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

July 12, 2012

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 July 12, 2012 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, thus constituting a quorum. Also present were District General Manager, Janey Miller; Mel Leal of McGinnis Lochridge & Kilgore LLP; Community Center Manager, Cindy Alvarado; Brian Schmidt of Ecosystems, and several District residents.

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

2. The Board then recognized district resident, MaryAnne Breaux, who addressed low hanging trees at the intersection of her street, and a foreclosed home that is next to her property, and in need of yard maintenance.

3. Next, the Board considered its first item of business, the consent agenda. Director Teiber moved that the Board approve the Consent Agenda containing minutes from the July meeting, payment of and transfers for operation expenses, requests and change orders and customer charge offs. Director Stempko seconded the motion, and upon being placed to a vote, the motion carried unanimously.

4. The next item of business for discussion was storage space at Fern Bluff Park. Ms. Janice Berthelsen addressed the Board and its purchase of a new key access system to facilities throughout the District, including a storage shed at Fern Bluff Park. Ms. Berthelsen explained that the MUD and the Fern Bluff Neighborhood Association have shared the storage shed since 1994. She asked that the MUD Board consider the history of use of the shed and asked that the Board allow the Neighborhood Association to continue to store their materials in the shed. Ms. Miller explained that the District is in need of more storage space

and that the storage shed is the primary space for maintenance projects for operations. Director Stempko said that she is sympathetic to both the needs of the Neighborhood Association and the MUD, as she is a member of an HOA and has HOA supplies in her personal garage, however as the operations and maintenance of the MUD continues to grow, it is apparent that the District needs to fully utilize the space it has. She further asked Ms. Berthelsen to ask the members of the Fern Bluff Neighborhood Association to volunteer personal storage space as other HOA members do. Director Sabatino moved that the Fern Bluff MUD Board reclaim the storage property previously shared by the District and the Neighborhood Association. Director Savarese seconded the motion and upon being placed to a vote, all directors voted "aye" and the motion carried unanimously.

5. Next, the Board discussed a proposed policy for post-issuance tax compliance program. Ms. Leal distributed a draft proposed policy and informed the Board that the IRS has requested bond issuers of tax exempt status to adopt a program or policy that identifies policies in place that are compliant with reporting and record keeping. After discussing the matter further, the Board determined it would table the item until a later date. No action was taken.

6. The Board then discussed authorization of the District's submittal of its Eminent Domain authority. Ms. Leal reported that pursuant to the passage of Senate Bill 18, 82nd Legislature, all governmental entities with the power of eminent domain, must submit notice to the Texas Comptroller's office no later than December 2012 of its authority of Eminent Domain. She explained that McGinnis, Lochridge & Kilgore is preparing notice on behalf of clients with Eminent Domain authority and is preparing Fern Bluff's as well. Upon a motion by President Savarese and seconded by Director Teiber, the Board unanimously approved submittal to the Comptroller's Office of Fern Bluff MUDs notice of Eminent Domain powers. Upon a motion by Director Savarese and seconded by Director Stempko, the Board authorized McGinnis, Lochridge & Kilgore LLP to prepare the notice on behalf of Fern Bluff MUD.

7. Next, the Board discussed the purchase of a district vehicle. At the June 2012 Board meeting, the Board authorized Ms. Miller was to shop for a vehicle that would fit the needs of the District employees that are currently using their personal vehicles to haul debris, brush and perform other maintenance and operation duties for the District. Ms. Miller presented the Board with the bid information she gathered throughout the month including the dealership information and over all pricing. Upon a motion by President Savarese and seconded by Director Sabatino, the Board unanimously approved the purchase of a 2012 Nissan 4x4 pick up in the amount of $25,600.00 from Town North Nissan.

8. The Board then received reports from consultants and committees.

Landscape Contractor – Mr. Schmidt presented his report in its entirety and as contained in the Board packet.

General Manager – Ms. Miller presented her General Manager's Report in its entirety and as contained in the Board packet. She additionally presented the Operations report, as Mr. Alanis was not present.

Parks & Recreation –

Deed Restriction – Amendment to the Fern Bluff Neighborhood Section 1 & 2 Architectural Control Committee. The discussion was led by Mr. Savarese. He called for Mr. Berthelsen to come to the podium for his comments on the matter. Mr. Berthelsen presented the Board with his suggestions for composition of the Board, particularly providing appointment by the Fern Bluff Homeowners' Association (FBHOA) (of one member of the Board and the remaining positions be appointed by the MUD District. Ms. Marianne Breaux also was called as second speaker on the matter. She explained her tenure on the Board and provided history with the prior developer; she supports some authority for FBHOA to appoint a member and that those members serve until replaced. Mr. Berthelsen was asked clarification questions regarding his proposal and general discussion with the Board. Ms. Breaux was also asked additional questions regarding decisions of the ACC.

The Board then engaged in discussion on the proposed amendment including issues such as adjustments to number of committee members and procedures for appointment to replacement committee members.

A motion was duly made by Mr. Sabatino and duly seconded to include the approval of the amendment to the ACC with the caveat that the proposed amendment include the revision to section 3 to read "maximum of five members who must reside in the FB District and that the Board consider, if there is a person willing volunteer from the FB Neighborhood Section 1&2, appoint such person to the ACC." The motion passed with unanimous vote.

In addition, the Board confirmed the Board's unanimous support for giving Marianne Breaux prompt consideration as appointee to the ACC and that such appointments be considered at future meeting.

Budget – The committee met last month to discuss budgeting for 2012-2014. There was discussion on the approval of the budget.

Security – The committee recommended approval of additional funds for the security access system. Joe --- commented that a slight overrun attributed to the cost of the security doors. A motion was duly made by Ms. Stempko and seconded by Mr. Sabatino and for approval of additional $3,500 for security system. The motion passed unanimously.

Roads – Director Savarese discussed notification by the City regarding access by the City on MUD property and requirements by the MUD.

Environmental – The Board discussed rain harvesting barrels for discussion at next meeting.

Communications – No pending matters discussed.

The next meeting was confirmed for July 26, 2012 at noon. There was discussion on future items for August agenda including ACC appointments and sign policy. There being no further business to come before the Board, the meeting adjourned.

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Secretary
Fern Bluff MUD Board of Directors