MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE FERN BLUFF MUNICIPAL UTILITY DISTRICT
March 9, 2010

THE STATE OF TEXAS
WILLIAMSON COUNTY

The Board of Directors of the Fern Bluff Municipal Utility District convened in a regular meeting, open to the public, at 6:00 p.m. on March 9, 2010 at the Fern Bluff Municipal Utility District Community Center, 7320 Wyoming Springs Drive, Round Rock, Texas, pursuant to notice duly given in accordance with the law.

The roll was called of the following members of the Board of Directors:

Patrick Savarese	President
Jeff Bradley	Vice President
Joseph Teiber	Secretary
Farrell Walker	Treasurer
Dave Quillman	Assistant Secretary/Treasurer

All Directors were present with the exception of Directors Bradley and Savarese, thus constituting a quorum. Also present were District General Manager, Janey Miller; Operations Manager, Hector Alanis; Phil Haag and Jennifer Waits of McGinnis Lochridge & Kilgore LLP; Community Center Manger, Cindy Alvarado; Mark Burns of ECO Systems; The District's Auditor, Don Allman, and several District residents.

1. Immediately upon calling the meeting to order, Director Teiber led the Pledge of Allegiance.

2. Present for Citizen Communications, was resident, John Taylor, who requested clarification of the status of the Creekbend extension project. Mr. Taylor expressed his opposition to the project.

3. The Board then considered the first item of business; the Consent Agenda. Upon a motion by Director Walker and seconded by Director Quillman; the Board unanimously approved the items on the consent agenda, including the revised meeting minutes from the January regular meeting, payment of and transfers for operation expenses; requests and change orders.

4. Next, the Board reviewed the District Audit for fiscal year ending September 20, 2009. Mr. Allman presented the Board with hard copies of the Audit, and reviewed the items contained therein. He said that Fern Bluff MUD was in excellent financial standing, and had the best financial statement of any other entity he's audited in 2009. Director Walker requested Mr. Allman to better format the Audit in the future, and Mr. Allman agreed to do so. Upon a motion by

Director Walker and seconded by Director Quillman, the Board unanimously approved the Audit as presented and authorized filing same with the Texas Commission on Environmental Quality.

5. The next item of business for Board authorization to file the District's 2009 supplemental financial information as part of its Continuing Disclosure. Mr. Haag explained that each time the District issues bonds, it agrees to provide updated financial and operating data to the bondholders on an annual basis as long as the bonds remain outstanding, and to provide timely notice of specified material events related to the Bonds to certain information vendors. Each year, the District's financial advisor, First Southwest Co. submits the District's audited Financial Statements to the Municipal securities Rulemaking Board (the "MSRB"), as approved by the staff of the United States Securities and Exchange Commission (the "SEC"). Upon a motion by Director Quillman and seconded by Director Walker; the Board unanimously approved and authorized the filing.

6. Next, the Board discussed the Ivie Tract/KLIP Investments proposed service. Ms. Miller stated that this was an ongoing project for the Board, and that Mr. Haag had draft proposed contracts for the Board to review. Director Walker requested that this item be tabled for the April meeting, as to give the Directors more time to review the documents. There was no action on this item.

7. The Board then received reports from consultants and committees:

   Landscape Contractor – Mr. Burns presented his report in its entirety and as contained in the Board packet. Additionally, he presented a proposal to begin phase 2 of the bed renovation at Brightwater Park. The scope of Phase 2 was to install 34 dwarf Yaupon Hollies to create a hedge on either side of the stone pathway; to install 3 African Iris and 10 River Fern adjacent to the river rock stream; to install 10 native Lantana to fill empty spaces and to provide color; install 3 Red Yucca at the bed point to fill empty space and discourage foot traffic, and to install 4 Knock Out roses at the monument sign bed. Upon a motion by Director Walker and seconded by Director Quillman; the Board unanimously approved the proposal for Phase 2.

General Manager – Ms. Miller presented her General Manager's Report in its entirety, and as contained in the Board packet.

Operations Manager – Mr. Alanis presented his report on operations in the District in its entirety and as contained in the Board packet. He added that he would like to discuss the District's emergency preparedness at the April meeting, and asked that it be added to the Agenda.

Deed Restriction – Director Quillman reported that the committee continues to meet on a monthly basis, and added that of the 206 deed restriction violations, 133 have been resolved and 4 are in the process of being handled legally.

Security – Lieutenant David addressed the Board noting that there has been a noticeable increase in daytime burglaries ranging from Leander to Anderson Mill Limited District. He noted that burglaries occur during the day on weekdays.

Newsletter – Items for the April newsletter include the a district-wide warning on the burglaries Lieutenant David spoke of; the 2010 Directors Election; classes being offered at the community center and the District clean-up and beautification days.

There being no further business to come before the Board, Director Walker moved to adjourn the meeting at 7:40 p.m. Director Quillman seconded the motion, and upon being placed to a vote, the meeting adjourned.

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Secretary
Fern Bluff MUD Board of Directors