

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

October 26, 2022

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

A meeting of the Board of Directors of Block House Municipal Utility District was held on October 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 Director Roberts, thus constituting a quorum. Also present at the meeting were: Taylor Kolmodin of Municipal Accounts & Consulting, L.P. ("**MAC**"); Lisa Torres of Crossroads Utility Services, LLC ("**Crossroads**"); Dave Yanke of NewGen Strategies & Solutions, LLC ("**NewGen**"); Sandy Martin of the BHC Owners Association ("**QA**"); Tom Davis of Lifeguard4Hire ("**L4H**"); Deputy Antonio Lovato of the Williamson County Sheriff's Office ("**WCSO**"); David Gray of Gray Engineering; Lauren Smith of Public Finance Group LLC; Tripp Hamby of Priority Landscapes ("**Priority**"); Campbell Logan, Callie Logan, Diane Koenig, Janera Bennett, Tina Reckaway, David Shoemaker, David Johnson, Robert Young, and Terri Hutton, residents of the District; Ammie Busby; Jeff Altman; and Sean Abbott of Armbrust & Brown, PLLC ("**A&B**").

Director Bennett called the meeting to order at 6:30 p.m. and welcomed those present. He 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 Bennett then stated that the Board would receive citizens' communications and recognized Mr. Shoemaker. Mr. Shoemaker opined that the report from NewGen Strategies & Solutions, LLC and the Order Establishing Water and Wastewater Service Rates, Charges, Tap Fees, and Park Fees should not be adopted at the current meeting because residents had not had ample opportunity to review the rate study or the related adjustments to the District's water and wastewater rates.

Ms. Hutton noted that she was a survivor of a domestic assault and noted that Robert Young, a candidate for a place on the Block House Municipal Utility District Board, had a violent history. She noted that some of the information had been posted online on social media sites frequented by District residents. She then noted that Director Logan had posted on a social media website using the District's "log in". Ms. Hutton then recollected that Mr. Young had "yelled over

people” during a COVID-era District meeting that occurred via Zoom. She stated that she thought he was disruptive and that he would not be a good Board member. She concluded by stating that Mr. Young was not what the neighborhood needed.

Director Bennett stated that the Board would next consider approving the minutes of the September 12, 2022 special meeting and the September 28, 2022 regular meeting. Director McMullen noted that the fourth full paragraph on page 2 of the September 12, 2022 meeting should be updated to state that he suggested that park improvements should begin at Tonkawa Park in Year 1 and continue in Jumano Park in Year 2. After discussion upon motion by Director McMullen and second by Director Logan, the Board voted 4-0 to approve the September 12, 2022 special meeting minutes, as amended, and the September 28, 2022 regular meeting, as presented.

Director Bennett then stated that the Board would receive a report from NewGen regarding water and wastewater cost of service and rate design study and recognized Mr. Yanke. Mr. Yanke reviewed his firm’s Water and Wastewater Cost of Service and Rate Design Study, attached as **Exhibit “B”**. He noted that the City of Cedar Park had provided notice to the District that wholesale water and wastewater rates would increase in cost as of November 8, 2022. He then reminded the Board members that the District had not adjusted its wastewater rates since 2006 and its water rates since 2013. Mr. Yanke then reviewed two different scenarios to account for the City of Cedar Park’s rate increases — Scenario One, which would immediately raise rates and Scenario Two, which would phase in rate increases over the course of five years. He noted that the additional annual costs attributable to the City of Cedar Park rate increases would cost the District approximately \$174,000 annually. Mr. Yanke confirmed that, if the District chose to implement Scenario Two, it would need to utilize funds from reserves in order to account for the increased wholesale rates.

Mr. Abbott then reviewed the proposed changes to the Order Establishing Water and Wastewater Service Rates, Charges, Tap Fees, and Park Fees, and Adopting General Policies with Response to the District’s Water, Wastewater, and Drainage Systems, attached as **Exhibit “C”** (the “Rate Order”), which he confirmed represented NewGen’s proposed Scenario One. He noted a typo in Section III.B.3.a. of the Rate Order and stated that the proposed amount of the Monthly In-District Wastewater Rates should be \$4.20 per 1,000 gallons, not \$5.00 per 1,000 gallons. Director Logan noted that any rate increases adopted by the Board should be communicated to residents. She also noted that she would like additional time to review the NewGen rate study. Director McMullen stated that he favored the immediate adoption of Scenario One as he did not favor spending out of District reserves to pay for the rate increases being implemented by the City of Cedar Park. He noted that residents may not like the notion of paying for increased water and wastewater rates with reserve funds derived from ad valorem taxes. Director Koenig agreed with Director McMullen. After discussion, upon motion by Director Koenig and second by Director McMullen, the Board voted 3-1, with Director Logan voting “no”, to adopt the amended Rate Order in accordance with NewGen’s Scenario One, including the Monthly In-District Wastewater Rates of \$4.20 per \$1,000 gallons.

Director Bennett then stated that the Board would discuss the consideration of District policy or procedures regarding reporting of contact with WCSO officers. Director Logan stated that she thought it would be beneficial for Board members to officially track any communications made with the WCSO or any individual WCSO deputies. She suggested that, upon such communication, a Board member simply provide notice to the District’s General Manager of such communication. Director McMullen agreed that the proposal had merit and suggested that it would be beneficial to have such a policy in writing. Director Logan noted that it was her understanding that the WCSO deputies receive a lot of calls from Board members of the District. The Board then decided to table the discussion until the Board’s regular November meeting.

Director Bennett stated that the Board would next receive a report from the PR/Communications Subcommittee and recognized Mr. Abbott. Mr. Abbott confirmed that the District had directed him to draft a District social media policy. He then reviewed the draft Block House Municipal Utility District Social Media Policy, attached as **Exhibit “D”**, with the Board. Discussion ensued. Director Logan noted that she had suggested revisions to the policy. **The Board then directed Mr. Abbott to solicit comments from Board members on the proposed Social Media Policy prior to the next regular Board meeting and he agreed to do so.**

Director Bennett then stated that the Board would discuss the proposals from Owl Labs for Meeting Owl 3 virtual meeting device. Ms. Torres reviewed Quote Q-09995, attached as **Exhibit “E”**, and Quote Q-09996, attached as **Exhibit “F”**. She noted that Owl Labs had been reluctant and unwilling to provide a Form 1295 relating to the items. Director Logan noted that residents would like to be able to stream District meetings.

Director Bennett stated that the Board would next receive a restrictive covenant report from Ms. Torres. Ms. Torres reviewed the report provided by Community Association Management, Inc.

Director Bennett then stated that the Board would receive the bookkeeper’s report and recognized Ms. Kolmodin. Ms. Kolmodin presented the check register, attached as **Exhibit “G”**, and the supplemental check register, attached as **Exhibit “H”**. She reviewed three proposed fund transfers and recommended approval. After discussion, upon motion by Director McMullen and second by Director Logan, the Board voted 4-0 to approve payment of the bills and invoices and the fund transfers, as presented.

Director Bennett then recognized Ms. Smith for purposes of receiving a report from the District’s Financial Advisor. Ms. Smith reviewed the District’s 2022 tax levy with the Board and noted that the District’s ad valorem tax rate had decreased for four straight years. She noted that assessed values in the District had increased in the past two years and that she expected such values to continue to rise. She then reminded the Board that they had adopted increased tax exemptions prior to levying their ad valorem tax. Ms. Smith then reviewed the other taxing entities that also levied an ad valorem tax on District residents, such as Williamson County, Austin Community College, and Leander Independent School District. She noted that the “all in” tax rate for all taxing entities in Block House was approximately \$2.60 per \$100 taxable valuation.

Ms. Torres then reviewed the proposals for removal and replacement of expansion joint sealant at Apache Pool from 360 Aquatics (Estimate #6166), attached as **Exhibit “I”**, and from DigDug Construction (Estimate 015SH), attached as **Exhibit “J”**. She then reviewed the proposals for removal and replacement of expansion joint sealant at Tumlinson Pool from 360 Aquatics (Estimate #6167), attached as **Exhibit “K”**, and from DigDug Construction (Estimate 016SH), attached as **Exhibit “L”**. Director Bennett noted that 360 Aquatics’ proposals were lower than DigDug on both of the proposed services. Mr. Davis noted that it had been three years since the District had undertaken such work. Ms. Torres noted that DigDug had provided a more comprehensive scope of work in its proposals and recommended approving the proposals from DigDug. After discussion, upon motion by Director McMullen and second by Director Koenig, the Board voted 4-0 to approve 360 Aquatics Estimates #6166 and #6167.

Ms. Torres then reviewed the proposal from 360 Aquatics for replacement of lights at Tumlinson Pool (Estimate #6224) attached as **Exhibit “M”**. After discussion, upon motion by Director McMullen and second by Director Bennett, the Board voted 4-0 to approve 360 Aquatics Estimate #6224.

Director Bennett then stated that the Board would discuss landscape maintenance, including the report from Priority Landscapes, LLC, attached as **Exhibit “N”**. Ms. Torres then reviewed Proposal #1701 for installation of exterior Christmas lights and decorations, attached as **Exhibit “O”**. After discussion, upon motion by Director Bennett and second by Director Logan, the Board voted 4-0 to approve Proposal #1701. Ms. Torres then reviewed Proposal #1702 for tree removal to help with stop sign visibility, attached as **Exhibit “P”**. Upon question from Director Bennett, Ms. Torres confirmed that Williamson County had requested that the District undertake the work. After discussion, upon motion by Director McMullen and second by Director Logan, the Board voted 4-0 to approve Proposal #1702. Ms. Torres then reviewed Proposal #1703 for tree replacement, attached as **Exhibit “Q”**, and recommended approval of the proposal. After discussion, upon motion by Director McMullen and second by Director Koenig, the Board voted 4-0 to approve Proposal #1703.

Director Bennett stated that the Board would next consider approving the proposal from DigDug Construction for: pedestrian bridge in Tumlinson Park (Estimate 028SH) attached as **Exhibit “R”**; pedestrian bridge behind softball field in Tumlinson Park (Estimate 029SH) attached as **Exhibit “S”**; and replacement of concrete footing for volleyball poll in Tumlinson Park (Estimate 030SH) attached as **Exhibit “T”**. Ms. Torres recommended that the Board table discussions on Estimate 028SH and 029SH. She then recommended approval of Estimate 030SH. After discussion, upon motion by Director McMullen and second by Director Koenig, the Board voted 4-0 to approve Estimate 030SH.

Director Bennett then stated that the Board would consider approving the proposal from McCown Home Services for pressure washing and applying stain to deck at back of Walker House, attached as **Exhibit “U”**. After discussion, upon motion by Director Bennett and second by Director Koenig, the Board voted 4-0 to approve the proposal.

Director Bennett then offered a report from the Amenities Subcommittee. He noted that the rebuilding of the BMX track was complete and that everyone seemed to be happy. He thanked everyone who contributed their time in assisting the District with the task.

Director Bennett then stated that the Board would discuss engineering matters and recognized Mr. Gray. Mr. Gray reviewed his report, attached as **Exhibit “V”**. He confirmed that his firm continued to monitor the Pedernales Electric Cooperative restoration work in the District. He noted that park surveys were ongoing and that Jumano Park would be the next survey conducted. Director McMullen noted that water and electric utilities had not been noted on the Tonkawa survey. Mr. Gray confirmed that he would ensure such utilities were added. Mr. Gray then discussed the District’s \$3,150,000 Recreational Bond issue. He reviewed the District’s recently adopted Park Master Plan and listed the projects that were projected to be undertaken in 2023. After discussion, upon motion by Director McMullen and second by Director Koenig, the Board confirmed a preference for the inclusion of such projects in a bond application to Texas Commission on Environmental Quality and **directed Mr. Gray to move forward with the preparation of a bond application to fund such projects.**

Director Bennett then stated that the Board would receive a report from Crossroads Utility Services, LLC and recognized Ms. Torres. Ms. Torres reviewed the operations report attached as **Exhibit “W”**. She stated that all lab results were satisfactory and added that the water loss for the month of July was 8.77%, which, she noted, was up slightly from last month. She added that she had no write-offs to present. Ms. Torres then noted that all of the sports courts in the District had been successfully resurfaced.

Ms. Torres then reviewed the general manager's report, attached as **Exhibit "X"**. She reviewed the request for use of facilities from David Wood of Cubmaster Park 171 for use of Apache Pool and waiver of fees for a Scout Adult Leader certification event on November 6th from 8:00 a.m. to 5:00 p.m. Ms. Torres noted that the time requested was at a time when the Pool would typically be closed. Director Koenig recalled that the District had allowed the Scouts to use the Pool for such purposes in the past, but that they had not previously used the entire Pool and the duration of the requested time was considerably shorter. Director Koenig offered to communicate with Mr. Wood regarding the requested use. After discussion, upon motion by Director McMullen and second by Director Koenig, the Board voted 4-0 to approve the use of two lanes at the Pool for a shorter time period, with L4H staffing the event, and **directed Director Koenig to communicate with the Scouts regarding the approved Pool use.**

Director Koenig left the meeting at 8:00 p.m.

Director Bennett then recognized Mr. Abbott for purposes of receiving the attorney's report. Mr. Abbott reviewed the redline of the proposed Pool Services Agreement with Lifeguard 4 Hire, L.L.C. with the Board. He noted that he had worked extensively with the Amenities Subcommittee, Ms. Torres, and Mr. Davis to finalize the proposed Agreement. Mr. Davis then requested that Section III.D.3.m be removed as it was duplicative to another section of the Agreement. Mr. Abbott noted that, as "Rec Desk" was no longer to be utilized at District pools, the relevant language relating to Rec Desk and pool registration and identification had been removed. He suggested that an amendment to the Agreement be considered in the coming months to address the District's new system of registration and identification. After discussion, upon motion by Director McMullen and second by Director Logan, the Board voted 3-0 to approve the Pool Services Agreement with Lifeguard 4 Hire, L.L.C., attached as **Exhibit "Y"**, including the removal of Section III.D.3.m, as suggested by Mr. Davis.

Mr. Abbott then reviewed the redline of the Information Technology Services Agreement with Elite Computing, LLC with the Board. After discussion, upon motion by Director Bennett and second by Director Logan, the Board voted 3-0 to approve the Agreement, attached as **Exhibit "Z"**.

Mr. Abbott then reviewed the redline of the Landscape Maintenance Agreement with Priority Landscapes, LLC with the Board. He confirmed that the Amenities Subcommittee had reviewed the proposed renewal to the Agreement. After discussion, upon motion by Director Logan and second by Director Bennett, the Board voted 3-0 to approve the Agreement, attached as **Exhibit "AA"**.

Director Bennett then stated the Board would discuss the complaint received from Director Logan about Director Koenig under the Code of Ethics, Travel, and Processional Services Policy. Director McMullen opined that he would like to resolve the complaint at the current meeting and Director Logan agreed.

At 8:34 p.m., Director Bennett announced that the Board would convene in executive session to receive legal advice from the District's attorney, as authorized by Section 551.071 of the Texas Government Code.

At 8:50 p.m., the Board reconvened in open session, and Director Bennett stated that no action had been taken in executive session.

Upon motion by Director McMullen and second by Director Bennett, the Board voted 3-0 to table consideration of the complaint and to resume deliberation on the matter at the Board's regular November meeting.

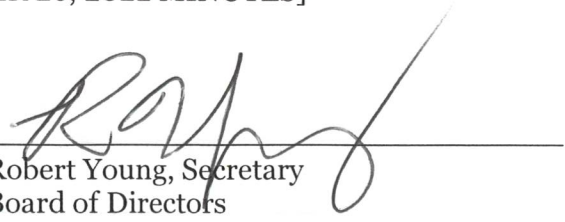
Director Bennett stated that the Board would next discuss the Board's future meeting schedule and agenda items. Mr. Abbott reminded the Board that they would need to meet in late November to canvass the District's election. He noted that dates were limited because of when certified election results were received from Williamson County and suggested that the Board meet on November 22, 2022. Directors Logan and McMullen stated that they would not be available for the meeting. The Board then confirmed that they would hold their canvassing meeting on November 22, 2022 and a regular November Board meeting on November 30, 2022.

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

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[SIGNATURE PAGE TO OCTOBER 26, 2022 MINUTES]



Robert Young, Secretary
Board of Directors

Date: 11-30-22