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

June 9, 2015

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 6:02 p.m. on June 9, 2015 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	Assistant Secretary/Treasurer

All Directors were present, except Director Quillman, who arrived at 6:13 p.m. and Director Stempko, who arrived at 6:18 p.m., thus constituting a quorum. Also present were District General Manager, Janey Miller; Operations Manager, Hector Alanis; Lance Terrell, a resident of Brushy Creek Municipal Utility District; Charles Evans of ECO Systems Landscaping Services ("ECO"); Phil Haag and Suzanne McCalla of McGinnis Lochridge; and Cindi Alvarado, Community Center Manager.

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

2. Next, President Savarese recognized Mr. Terrell who wished to address the Board. Mr. Terrell reported on valve covers located along O'Conner Drive/Avery Ranch Boulevard at the intersection of Morgan Hill Trail. He explained that O'Conner Drive/Avery Ranch Boulevard had been resurfaced in the past, causing valve covers in the area to sink three to four inches. He asked that the Board consider raising the valve covers. At this point, Mr. Terrell departed the meeting. No action was taken by the Board at this time.

3. The next item of business was approval of the monthly consent agenda. Upon a motion duly made by Director Teiber and seconded by Director Savarese, the Board voted unanimously to approve the Consent Agenda containing the minutes from the May 12, 2015 Board meeting, payment of bills and invoices, payment of transfers for operation expenses, pay requests, change orders and customer charge write-offs. Information regarding the District's financial information is included in the Board Packet, a copy of which is attached hereto and shall be considered an exhibit to these minutes.

4. At this point, the Board received the report from the District's Landscape Contractor.

   Landscape Contractor – Mr. Evans reported that ECO had completed the cleanup of green belt areas in the District after the recent storms. He added that the top dressing of the sports fields at Olsen Meadows Park should be completed by June 10, 2015. Mr. Evans stated that the District was currently irrigating two times per week, and he requested authorization to temporarily irrigate the sports fields and new plantings in the parks of the District three times per week until the landscaping was established. Ms. Miller noted that the District was no longer under drought restrictions and that the irrigation of new plantings three times a week would not be a problem.

5. Ms. Miller then reviewed with the Board the details of the District's proposed participation in the Texas County & District Retirement System ("TCDRS"). Ms. Miller explained the advantages of participating in the TCDRS. She pointed out that if the Board opted to move forward with participation in the TCDRS, a representative from TCDRS would make a full presentation to the Board. After discussion by the Board, upon a motion duly made by Director Saverese and seconded by Director Quillman, the Board voted unanimously to authorize the District's General Manager to move forward with the District's participation in the TCDRS. Additional information regarding the TCDRS is included in the Board Packet.

6. Next, the Board considered a revised rate structure for the District's fiscal year ending September 30, 2016. Ms. Miller explained that the City of Round Rock (the "City") planned to increase the base rate and volumetric rate charged to the District by 9.1%. She reported that the District's rates were comparable with other districts with the exception of the base rate charged by the District to its customers for the first 2,000 gallons of usage. She recommended that the District restructure its rates to more closely resemble the City's rate structure. After discussion, the Board authorized the District's Budget Committee to research budgeting options for the District with the 2,000-gallon base rate structure removed and present a recommendation to the Board.

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

   General Manager – Ms. Miller presented the General Manager's report, a copy of which is included in the Board Packet. First, Ms. Miller updated the Board on the status of the design of the office space at the Community Center. She stated that she had met with the District's architect, KAH Architecture ("KAH") on June 8, 2015, and she reviewed with the Board the design plans submitted by KAH, a copy of which is attached hereto as an exhibit to these minutes. Ms. Miller also discussed with the Board the proposed updates to the interior of the Community Center, including new flooring and painting options. After a question from Director Quillman regarding the installation of gutters, Ms. Miller

confirmed that new gutters would be installed in the renovated areas. She added that due to a major leak in the electrical room, the entire gutter system for the building may need to be updated or replaced. Ms. Miller anticipated that the renovation of the Community Center would be complete by the end of the summer.

Next, Ms. Miller reported that the District's Water Quality Report (Consumer Confidence Report) ("CCR") was mailed out to customers of the District on May 28, 2015, along with the District's utility bills. She added that Mr. Alanis had prepared the CCR in house, saving the District approximately $1,500. She noted that additional information regarding storm water pollution prevention and the availability of Household Hazardous Waste vouchers was included in the CCR.

Continuing her report, Ms. Miller discussed with the Board the proposed renovation and reuse of the floor space of the District's elevated storage tank (the "EST") for use as a temporary emergency office space during the construction of the improvements to the Community Center (the "EST Project"). She informed the Board that she had contacted the City regarding any permits required for the EST Project and was told that no permits were needed. Ms Miller added that several other districts had already constructed operation structures in elevated storage tanks.

Ms. Miller then told the Board that Mr. Alanis was proposing to be the Project Manager for the EST Project. Mr. Alanis explained that he had contacted contractors regarding the construction of the EST Project and that the costs were significantly higher than anticipated. Mr. Alanis stated that he would hire individuals to complete the work and oversee the construction. Mr. Alanis then presented a proposal of $24,500 to complete the EST Project. He reported that the District could add a second floor to the EST Project to allow for in-house storage of the District's documents currently stored offsite at Iron Mountain. He noted that the additional costs of adding a second floor would be $4,220 for a total cost to the District for the EST Project of $28,720. A discussion ensued. After further discussion and a motion duly made by Director Sabatino and seconded by Director Savarese, the Board voted unanimously to authorize Mr. Alanis to be the Project Manager and to accept the proposal to complete the EST Project, including the second floor, for a total cost to the District of $28,720. A copy of the proposal, thus approved, is attached to these minutes as an exhibit.

Operations Report. Mr. Alanis next reviewed the District's water loss report. He noted that the District's water accountability for the month of April was at 100% of water pumped versus water distributed. Director Sabatino questioned the status of the District's meter change out program, and Mr. Alanis responded that the meter change out program was ongoing with meters registering the highest water use being changed out first.

Budget Committee. There was no report.

Roads Committee. Ms. Miller reported that the City had notified the District that they would be relocating the master meter. She stated that her office was working with the City regarding the relocation. Ms. Miller recommended that the District upgrade the District's meter at this time. She explained that the costs to the District would only include the cost of the replacement meter. Ms. Miller then stated that her office would be submitting meter and vault specifications to the City. After a brief discussion, upon a motion duly made by Director Savarese and seconded by Director Teiber, the Board voted unanimously to authorize the District's General Manager to proceed with the meter replacement as discussed.

Deed Restriction Committee. Ms. Miller informed the Board that the refrigerator located in the front of the garage of a District resident had been removed. She added that the low hanging limbs obstructing the road in the area of Mount Shasta and Columbia Falls in the District had also been removed.

Security Committee. Director Teiber reported on the District's request that the Williamson County Sheriff's Office (the "Sheriff's Office") enforce the ban on fishing in the District's ponds. He stated that Mr. Haag's office had contacted Captain Mike Gleason with the Sheriff's Office regarding the issue and that Captain Gleason had stated that if the District posted "No Trespassing" signs along with the "No Fishing" signs in the area, the Sheriff's Office would enforce no trespassing at the ponds. Director Teiber recommended that the Board direct the District's Attorney to draft a letter to the Sheriff's Office for signature by the Board, memorializing the District's understanding that the Sheriff's Office will enforce the District's rules if "No Trespassing" signs are posted at the District's ponds, and the Board concurred.

Environmental Committee. There was no report.

Engineer. There was no report.

Attorney. Mr. Haag reported that he continued to monitor water district-related legislation and that a full report would be provided at the District's next meeting.

Communications. There was no report.

There being no further business to come before the Board, the next meeting was scheduled for July, 14, 2015. The meeting adjourned at 7:02 p.m.

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Secretary

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Fern Bluff MUD Board of Directors

Attachments to the Minutes of the
Fern Bluff Municipal Utility District
June 9, 2015 Board of Directors Meeting

1. Board Packet ;
2. Community Center design plans prepared by KAH; and
3. Proposal for the EST Project.