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

June 15, 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 June 15, 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, and several District residents.

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

2. The Board then considered the consent agenda. After the Directors determined there were no items subject to removal, Director Teiber moved that the Board approve the consent agenda including, approval of meeting minutes, payment of and transfers for operation expenses, pay requests and change orders, and customer charge write offs. President Savarese seconded the motion, and upon being placed to a vote, the motion carried unanimously.

3. The Board then discussed Director Sabatino as an authorized signatory on District bank accounts. Ms. Miller presented the Board with documentation that formally authorized Director Sabatino, and explained that all of the Directors were subject to Board approval as well as approval from the bank. Upon a motion by President Savarese and seconded by

Director Stempko, the Board unanimously approved the authorization. Director Sabatino abstained from the vote.

4. 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, and the ongoing stress that the drought is subjecting the ball field improvements and all plantings throughout Fern Bluff MUD. He added that maintaining an adequate watering schedule is the primary focus of his team.

   General Manager – Ms. Miller presented her General Manager's Report as contained in the Board packet, reviewing the financial, parks and District report. She reported on a late payment to the Internal Revenue Service for payroll taxes as a result of the District's former account management company, Municipal Accounts. (Municipal Accounts was contracted by the District's former general management company, Southwest Water.) Municipal Accounts overlooked the payment, and consequently, late fees, penalties and interest were added to the outstanding payroll tax. After further discussion, the Board determined it best to have Mr. Haag write a letter to Southwest Water Co. requesting payment to the District as a result of their error. Additionally, President Savarese moved that the Board authorize payment to the IRS in an amount not to exceed $2K. Director Stempko seconded the motion, and upon being placed to a vote, all Directors voted, "aye."

   Operations Manager – Mr. Alanis presented his report on operations in the District as contained in the Board packet. He reported on a leak found on Sutter Creek Trail, which has since been repaired. He added that the extreme heat and lack of rain causes stress on the facilities and as such, his team will continue to look for leaks.

RESUME HERE…

   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