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

August 14, 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 6:03 p.m. on August 14, 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; Hector Alanis of Severn Trent Environmental Services, Phil Haag and Jennifer Waits 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 Quillman led the Pledge of Allegiance.

2. 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.

3. The Board then considered the Budget for fiscal year ending September 30, 2013. Ms. Miller and members of the budget committee presented the District's budget information, including salary increases for District employees. Upon a motion by Director Sabatino and seconded by Director Savarese, the Board unanimously approved the Budget as presented.

4. Next, the Board reviewed the tax rate summary and discussed the proposed tax rate. Upon a motion by President Savarese and seconded by Director Teiber, the Board unanimously approved a proposed tax rate of $0.5095 per $100 valuation (.27 for debt service and .2395 for operation and maintenance); call the public hearing on the tax rate for September 11, 2012, and authorize publication of the notice of public hearing.

5. The next item of business was the proposed relocation of the Brightwater master meter. Ms. Miller presented a history of the proposed Creekbend extension, the Right of Way dispute and subsequent settlement, and essentially the status of discussions related to the relocation of the master meter. CMA Engineering, Ms. Miller and members of the Roads Committee continue to identify a new location and logistics for the relocation. There was no action taken on this item.

6. The Board then discussed approval of the District's amended contract with Round Rock Refuse. Upon a motion by Director Teiber and seconded by Director Stempko, the Board unanimously approved the amended contract as written.

7. 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.

   Operations Manager - Mr. Alanis presented his report in its entirety and as contain in the Board packet. He reported that he is scouting vendors for the SCADA system upon replacement and relocation of the Brightwater master meter.

   Parks & Recreation – Ms. Miller reported on her research of a pond aeration system offered by Aquatic Features. An aeration system adds oxygen and continuously circulates the pond water. This process drives natural pollutants to the surface, thus freeing them from the water and reduces stagnation, stratification and overall improves the pond environment. She presented the Board with a proposed contract from Aquatic Features and recommended approval of the contract. Upon a motion by Director Teiber and seconded by Director Savarese, the Board unanimously approved the contract with Aquatic Features and to cancel the current contract with Oteka Water Design, the Board duly authorized Ms. Miller to proceed with the purchase of an aeration system.

   Deed Restriction – Director Quillman reported on deed restriction efforts throughout the District. The directors discussed an investigation request from a resident on Shasta Cove for continuous non-compliance from a particular resident. Director Stempko noted that the Board cannot force compliance, despite the many efforts to promote it.

   Security - Director Teiber reported on security matters throughout the District, particularly traffic calming. Recent traffic enforcement at the O'Connor and Morgan Hill stop sign has helped, as not as many drivers run the stop sign.

Roads - The Board discussed options for a replacement director attendee at meetings with the City of Round Rock regarding road projects, as Director Teiber is an employee with the City. Director Stempko moved that the Board create an ad hoc committee specific to the Creekbend extension and impacts to the community center. She suggested the committee be composed of one road committee member and one community center committee member. Director Quillman seconded the motion. Director Teiber stated that he is not in support of an ad-hoc committee being in place beyond the date of his retirement. He suggested that the Board use the committees in place. Director Sabatino stated that he supported Director Teiber's idea to utilize the current committee members. Upon being placed to a vote, Directors Quillman and Stempko voted, "aye" and Directors Savarese, Teiber and Sabatino voted, "nae" and the motion failed. The Board agreed that the Community Center Committee will communicate within as to decide who attends meetings with the City of Round Rock.

The Board then recognized Ms. Sheila Blaicher, who addressed the 2012 road resurfacing project. She commented that the Oak Brook HOA Board of Directors has complained that the roads are still problematic and that there too many loose rocks causing damage to vehicles.

Environmental – Director Stempko reported that LCRA has predicted an El Nino effect5 on Central Texas and more rainfall is expected this Fall. She asked the Board to consider a future discussion about rain water harvesting and rain barrels.

There being no further business to come before the Board, the meeting adjourned at 7:43 p.m.

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Secretary
Fern Bluff MUD Board of Directors