

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

January 26, 2022

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 January 26, 2022, 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 of the members of the Board of Directors was called, as follows:

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

All of the Directors were present, except Directors Koenig and Logan, thus constituting a quorum. Also present at the meeting were Taylor Kolmodin of Municipal Accounts & Consulting, L.P. ("MAC"); Andrew Hunt, Allen Teague, Jacquelyn Smith, and Lisa Torres of Crossroads Utility Services, LLC ("Crossroads"); David Gray of Gray Engineering; Sandy Martin of the BHC Owners Association ("OA"); Tripp Hamby of Priority Landscapes ("Priority"); Ashlee Martin of McCall Gibson Swedlund Barfoot PLLC; Lauren Smith of Public Finance Group LLC; Deputy Billy Boggs of the Williamson County Sheriff's Office ("WCSO"); Dale Burnham, a resident of the District; and Sean Abbott of Armbrust & Brown, PLLC ("A&B").

Director Roberts called the meeting to order at 6:30 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 receive citizens' communications. Mr. Burnham then addressed the Board regarding short term rentals ("STRs") in the District. He stated that he had noticed homes in the District being utilized as STRs and that he had provided such notice to the District. He then stated that he wanted the Board to protect property values in the District.

Ms. Martin then addressed the Board and stated that she had a water bill issue. She confirmed that she had received a letter threatening termination of her water service. She stated that she undertook due diligence relating to her timely payment of the water bill in question and that it had taken 10 days for her check to arrive at the bank. She stated that the situation was unacceptable and that she was not happy that she had received a termination notice, given that she had undertaken the payment in a timely fashion.

Director McMullen then addressed the Board as a citizen and echoed Ms. Martin's comments. He noted that he had mailed a check for payment of his December water bill on

January 3, 2022 and that it was not cashed until January 18, 2022. He confirmed that he had received a termination letter on January 15, 2022. He further stated that he believed the language in the letter was too harsh and that the Board should consider adjusting the verbiage in the letter.

At the request of the Board, Mr. Abbott then addressed the concerns expressed by Mr. Burnham about STRs in the District. He confirmed that the Board had spent extensive time discussing the issue of STRs at the Board's January 12, 2022 special meeting. Mr. Abbott opined that the language relating to the leasing of homes in the restrictive covenants did not prohibit STRs in the District, and confirmed that recent decisions of the Supreme Court of Texas supported this opinion. Mr. Abbott further confirmed that, while the District was authorized to enforce restrictive covenants in certain portions of the District, the District did not have authority to unilaterally modify or revise the restrictive covenants. He noted that the restrictive covenants do establish a process for amendments to the covenants by residents and encouraged Mr. Burnham to research such provisions. Mr. Abbott added that neither the District or its representatives could provide legal guidance or assistance to any parties on how to modify or amend the covenants. He then recommended that if any residents desired to amend the covenants that legal counsel be retained to assist with drafting proper language and to generally navigate the process. He requested that, as the District was tasked with enforcing the restrictive covenants, that the District be provided with a copy of any proposed language related to amendment of the restrictive covenants for consideration. Mr. Abbott concluded by stating that: (1) the District intended to send a letter to the owner of any home in the District suspected of operating as an STR to confirm that any renters of the STR would need to comply with applicable restrictive covenants; and (2) the District was in the process of evaluating its park rules to confirm if STRs needed to be addressed in the rules.

Director Roberts then recognized Ms. Martin in order to receive a report from the BHC Owners Association. Ms. Martin confirmed that the OA had identified a tentative list of proposed events for 2022. She stated that she would make the District aware of the requests and that the March kite festival was being planned as the first event.

Director Roberts stated that the Board would next consider the audit of District's financial statements for fiscal year ended September 30, 2021, including the report from McCall Gibson Swedlund Barfoot PLLC, approval of the audit report and authorizing filing of the audit report. Ms. Martin addressed the Board and reviewed the audit report attached as **Exhibit "B"** with the Board, including a summary of (i) the Independent Auditor's Report, which she explained contained an unqualified, "clean" opinion; (ii) the Management's Discussion and Analysis, which she explained was a summary of District operations prepared by the District's bookkeeper on behalf of District management; (iii) the basic financial statements and the notes thereto; (iv) the required Supplementary Information; and (v) the Texas Supplementary Information. She confirmed that no significant difficulties were encountered in connection with the audit, that no misstatements were detected, and that there had been no disagreements with management. Ms. Martin then reviewed the client representation letter attached as **Exhibit "C"**. She concluded by requesting that the Board approve the audit report and the client representation letter, and authorize filing of the District's audit with the Texas Commission on Environmental Quality and the City of Cedar Park. Upon motion by Director McMullen and second by Director Bennett, the Board voted 3-0 to do so.

Director Roberts then stated that the Board would consider approving the minutes of the November 17, 2021 regular meeting, the December 15, 2021 regular meeting and the January 12, 2022 special meeting (collectively, the "Minutes"). After discussion, upon motion by Director McMullen and second by Director Bennett, the Board voted 3-0 to approve the Minutes.

Director Roberts stated that the Board would next discuss restrictive covenant enforcement, including pending or contemplated litigation, and recognized Director McMullen. Director McMullen reviewed Community Association Management's report and noted that several addresses had been referred to the District's attorney. He specifically noted that the home on 15361 English River Loop had holes in its roof, and added that the District could file suit or fix the roof and lien the property for the cost of the repairs. He further stated that the situation was a health hazard. Director Roberts stated that she was not in favor of fixing the roof. After further discussion, upon motion by Director McMullen and second by Director Bennett, the Board voted 3-0 to provide a 10-day notice period for the homeowner to fix the property and to plan to proceed to litigation if deficiencies were not properly addressed.

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 "D"**. She noted that there were three fund transfers and recommended approval. She then stated that a certificate of deposit had been renewed. After discussion, upon motion by Director McMullen and second by Director Bennett, the Board voted 3-0 to approve the payment of the bills and invoices, the fund transfers, and renewal of the certificate of deposit.

Director Roberts then stated that the Board would discuss pool operations, maintenance, repairs and management. Director McMullen stated that the new pumps at the pool were scheduled to be installed in February. He then presented a proposal from 360 Aquatics (Lifeguard 4 Hire) to replace the main canopy shade fabric above the slides at Tumlinson Pool – Estimate #4924, attached as **Exhibit "E"**. After discussion, upon motion by Director McMullen and second by Director Bennett, the Board voted 3-0 to approve Estimate #4924.

Director Roberts then stated that the Board would discuss landscape maintenance, including the report from Priority attached as **Exhibit "F"**. Mr. Hamby confirmed that maintenance work had begun on the Susan Lane Channel. He then noted that, otherwise, all District operations were occurring in a typical fashion.

Director Roberts stated that the Board would next discuss engineering matters, including the District right-of-way improvements, and recognized Mr. Gray. Mr. Gray reviewed his report, attached as **Exhibit "G"**. He stated that his firm continued to monitor development considerations with the City of Cedar Park, including the development of the Knight Tract and the Northwest New Hope Project. He further noted that he had corresponded with Crossroads regarding the repainting of certain District water facilities, and recommended that the Board engage a professional estimator to make a recommendation for the scope of the project. **After discussion, the Board then directed Mr. Gray to solicit a comprehensive proposal to address all areas that required repainting.** The Board then discussed the location of utility easements throughout the District and the need to identify such easements, particularly if additional utility facilities would be located in the vicinity of the District. **After further discussion, the Board directed Mr. Gray to draft a proposal to perform a survey to map and locate all of the District's utility easements.**

Mr. Gray then discussed the District's Right-of-Way Improvement project. He stated that his office had four distinct fencing recommendations for Board consideration, which would be priced per linear foot. He noted that the District currently had columns in place for existing Right-of-Way fencing and that certain plans would require the removal of those columns. Mr. Hamby noted that the condition of certain columns seemed to be deteriorating. Director Bennett then stated that he had spoken with Mr. Hunt regarding the District retaining a firm to conduct public outreach relating to the Right-of-Way project. After further discussion, **the Board directed**

Crossroads to obtain a proposal relating to public outreach and relations relating to the Right-of-Way project.

Director Roberts then stated that the Board would discuss District operations and recognized Ms. Torres. Ms. Torres reviewed the operations report attached as **Exhibit “H”**. She stated that all lab results were satisfactory and noted that the water loss for the month of December was 7.96%. She added that she had no write-offs to present at this meeting. Ms. Torres then reviewed her report on the District’s Identity Theft Protection Program, attached as **Exhibit “I”**, and stated that the program had been successful and that she did not recommend any changes. After discussion, upon motion by Director McMullen and second by Director Bennett, the Board voted 3-0 to approve the Resolution Confirming Annual Review of Identity Theft Prevention Program attached as **Exhibit “J”**.

Director Roberts stated that the Board would next discuss general management items, and recognized Ms. Smith. Ms. Smith reviewed her report, attached as **Exhibit “K”**. She stated that she had received a quote from BearSaver for a lockable trash can for Jumano Park, noting that the total cost, including shipping, was \$1,983. After further discussion, upon motion by Director Bennett and second by Director McMullen, the Board voted 3-0 to authorize Ms. Smith to purchase the trash can for Jumano Park.

Ms. Smith then noted that she had communicated with Texas Disposal Systems (“**TDS**”) about the installation of an additional dumpster in Jumano Park and confirmed that weekly pick up for such service could be provided for \$165.75 per month. After discussion, upon motion by Director Bennett and second by Director Roberts, the Board voted 3-0 to approve the proposal for the additional dumpster and **directed Mr. Abbott to prepare an amendment to the Agreement with TDS to provide for the additional service.**

Director Roberts stated that the Board would next discuss the Storm Water Management Program (SWMP) under TPDES General Permit TXR040000. Mr. Bennett reviewed the report from Jones & Carter relating to the Dry Weather Screening Inspection Report for Permit Year 3, attached as **Exhibit “L”**. After discussion, **the Board directed Crossroads to prepare a proposal to address the action items noted in the report.**

Director Roberts then recognized Ms. Smith regarding Public Finance Group’s MSRB Rule G-10 and Rule G-42 disclosures. Ms. Smith reviewed the letter from her firm relating to the disclosures, attached as **Exhibit “M”**, and noted that her firm’s client list was attached to the letter.

Mr. Abbott then called the Board’s attention to the Resolution Confirming Annual Review of Written Procedures for Post Bond Issuance Federal Tax Compliance attached as **Exhibit “N”** and the Resolution Confirming Annual Review of Code of Ethics, Travel and Professional Services Policy and Financial Investment Policy and Adopting Updated List of Qualified Brokers attached as **Exhibit “O”**, noting that no changes were recommended other than the update of the list of qualified brokers contained in the District’s financial policies. After discussion, upon motion by Director Bennett and second by Director McMullen, the Board voted 3-0 to approve the Resolutions.

Director Roberts then stated that the Board would discuss the General Management Services Agreement (the “**GM Agreement**”). At 8:15 p.m., she announced that the Board would convene in executive session to discuss personnel matters, as authorized by Section 551.074 of the Texas Government Code.

At 9:11 p.m., the Board reconvened in open session, and Director Roberts stated that no action had been taken in executive session. After discussion, upon motion by Director Roberts and second by Director Bennett, the Board voted 3-0 to: (1) remove Jacquelyn Smith as General Manager of the District; (2) appoint Lisa Torres and Andrew Hunt as temporary replacement General Managers; and (3) **directed Crossroads to undertake a search to hire a new General Manager for the District.**

Director Roberts then stated that the Board would discuss removing meeting notes from the District's meeting agendas and generally discontinuing the practice of keeping meeting notes. Discussion ensued. Upon motion by Director Bennett and second by Director McMullen, the Board voted 3-0 to remove meeting notes from meeting agendas and to discontinue the practice of keeping meeting notes.

Director Roberts stated that the Board would next discuss the Board's future meeting schedule and agenda items. Mr. Abbott confirmed that the next regular scheduled Board meeting was to occur on February 23, 2022.

There being no further items to come before the Board, upon motion by Director McMullen and second by Director Bennett, the Board voted 3-0 to adjourn the meeting.

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[SIGNATURE PAGE TO January 26, 2022 MINUTES]

Stuart McMullen, Assistant Secretary
Board of Directors

Date: 2-23-22