible and should be reducing costs. Ms. McCully stated that she felt that Williamson County did not provide any police protection and police protection from

Cedar Park would be better. She stated that she was in favor of annexation and that she felt that the residents would be better off if the District was annexed.

Mr. Soule stated that he was concerned about the proposed tax rate increase. He questioned why there was a proposed increase in the tax rate when property values had increased. He stated that it was unacceptable for the Board to raise the tax rate.

Ms. Sheguit stated that she had lived in the District since 2002 and had seen seven homes sold recently due to increased home values and property taxes. She stated that she wanted to know if the increase was due to the new property tax laws that had been enacted.

Ms. Garza-Friel stated that she lived on Jadestone Drive and was thankful for what the Board had done for the community. She requested a copy of the meeting agenda and asked how to obtain future District newsletters. Director Roberts provided a copy of the agenda and explained how residents could obtain copies of the newsletter.

Ms. D'Aunno thanked the Board members for their contribution to the community. She stated that she was concerned with the proposed tax rate increase. She stated that she wanted to know why the Board was proposing an increase and if the Board had reviewed the prior year's budget to try to find ways to reduce spending.

Ms. Bean stated that she was a long-time resident of the District and inflation and tax rate increases were unfair to long-time residents. Ms. Bean stated that the District's tax rate was one of the highest tax rates in the area, noting that Leander and Cedar Park had lowered their tax rates. She asked where all the money went and stated that increasing the tax rate would subject residents to gentrification, which she explained had severe consequences and health risks such as increased infant mortality rates and death rates. Ms. Bean stated that it would be unethical and unacceptable for the Board to increase the District's tax rate.

Director Roberts then pointed out that all of the Board members were residents and taxpayers of the District and requested that Ms. Allen provide an explanation of the budget and tax rate process to the residents in attendance at the meeting. Ms. Allen explained that the Board had conducted a worksession on the budget at its prior meeting before adopting the proposed tax rate that was contained in the public notice. She explained that the Board would adopt a budget and the tax rate at this meeting, noting that the Board could not adopt a higher rate than what was published, but could adopt a lower rate. Director Roberts pointed out that the language in the notice was required by statute. Ms. Allen explained that cities, such as Leander and Cedar Park, had a variety of revenue sources and could lower property tax rates because they had sales taxes and other revenues to supplement the difference. She added that the District did not have a sales tax and was limited to property tax revenues. Ms. Allen explained that the first section in the District had been developed in 1978 and the last section had been developed in 1999, so all of the water, wastewater, drainage, and parks and recreational facilities were aging and the District had to pay to maintain these facilities. She explained that the debt service portion of the District's tax rate was used to pay outstanding bonds and the operations and maintenance component of the tax rate was used to pay for maintenance of District facilities. Director Roberts stated that the Board worked very hard to properly maintain all District facilities so that the community would be a desirable place to live and, in her opinion as a real estate agent, the District had some of the best amenities compared to any other community. Director Roberts also pointed out that the District had hired the Williamson County Sheriff's office to patrol the neighborhood and have a constant presence, including throughout the night, which she noted was more protection than what was provided in many cities. Director Bennett stated that he had been on the Board for many years and the

reason the Board worked so hard to maintain the park facilities was because, if the District was ever annexed, it was more likely that the facilities would be kept open if they were in good condition, noting that a city would likely close facilities that were in need of costly repairs. Director Logan informed the residents that the worksession on the budget was conducted during a meeting that was open to the public and recommended that residents with an interest in the budget attend the worksession the following year. Director Roberts stated that she and the other Board members appreciated the input from the residents and thanked everyone for taking the time to address the Board. There being no further public input, Director Roberts closed the public hearing.

Director Roberts then stated that the Board would discuss the budget for fiscal year 2019/2020 and recognized Ms. Kolmodin, who recommended approval of the budget. Upon motion by Director Logan and second by Director Bennett, the Board voted unanimously to approve the Resolution Adopting Budget attached as **Exhibit "B"**.

Director Roberts stated that the Board would next discuss and take a record vote on the District's 2019 tax rate and Order Levying Taxes. Ms. Allen stated that the District's tax rate was comprised of a debt service component to pay outstanding bonded indebtedness, an operations and maintenance component to pay for the District's operations and facilities, and the fire tax, which she noted was paid directly to Cedar Park for fire protection services. Ms. Allen recommended that the Board adopt a tax rate of \$0.8085 per \$100 assessed valuation, allocated \$0.2875 to debt service, \$0.3841 to operations and maintenance, and \$0.1369 for fire protection services. After discussion, upon motion by Director Logan and second by Director Bennett, the Board voted to adopt a tax rate of \$0.8085, allocated \$0.3841 to operations and maintenance, \$0.2875 to debt service, and \$0.1369 for fire protection services, as recommended, and to approve the Order Levying Taxes, attached as **Exhibit "C"**, with Directors Roberts, Bennett, Horak, Koenig, and Logan all present and voting "yes".

Director Roberts then stated that the Board would receive the OA report. Ms. Martin reported that a shred day would be held from 9:00 a.m. to 12:00 noon on October 12th, noting that residents would need a photo ID and water bill to participate in the event. She then reported that a lantern parade would also be held in October.

At 6:31 p.m., Director Roberts stated that the Board would consider Texas Trades payment request and would convene in executive session in order to receive legal advice regarding the payment request, as permitted by Section 551.071 of the Texas Government Code. At 6:45 p.m., the Board reconvened in open session and Director Roberts announced that no action had been taken in executive session. Mr. Hunt stated that he had investigated the payment request and determined that a true-up had been conducted by the District's consultants when Texas Trades had submitted its previous request for final payment. He explained that the Board had authorized final payment to Texas Trades for the work that had actually been completed, as determined by the true-up, and Texas Trades had executed a full and final release for the work. Mr. Hunt stated that the District was a governmental entity and could only pay for work that was actually completed and, since payment had already been made for the work that was completed, no additional sums were due to Texas Trades.

Director Roberts then stated that the Board would consider approving the consent items on the Board's meeting agenda: the minutes of the August 28, 2019 Board meeting; the proposal from McCall Gibson Swedlund Barfoot, PLLC for audit services for fiscal year ending September 30, 2019, attached as **Exhibit "D"**; the Amended and Restated Information Form attached as **Exhibit "E"**; the Secretary's Certificate and Resolutions Regarding Manager's Account attached as **Exhibit "F"**; and the Resolution Adopting Amended and Restated Credit

Card Use Policy attached as **Exhibit "G"**. Upon motion by Director Bennett and second by Director Logan, the Board voted unanimously to approve the consent items.

Director Roberts stated that the Board would next discuss District security. Sergeant Kelley reported that Cedar Park had held a marathon at the end of August and a portion of the race was down Block House Drive. He stated that the deputy that was working during the marathon did not report any issues. He then stated that the current fiscal year was almost over and reminded the Board that he would submit a final count of all hours worked and all vehicle billings at the conclusion of the fiscal year.

Director Roberts then stated that the Board would receive the landscape report. Ms. Smith presented Priority's report, attached as **Exhibit "H"**, and reviewed it with the Board. She then presented the proposal for the monument sign shrub replacement (Estimate #3169), attached as **Exhibit "I"**, the proposal for rebuilding the limestone column at 2601 North Walker Drive (Estimate #3266), attached as **Exhibit "J"**, the proposal for preventative brown patch application (Estimate #3267), the proposal for the annual hardwood tree installations (Estimate #3268), attached as **Exhibit "K"**, and the proposal for installation of additional irrigation heads in Tumlinson Park (Estimate #3269), attached as **Exhibit "L"**. Director Horak stated that she did not recommend approval of Estimate #3267 at this time. After discussion, upon motion by Director Horak and second by Director Koenig, the Board voted unanimously to approve Estimate #3169, Estimate #3266, Estimate #3268, and Estimate #3269. Director Roberts requested that Ms. Smith send a demand letter by certified mail to the drivers of the cars that damaged the District's fences. Ms. Smith confirmed that she would do so. Director Roberts then asked Mr. Hamby if there was a risk in planting new trees during a drought and if the District should wait to plant the trees until later in the year. Mr. Hamby responded that he did not think it would be a problem since winter was approaching and bubblers would be placed around the trees, noting that Priority would provide a one year warranty on the trees.

Ms. Smith then presented the proposal for installation of limestone boulders at 2601 North Walker Drive (Estimate #3270), attached as **Exhibit "M"**, the proposal for installation of boulders at intersections of Creek Run Drive and Block House Drive and Scottsdale Drive and Block House Drive (Estimate #3271), and the proposal for installation of boulders at the flag pole (Estimate #3272). Director Bennett stated that he felt the boulders might help stop cars from crashing into the District's fence in the future. Director Roberts asked how much it would cost to replace the flag pole that was recently hit. Ms. Smith responded that the replacement cost would be around \$6,000. After discussion, upon motion by Director Bennett and second by Director Horak, the Board voted unanimously to approve Estimate #3270.

Ms. Smith then presented the proposal for rebuilding the limestone column at 16402 Jadestone Dr. (Estimate #3274), attached as **Exhibit "N"**. After discussion, upon motion by Director Horak and second by Director Logan, the Board voted unanimously to approve Estimate #3274.

Director Roberts then stated that the Board would discuss engineering matters. Ms. Smith presented the engineer's report attached as **Exhibit "O"** and reviewed it with the Board.

Director Roberts stated that the Board would next discuss restrictive covenant enforcement, including pending and contemplated litigation; watering restrictions; and District communications. Ms. Emmons stated that she did not have anything to report for restrictive covenant enforcement. She stated that she had been doing watering restriction drives and 35 violations had been discovered since the end of August. Ms. Torres explained that there was no fine associated with the first violation, but fines for any subsequent violations were included on

the customer's water bill. Ms. Emmons stated that she would include information about violations in the next newsletter.

Director Roberts then stated that the Board would discuss the newsletter, water bill inserts, website and District-wide calendar. Director Roberts requested that an article be included in the newsletter about the Williamson County Sheriff's deputies' presence in the neighborhood, noting that she wanted to explain to residents that might not have noticed this presence that patrols took place throughout the night. Director Roberts and Ms. Emmons then discussed the protocol for including Board meeting announcements on the OA's electronic sign on the east side of the neighborhood. Ms. Emmons stated that Board meeting announcements were usually posted on Monday of the week of the Board meeting. Director Roberts requested that the Board meeting announcements be posted before the week of the meeting to give residents more time to plan ahead. Ms. Emmons confirmed that she would do so. Ms. Scholl then presented the Amendment No. 1 to Media and Website Services Agreement attached as **Exhibit "P"**, noting that this Amendment would incorporate all of the new internet posting requirements. Ms. Emmons stated that all of the required information was already on the District's website, but the indexed document library was difficult to search. She recommended that the Board consider investigating alternative website design options. After discussion, upon motion by Director Logan and second by Director Horak, the Board voted unanimously to approve the Amendment. The Board agreed to discuss alternative website redesign options at the next Board meeting.

Director Roberts stated that the Board would next discuss general management and management transition and recognized Ms. Smith. Ms. Smith reviewed her report, attached as **Exhibit "Q"**, and reported on her directives. She reported that the Jumano Community Center air conditioning unit had been repaired and she was working on creating an asset management spreadsheet that would track future routine maintenance of all air conditioning units. She reported that the electrical issues at the Tonkawa Park monument had been repaired, all painting had been completed, the BMX track fence had been repaired, and she was waiting on approval from the insurance company to commence repairs of the flag pole and adjacent crape myrtle. Ms. Smith stated that she had received additional requests for use of Tonkawa Park for flag football. She then presented the results of the bulky waste disposal survey, attached as **Exhibit "R"**. Director Logan requested that the Solid Waste Subcommittee review the results and provide a summary to the Board at a future Board meeting and that Ms. Smith send letters thanking all survey participants for providing feedback. Ms. Smith confirmed that she would send thank you letters. Ms. Smith then presented the proposal for an automated lock at the Tumlinson Pool bathroom attached as **Exhibit "S"** and recommended approval. Director Bennett stated that he was concerned that residents might be locked inside of the bathrooms with the new locks and wanted to prevent this from happening. After discussion, upon motion by Director Logan and second by Director Roberts, the Board voted 4-1 to approve the proposal, with Director Bennett voting "no".

Ms. Smith then discussed the proposed GaGa Ball pits and requested approval in an amount not to exceed \$3,000. Director Bennett explained that the District would only need to pay for the cost of the materials because the ball pits would be installed as a part of an Eagle Scout project. Director Roberts stated that she would prefer a proposal that was for a set amount rather than a not to exceed amount. After discussion, the Board directed that Ms. Smith bring a proposal with a firm price for the materials to the next Board meeting.

Ms. Smith then presented the Interlocal Participation Agreement with The Local Government Purchasing Cooperative attached as **Exhibit "T"** and explained that the Purchasing Cooperative could be used to purchase a "mule" and other items that the District

might need in the future. After discussion, upon motion by Director Koenig and second by Director Roberts, the Board voted unanimously to approve the Agreement and to authorize Ms. Smith to purchase a “mule” through the Purchasing Cooperative in an amount not to exceed \$12,000.

Director Roberts stated that the Board would next discuss the Board’s meeting agenda format. After discussion, the Board directed A&B to continue using the same agenda format for future meetings.

Director Roberts then stated that the Board would receive the operations report and recognized Ms. Torres, who reviewed her report, attached as **Exhibit “U”**. She reported on her directives, and stated that she felt the District would benefit from making all fire hydrants uniform and would bring a proposal that would help accomplish this to the next Board meeting. She reported that, as of the end of August, the District had 2,205 occupied single-family connections and that all lab results had been satisfactory and there had been a water loss of 8.64% for the prior reporting period. Ms. Torres then presented the list of write-offs reflected in her report, noting that there were six accounts totaling \$351.52, and requested approval. Upon motion by Director Horak and second by Director Bennett, the Board voted unanimously to approve the write-offs. Ms. Torres stated that she had received complaints of water pooling behind several homes and explained that initial grading work in the area had been designed to prevent this and the problem appeared to be that homeowners had made modifications to the initial grading work that resulted in the pooling. Mr. Hunt then presented the Operations Services Agreement attached as **Exhibit “V”**, noting that the current agreement expired September 30, 2019. He requested approval. After discussion, upon motion by Director Horak and second by Director Bennett, the Board voted unanimously to approve the Agreement.

Director Roberts stated that the Board would next discuss the District’s Unlimited Tax Refunding Bonds, Series 2020. Ms. Allen explained that she periodically evaluated whether the District would save money by issuing lower interest rate new bonds to pay off higher interest rate old bonds. She presented the refunding analysis attached as **Exhibit “W”** and stated that interest rates had dropped over the past few months to less than 3%. She stated that the proposed refunding was expected to result in a cumulative savings of \$139,460, and that the District’s total savings on all refunding bonds was expected to be \$1,906,558. Ms. Allen explained that the refunding analysis projected a net present value savings of \$130,909. She discussed the costs of refunding, including the basis for the fees to the District’s financial advisor, bond counsel, and general counsel. Ms. Allen described the method by which the underwriter and purchasers would be chosen, noting that the refunding would be on a negotiated basis rather than competitively bid, and discussed her expected underwriter recommendation of Samco. She stated that she believed the refunding issue could close in January. Ms. Hale then presented the Order Authorizing the Issuance of Block House Municipal Utility District Unlimited Tax Refunding Bonds; Levying an Ad Valorem Tax in Support of the Bonds; Approving an Official Statement; Authorizing the Execution of a Bond Purchase Agreement, a Paying Agent/Registrar Agreement and an Escrow Agreement; Establishing Procedures for Selling and Delivering the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds (“**Bond Order**”), attached as **Exhibit “X”**, and reviewed it with the Board. She discussed the delegation of pricing procedure and recommended that Directors Bennett and Logan be designated as pricing officer and alternate pricing officer, respectively. She explained that, as pricing officers, they would have authority to approve refunding terms for the District. She further explained that the Bond Order authorized the payment of Attorney General bond review fee. After discussion, upon motion by Director Logan and second by Director Bennett, the Board voted unanimously to approve the Bond Order, the

designation of the recommended pricing officers and procedures, and the payment of the Attorney General bond review fee.

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 "Y"** and the supplemental check register attached as **Exhibit "Z"**. 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. Ms. Kolmodin then reviewed the District's investments and the budget comparison. She reported that the District was about 99.49% collected on taxes through August. After discussion, upon motion by Director Horak and second by Director Koenig, the Board voted unanimously to approve the payment of the bills and invoices, as presented. Ms. Kolmodin then requested approval of the fund transfer and investment activity indicated in her report. Upon motion by Director Roberts and second by Director Logan, the Board voted unanimously to approve the transfers and investments.

Director Roberts stated that the Board would next discuss pool operations, repairs, and management. Ms. Smith presented the Pool Services Agreement attached as **Exhibit "AA"** and noted that the current agreement would expire on September 30, 2019. Director Logan stated that the Pools Subcommittee recommended approval of the Agreement. Director Bennett stated that Lifeguard4Hire had done a very good job caring for the District's pools over the past ten years. Director Logan noted that Mr. Davis was very proactive and good at communicating issues to the Board. After discussion, upon motion by Director Logan and second by Director Koenig, the Board voted unanimously to approve the Agreement. Director Logan then stated that the Pools Subcommittee had discussed the possibility of fall and spring swim lessons, but recently came up with a better idea that it would present at the next Board meeting.

Ms. Smith stated that there was nothing new to report on the Walker House.

Director Roberts stated that the Board would next receive a report from the Maintenance and Engineering Subcommittee. Director Bennett stated that Crossroads was working to evaluate whether there was sufficient capacity in the sewer line for the Tumlinson Pool backwash water discharge and would provide a recommendation once the evaluation was complete.

Director Roberts pointed out that the report from Texas Disposal Systems, Inc., and the "calls for service" log from the Cedar Park Fire Department were in the Directors' meeting packets. She reported that the Fire Department had responded to a complaint about a gas smell around the Jumano Community Center and determined that the smell was caused by an issue with Cedar Park's lift station. Ms. Smith stated that she would call Cedar Park to determine who was in charge of the lift station repairs. She then provided an update on the Fire Department's tree trimming request and reported that 38 of the 102 houses had live oak trees, which could not be trimmed at this time.

Director Roberts stated that the Board would next discuss stormwater system and creek maintenance. Ms. Smith reported that she and Ms. Mitchell would be meeting with an inspector from the Texas Commission on Environmental Quality at the beginning of October to review paperwork related to the MS4 permit renewal.

There being nothing to report regarding District parks and facilities or Scout items, Director Roberts stated that the Board would discuss the long-range planning, including the five-year plan, Director priorities and annexation. Ms. Smith recommended that the Board

schedule a special meeting after January 1, 2020 to discuss long-range planning. The Board agreed.

Director Roberts stated that the Board would next consider the park improvement/bond steering committee. Ms. Smith recommended that the name of the committee be revised to “park improvements steering committee” and she stated that almost all of the committee members had confirmed that Wednesdays would be the best day for meetings, noting that two Board members could also attend the meetings and be on the committee. The Board agreed to the name change, as recommended by Ms. Smith, and discussed the possibility of having Directors alternate attending the committee meetings instead of having the same two Directors attend all meetings. After discussion, the Board directed Ms. Smith to notify all Directors when each committee meeting was scheduled and agreed that the first two Directors to express an interest in each meeting would attend that particular meeting.

Director Roberts stated that the Board would next receive the attorney’s report and recognized Ms. Scholl. Ms. Scholl reviewed the directives from the prior Board meeting. Director Bennett stated that he had been in contact with Ms. Littlefield about disposal of the junk items located adjacent to the Jumano Park perimeter fence and all of the items, except for three benches, were junk that could be disposed of. Ms. Smith confirmed that she would handle disposal of the junk items. Ms. Scholl next discussed the Statement on Auditing Standard No. 99 fraud questionnaire. She explained to the Directors that they should review the questionnaire and, if their answers indicated they were aware of possible fraud or otherwise raised a concern, they should contact the auditor. She then provided a brief legislative update to the Board.

Director Roberts then stated that the Board would discuss subcommittee membership. After discussion, the Board decided to postpone action on the matter until Ms. Smith had an opportunity to make recommendations to the Board.

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

At 8:39 p.m., Director Roberts stated that the Board would next convene in executive session in order to receive legal advice regarding the payment request from Texas Trades, as permitted by Section 551.071 of the Texas Government Code. At 8:42 p.m., the Board reconvened in open session and Director Roberts announced that no action had been taken in executive session.

Upon motion by Director Logan and second by Director Koenig, the Board voted unanimously to adjourn the meeting at 8:42 p.m.

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[SIGNATURE PAGE TO SEPTEMBER 25, 2019 MINUTES]

Rayan Horak, Secretary
Board of Directors

Date: 10-23-19