MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE FERN BLUFF MUNICIPAL UTILITY DISTRICT

May 11, 2011

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 May 11, 2011 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
Joseph Teiber	Vice President
Dave Quillman	Secretary
George Sabatino	Treasurer
Jessica Stempko	Asst. Secretary/Treasurer/Parliamentarian

All Directors were present, thus constituting a quorum. Also present, were District General Manager, Janey Miller; Operations Manager, Hector Alanis of Severn Trent Environmental Services; Community Center Manager, Cindi Alvarado; Scott Rhodes and Jennifer Waits of McGinnis, Lochridge & Kilgore LLP; Mark Burns of ECOSystems Landscape Services, Tony Corbett of Corbett and Freeman; John Barganski of First Southwest, and several District residents.

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

2. Mr. Rhodes then administered the Oath of Office to Mr. George Sabatino, and duly confirmed him as Director for the Board of Directors of the Fern Bluff MUD Municipal Utility District.

3. Next, the Board recognized Ms. Kim Oakley. Ms. Oakley informed the Board that the school choir's end of year picnic is on May 21, 2011 and will be at the Fern Bluff Park. She asked if there were any bans in place for barbecue pits, etc. in light of the drought and recent bans on outdoor, fire-related activities.

4. The next item of business was consideration of the consent agenda. Director Teiber moved that the Board table the April minutes for the next regular meeting and approve the remaining items including, payment of and transfers for operation expenses, pay requests and change orders, as

well as customer charge write offs. Director Quillman seconded the motion, and upon being placed to a vote, the motion carried unanimously.

5. The Board then discussed political signage. Director Quillman explained that there are not any MUD rules related to political signage on MUD property however, he does not feel it is good policy to allow political signage on MUD property, including parks and the community center. The Board authorized Directors Teiber and Stempko to form an ad hoc committee to further discuss the issue and later make recommendations to the Board at a later date.

6. Next, the Board considered and took action regarding the issuance of the District's $2,730,000 waterworks and sewer system Combination Unlimited Tax and Revenue Refunding Bonds, Series 2011 (the "Bonds").

   Mr. Barganski addressed the Board, informing the Directors that the market has shifted in favor of the District since the Fall of 2010, and it was his recommendation to prepare and authorize the documentation for the refunding transaction. Mr. Corbett discussed the transaction with the Board as well, and reviewed the associated documents. Upon a motion by Director Savarese and seconded by Director Teiber, the Board unanimously approved a Resolution Authorizing the Issuance of Fern Bluff Municipal Utility District $2,730,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2011; execution and delivery of a Paying Agent/registrar Agreement, Escrow Deposit Letter and Bond Purchase Agreement; procedures for selling and delivering the Bonds; and containing other provisions relating to the issuance of the Bonds; the Preliminary Official Statement; payment of the Attorney General Bond Review Fee; and other actions necessary, appropriate or convenient regarding the issuance, sale and delivery of the Bonds.

   Mr. Barganski noted that the District is saving approximately $135K total net of all costs.

7. Next, the Board received reports from consultants and committees.

   Landscape Contractor – Mr. Burns presented his report in its entirety and as contained in the Board packet. He reported on all of the parks, noting that the heat and drought conditions have put considerable pressure on the rotors of the irrigation system to water the parks. He said that ECO Systems has adjusted the rotors and that they will fertilize after there is some moisture on the ground. He presented the Board with 2 proposals (p. 117-119) that the Directors considered. Upon a motion by Director Quillman and seconded by Director Stempko, the Board unanimously approved the community center exterior wall construction. Upon a motion

by Director Teiber and seconded by Director Quillman, the Board unanimously approved improvements to the ball fields. Director Tieber moved approval of repairs of the existing patio and playscape (option 1). Director Stempko seconded the motion and upon being placed to a vote, Directors Teiber, Stempko, Quillman and Sabatino voted "aye" and President Savarese noted "nay."

General Manager – Ms. Miller presented her General Manager's Report as contained in the Board packet, reviewing the financial, parks and District report. She asked that the Board consider approval of a top-coat at the Brightwater Park parking lot, and reported on an issue of concern with the District's TML policy with respect to a 5% fee for workers compensation coverage for the patrol officers that provide security patrols. She noted that the contract the District entered into with the county for these patrols has language contained and fees associated to provide this coverage. Mr. Rhodes and Mr. Haag are looking further into the matter, and will report back to the Board.

Operations Manager – Mr. Alanis presented his report on operations in the District as contained in the Board packet. He reported on the ongoing issue at Springfield Gorge and that Severn Trent is still investigating for leaks.

Deed Restriction – Director Quillman reported on the status of enforcement throughout the District and asked that the committee meet in the coming days.

Security – Director Teiber reported that burglaries of motor vehicles has decreased and expressed he felt the increase patrols alongside the unpredictable patrol of these officers is a reason for the improvement.

Newsletter – The entire newsletter will be dedicated to information related to the county chip seal project.

There being no further business, the Board adjourned at 7:40 p.m.

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Secretary, Board of Directors
Fern Bluff Municipal Utility