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

August 9, 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 August 9, 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. Sec./Treasurer/Parliamentarian

All Directors were present, thus constituting a quorum. Also present, were District General Manager, Janey Miller; Hector Alanis of Severn Trent, Phil Haag and Jennifer Waits of McGinnis, Lochridge & Kilgore LLP; Mark Burns of ECOSystems Landscape Services; the District's financial advisor, John Barganski and several District residents.

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

2. The first item of business was consideration of the consent agenda. Upon a motion by Director Teiber and seconded by Director Stempko, the Board unanimously approved the consent agenda including, minutes of the July meeting, payment of and transfers for operation expenses, pay requests and change orders, as well as customer charge write offs.

3. The Board then discussed field drafts. The directors discussed various options for the selection process and upon a motion by President Savarese and seconded by Director Teiber, the directors voted to implement a point system for the draft. Directors Quillman and Stempko voted against the motion, while Directors Savarese, Teiber and Sabatino voted, "aye."

4. Next, the Board considered the District's debt service requirement. Mr. Barganski presented the District's tax rate analysis with respect to debt

service payments and recommended the Board reduce the debt service tax rate by $0.01.

5. The next item of business was the District's Resolution that authorizes an application to TCEQ for the Release of Surplus Bonds. The Board reviewed the Resolution and upon a motion by President Savarese and seconded by Director Teiber; the Board unanimously approved and passed the resolution.

6. The Board then considered the Budget for fiscal year ending September 30, 2012. Ms. Miller and members of the budget committee presented the District's budget information.

   At 6:45 p.m., President Savarese announced that pursuant to Section 551.074 of the Texas Open Meetings Act, the Board would convene in Executive Session to discuss agenda item 10.

   The Board reconvened at 7:00 p.m. and President Savarese announced that no action was taken in Executive Session.

   Director Stempko moved that the Board then adopt a Resolution Adopting a Fund Balance Reporting Policy, and Director Teiber seconded the motion. Upon being placed to a vote, all Directors voted, "aye."

7. Next, the Board reviewed the tax rate summary and discussed the proposed tax rate. Upon a motion by President Savarese and seconded by Director Stempko, the Board unanimously approved to propose a tax rate of $0.5095 per $100 valuation, call the public hearing on the tax rate for September 13, 2011, and authorize publication of the notice of public hearing.

8. 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. Mr. Burns presented an addendum to the District's current contract with ECO Systems for a one-time 2% increase in compensation and renewal of the contract for 3 years. Upon a motion by President Savarese and seconded by Director Teiber, the Board unanimously approved the addendum.

   General Manager – Ms. Miller presented the General Manager's Report as contained in the Board packet, reviewing the financial, parks and District report.

Parks & Recreation – Director Teiber reported on the maintenance to the Olsen Meadows patio addition and that the committee will work on park rules.

Operations Manager – Mr. Alanis presented his report in its entirety and as contained in the Board packet.

Deed Restriction – Director Quillman reported on the status of enforcement throughout the District, and said that the committee is sending reminders to residents regarding responsible participation in yard maintenance.

Security – The Committee reported on current security activity throughout the district and the cameras that are now up in Olsen Meadows.

There being no further business, the Board adjourned at 8:20 p.m.

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Secretary, Board of Directors
Fern Bluff Municipal Utility