

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

September 28, 2020

THE STATE OF TEXAS §
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COUNTY OF WILLIAMSON §

A special meeting of the Board of Directors of Block House Municipal Utility District was held via telephone conference on September 28, 2020, at 1-888-510-5505; participant code: 199914. The meeting was open to the public and notice was given pursuant to the Texas Open Meetings Act, as modified by Governor Greg Abbott, and the related guidance from the Office of the Attorney General of the State of Texas. A copy of the Certificate of Posting of the Notice is attached as **Exhibit "A"**. An electronic agenda packet for the meeting was provided on-line via the link included in the meeting notice and the meeting was recorded and made available at the same link after the meeting.

All of the Directors were present, as follows:

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

Director Horak arrived later. Also present at the meeting were Andrew Hunt and Jacquelyn Smith of Crossroads Utility Services, LLC ("*Crossroads*"); Nur Labardini of Municipal Accounts and Consulting, L.P.; Linda Hubble of Public Finance Group LLC; Martin Fitch, David Shoemaker, and Ken Soule, residents of the District; and Sean Abbott of Armbrust & Brown, PLLC ("*A&B*").

Director Roberts called the meeting to order at 6:00 p.m. and welcomed those present. She confirmed that the meeting was being conducted via telephone and was being recorded. She requested that each speaker identify themselves when speaking and requested that anyone participating in the call mute their phone when they were not speaking.

Director Roberts stated that the Board would receive citizens' communications. There being none, Director Roberts stated that the Board would consider matters relating to the District's 2020-2021 budget and 2020 tax rate. Director Roberts opened the public hearing on the District's 2020 tax rate and asked if there was anyone present who wished to address the Board on the matter of the District's tax rate. Mr. Shoemaker stated that he understood the tax rate would be reduced, which he appreciated. He then stated that he understood that there was a minimum debt service rate that needed to be adopted, but noted that the assessed value of the District had dropped in the current tax year. He then noted the District's bond election in November of 2020 and stated that there was fiscal uncertainty in the District because of the reduced assessed values in the District.

Director Roberts then stated that the District had published a proposed tax rate of \$0.76 for the current tax year and noted that approximately \$0.14 of that tax rate is dedicated to the fire tax. She noted that because the highly-rated City of Cedar Park Fire Department provides fire service to the District, residents have had reduced home insurance costs. Director Roberts

then requested that Ms. Hubble provide an overview of the proposed District tax rate. Ms. Hubble confirmed that the debt service tax rate had increased by approximately \$0.005 because of the reduced assessed value in the District. She stated that, because of the proposed reduction in the operations and maintenance tax, the average District resident would see a reduction of 6.88% on their tax bill from the District. Director Roberts asked Ms. Hubble how the District's tax rate would be impacted by the approval of park bonds. Ms. Hubble stated that it was difficult to estimate and that it would depend on the assessed value of the District going forward. She further stated that the debt service rate may need to be increased by \$0.025 to accommodate the bonds, if all bonds authorized were issued. Director Logan asked if the proposed budget would work if \$0.025 would need to be removed from operations and maintenance tax rate. Mr. Abbott stated that such a reduction to the operations and maintenance budget would occur in future budgets. Director Logan noted that the District would have flexibility in when bonds would be sold if the park bonds were approved. Director Roberts then closed the public hearing.

Mr. Abbott then referenced the proposed fiscal year 2020-2021 budget, noting that there had not been any changes from the proposed budget presented in the prior month. He stated that the budget would be supported by the \$0.3218 operations and maintenance component of the proposed tax rate. After discussion, upon motion by Director Bennett and second by Director Logan, the Board voted 4-0 to approve the Resolution Adopting Budget attached as **Exhibit "B"**, incorporating the fiscal year 2020-2021 budget, as presented.

Director Horak arrived at 6:15 p.m.

Mr. Abbott next reviewed the District's proposed tax rate and noted the \$0.2925 debt service, \$0.3218 operations and maintenance, and \$0.1457 fire tax components. Ms. Hubble confirmed the proposed amounts and recommended adoption by the Board. Director Logan then moved that the Board adopt a \$0.76 tax rate, as recommended, and approve the Order Levying Taxes attached as **Exhibit "C"**. Upon second by Director Roberts, the motion was adopted, with Directors Roberts, Bennett, Horak, Logan, and Koenig present and voting "yes".

Director Roberts then stated that the Board would consider approving an Amended and Restated Information Form reflecting the District's 2020 tax rate. After discussion, upon motion by Director Logan and second by Director Bennett, the Board voted unanimously to approve the Amended and Restated Information Form attached as **Exhibit "D"**.

Director Roberts stated that the Board would next discuss the General Management Services Agreement, attached as **Exhibit "E"**. Mr. Abbott stated that he had worked with Mr. Hunt on the proposed draft, per the Board's direction, and reviewed the draft with the Board. He noted that additional provisions had been added to the proposed agreement that provided for hourly compensation for certain tasks undertaken by Ms. Smith. Director Roberts stated that she had concerns about the provisions and asked Mr. Hunt to confirm. Mr. Hunt stated that, at the request of Ms. Smith, they had added the provisions in response to concerns about the number of meetings that Ms. Smith would have to participate in on weekday evenings. Director Roberts then asked who the additional charges would be paid to. Mr. Hunt stated such payments would be made to Crossroads and reiterated that such provisions were an attempt to control how many late meetings Ms. Smith would need to attend on a monthly basis. Director Logan also expressed concerns about the provisions and noted that it was not realistic for all subcommittee meetings to occur during daytime hours. She stated that the District had never paid extra for such meetings in the past. Director Roberts asked Ms. Smith, on average, how many after-hours meetings she had per month. Ms. Smith stated that she would like to have the meetings spread out over the course of the month, particularly for standing subcommittee

meetings. Director Roberts asked the Board if subcommittee meetings during the day would be possible. Directors Bennett, Koenig, and Horak stated that daytime meetings would work, particularly if conducted telephonically. Director Logan stated that she would do her best to make herself available during daytime hours. She reiterated that she was not comfortable with additional costs for Ms. Smith to attend evening meetings. Mr. Hunt proposed that the provisions in question be struck and that Ms. Smith's schedule be adjusted to accommodate any late meetings that were necessary. Ms. Smith agreed with Mr. Hunt's proposed approach. Director Koenig requested that all Directors be cognizant of Ms. Smith's time going forward.

Director Roberts then **directed Mr. Abbott to add language into the General Management Services Agreement to provide for a mandatory performance review six months into the term of the agreement** and Mr. Hunt confirmed that Crossroads was amenable to such an approach. Director Logan expressed concern about the other proposed provisions in the agreement that provided for supplemental charges for work done by Ms. Smith, particularly for work that is not specifically contemplated in the agreement. She also noted that there was a limitation on the amount of surveys to be conducted on an annual basis. Director Roberts agreed that the general manager's compensation should cover such services. Director Logan stated that occasional weekend work had always been part of the general manager's role and requested that specific language be added that provided that the Crossroads administrative assistant be available to work the occasional shift on a weekend. Mr. Abbott suggested that any work to be billed separately by Crossroads would need to be approved by the Board before the work is undertaken, and the Board and Crossroads deemed that to be acceptable. Upon motion by Director Koenig and second by Director Bennett, the Board voted unanimously to approve the proposed General Management Services Agreement, subject to: (1) the addition of language relating to performance review; (2) removal of supplemental charges; (3) addition of language for Board approval of supplemental charges; and (4) occasional weekend workday for the Crossroads administrative assistant employee. Director Roberts asked Mr. Hunt when the job posting for the Crossroads administrative assistant employee would be posted, and Mr. Hunt stated that the posting would be done by the end of the week and that they hoped to complete the hire by the end of October.

Director Roberts then stated that the Board would discuss the Restrictive Covenant Enforcement Services Agreement, attached as **Exhibit "F"**. Mr. Abbott reviewed the changes to Agreement, including the provisions relating to compensation. Director Roberts requested that the performance review provision explicitly state that reviews be conducted at the discretion of the Board. Upon motion by Director Horak and second by Director Logan, the motion failed with a vote of 2-3, with Directors Bennett, Koenig, and Roberts voting "no", against adopting the Agreement.

At 7:05 p.m., the Board convened in executive session pursuant to Section 551.074, Texas Government Code, to discuss personnel matters. At 7:19 p.m., the Board reconvened in open session. Director Roberts confirmed that no action had been taken in executive session. **The Board then directed the District's general manager to investigate options for a new restrictive covenant consultant and to prepare a request for proposal for such services.**

Director Horak then reviewed the meeting notes attached as **Exhibit "G"**.

Director Roberts then inquired with the Board on their preference for meeting formats going forward. The Board Members expressed a preference for meeting via Zoom if "in person" meetings were not going to occur.

There being no further items to come before the Board, upon motion by Director Bennett and second by Director Koenig the Board voted unanimously to adjourn the meeting.

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[SIGNATURE PAGE TO SEPTEMBER 28, 2020 MINUTES]

Rayan Horak, Secretary
Board of Directors

Date: 10-28-20