

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

May 1, 2019

THE STATE OF TEXAS           §  
  §  
COUNTY OF WILLIAMSON       §

A special meeting of the Board of Directors of Block House Municipal Utility District was held on May 1, 2019, at 2600 Block House Drive South, Leander, Texas. The meeting was open to the public and notice was given as required by the Texas Open Meetings Act. A copy of the Certificate of Posting of the Notice is attached as Exhibit "A".

All of the Directors were present, as follows:

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

Also present at the meeting were Justin Taack of Public Finance Group LLC; David Gray of Gray Engineering, Inc.; Tanya Emmons of Pinnacle Texas Management Services ("Pinnacle"); Andrew Hunt of Crossroads Utility Services, LLC ("Crossroads"); and Sue Brooks Littlefield of Armbrust & Brown, PLLC ("A&B").

Director Roberts called the meeting to order at 6:30 p.m. and requested that any residents who wished to address the Board complete a Community Comment form available at the front of the meeting room. After the Pledge of Allegiance to the United States flag and a moment of silence or prayer, Director Roberts asked if there were any citizens' communications or Board member announcements. There being none, Director Roberts stated that the Board would consider approving the Director per diems for the meeting as set forth on the check register attached as Exhibit "B". Upon motion by Director Bennett and second by Director Koenig, the Board voted unanimously to approve the payment of the Director per diems.

Director Roberts stated that the Board would next discuss the process for transitioning management services. She announced that the Board would convene in executive session as authorized by Section 551.071 of the Texas Government Code, to receive legal advice regarding the transition process. The time was 6:32 p.m. The Board reconvened in open session at 6:36 p.m. and Director Roberts announced that no action had been taken in executive session.

Director Roberts then stated that the Board would discuss interim management services. She recognized Mr. Hunt, who stated that Crossroads was prepared to provide interim management services and presented the proposal attached as Exhibit "C". He noted that Crossroads had done the same in reverse when Pinnacle had become the District's manager and explained that his goal was to have a team assembled and to have several meetings with Pinnacle to coordinate the transition while Pinnacle was serving out its notice. He pointed out that his proposal provided a 30 to 60 day period to do this. Director Koenig moved approval of the proposal and Director Bennett seconded the motion. Director Roberts asked if there was any discussion, and noted that she had several questions. In response to a question from Director Roberts, Mr. Hunt confirmed that he could transition management services more

quickly than 60 days if desired. He pointed out that the proposal was strictly for management services and did not include the covenant and communications services provided by Pinnacle under separate agreements. He stated that he believed Crossroads would be able to work out a gate opening protocol if needed and added that they might need to have an independent contractor open the gates on weekends. Director Horak asked what a comfortable transition period would be and Mr. Hunt responded that 30 days, or June 1<sup>st</sup>, would be comfortable for him. Director Roberts asked if he had any thoughts for interim staffing of the Walker House. Mr. Hunt responded that he did not currently have a clear plan for that, but noted that Pinnacle would continue to be the point person for staffing the Walker House until the transition was complete. He recommended that the Board consider appointing a subcommittee to work with him and Pinnacle on the transition. Director Roberts stated that she would like to serve on the subcommittee and Director Logan stated that she would also like to serve. Upon being put to a vote, the Board voted unanimously to approve the proposal and to appoint Directors Roberts and Logan to act as the Board's management transition subcommittee. Director Roberts requested that Ms. Emmons prepare a list of day-to-day operations activities, including any services performed on-site, and any thing that would need to be addressed in the transition. Director Logan requested that Ms. Emmons also provide a list of any current projects that were ongoing.

Director Roberts stated that the Board would next discuss long-range planning and park improvements. She pointed out that Ms. Littlefield had brought a copy of the District's prior park plan, which had been adopted in the early 2000s to the meeting. She also called the Board's attention to a memorandum from McCall Parkhurst & Horton, LLP that included information on what the Board members could and could not do relating to promoting any bond election. After discussion, Ms. Littlefield agreed to email the memorandum and a copy of the park plan to the Directors.

Director Roberts then stated that the Board would discuss the perimeter fence project, including repairs to and maintenance of the existing fence. Ms. Emmons stated that there were sections of fence on Creek Run Drive where there were trees that had not allowed the repair work to be completed and also damage to at least one stone pillar that needed to be repaired. Director Bennett stated that the Engineering and Maintenance Subcommittee would evaluate the fence and the impact of the trees and make a recommendation to the Board. Director Logan asked Ms. Emmons if these trees had been a cause of delay of the previous fence project. Ms. Emmons responded that these were mostly larger trees that encroached into the right-of-way and that she had never had any clarity about how the Board wished to proceed. After discussion, the Board directed the Maintenance and Engineering Subcommittee to evaluate how to proceed and also the condition of the stone column and bring a recommendation back to the Board's regular May meeting. Director Logan asked if the damaged column was caused by a resident tying something to the fence and Ms. Emmons stated that it was.

Director Roberts then stated that the Board would consider the proposed masonry fence project. The Board reviewed projected costs and financing options, including the possibility of holding a recreational bond election and using bond funds. The Board also discussed the location of the existing fence, the existing License Agreement with Williamson County, the best location for a new fence, and the process for removal of the existing fence. Mr. Gray recommended that the fence be placed in the right-of-way adjacent to the property line and confirmed that the existing License Agreement would permit the project. He added that, in his experience, a temporary easement of about five feet on each property was desirable to allow construction of the fence and added that this would also allow connection of the residential side fences to the masonry fence. He stated that CMU was more expensive, but was longer lasting, and that he felt Fenccrete was more subject to movement on clay soils, but would probably be fine on the District's type of soil. In response to question from Director Bennett, Mr. Gray stated

that, in his experience, most districts used surplus operations funds and did these types of projects in phases. The Board discussed economies of scale and fencing alternatives. Mr. Gray estimated that the cost of six miles of fence would be \$3 to \$4 million, plus 20% for soft costs. He then discussed project specifications and confirmed that these would include addressing any landscaping or other encroachments.

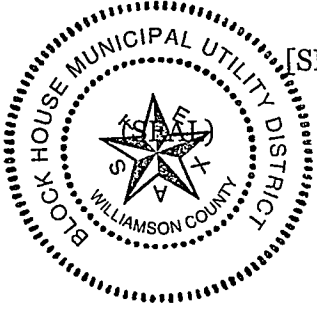
Mr. Taack then presented the financial analysis attached as **Exhibit "D"** and stated that, based on his recollection, the Board had already earmarked some operations funds for the fence project and these funds would affect the bottom line. He stated that, as noted on the summary page, options for between \$3 and \$5 million in bonds were outlined. He explained that the District's remaining outstanding bonds had a short life and that he had "wrapped the bonds" to push the debt service out in order to avoid hurting the District's debt service coverage ratios. Mr. Taack stated that he had projected a \$.02 increase in the debt service tax to accommodate this additional debt, but explained that he believed the District could reduce its operations and maintenance rate by the same amount since the Board would no longer be earmarking funds out of its operating budget for the fence project, so the overall tax rate could remain the same. The Board then discussed the timetable for various activities if it was to proceed with a bond election and directed Ms. Littlefield to include the election calendar in all future meeting packets until a decision was made on how to proceed.

The Board then discussed development of a park plan that included the fence project and other possible District park improvements, and reviewed examples of plans adopted by several other districts.

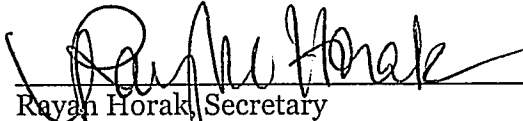
The Board agreed that it was unnecessary to review the meeting notes and then discussed holding an additional work session to allow the Board to move forward with the development of a park plan for the fence and other improvements. Director Roberts suggested that each Board member bring input on the sample park plan and that the Board also consider and take action on a proposal from Mr. Gray for preparation of the District's park plan. The Board discussed the timeline for the project and the fact that, if the voters approved the bond authorization at an election in November, the District would still need to obtain Texas Commission on Environmental Quality approval of the issuance of the bonds and then move forward with the bidding and construction process. After further discussion, the Board agreed to hold an additional work session on May 16, at 6:30 p.m. in order to approve a park plan; approve a related proposal from Gray Engineering; review the election calendar; discuss the specifications for the proposed project, which the Board concurred would be designated as a right-of-way beautification project; discuss any additional projects that the Board would like to include in the park plan; and discuss the appointment of a bond steering committee. Director Roberts suggested that each Board member bring the name of one proposed appointee to such a committee.

There being no further business to come before the Board, Director Koenig moved to adjourn the meeting. Director Bennett seconded the motion. Director Logan noted that she had missed the prior meeting due to illness and asked that, in the future, if a Board member missed a meeting and something significant occurred, that Board member be reached out to, so they could be updated and properly prepared for the next meeting in order to ensure that the Board was cohesive. The Board concurred that this should be the policy going forward. The motion to adjourn was then put to a vote and unanimously adopted.

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[SIGNATURE PAGE TO MAY 1, 2019 SPECIAL MEETING MINUTES]

  
Rayan Horak, Secretary  
Board of Directors

Date: 5-22-19