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

August 13, 2013

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 5:00 p.m. on August 13, 2013 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 with the exception of Director Quillman, thus constituting a quorum. Also present were District General Manager, Janey Miller; Hector Alanis, Williamson County Lieutenant David; Area Manager, Kristi Hester of Severn Trent Environmental Services, Melisa Leal and Jennifer Waits of McGinnis Lochridge; Community Center Manager, Cindy Alvarado; and several District residents.

1. Prior to beginning a regular meeting of the Board of Directors, the Board conducted a Director's Work Session related to budget matters.

2. Immediately upon the start of the Board's regular monthly meeting, Director Teiber led the Pledge of Allegiance.

3. There were no citizens registered for communications to the Board.

4. In its first item of business, the Board reviewed the consent agenda and determined there were no items subject to removal. Upon a motion by Director Teiber and seconded by Director Savarese, the Board unanimously approved the consent agenda, containing the minutes of the July regular meeting; payment of bills and invoices and transfers for operation expenses, pay requests, change orders and customer charge write offs.

5. Next, the Board reviewed the District's draft budget for fiscal year ending September 30, 2014. Upon a motion by Director Savarese and seconded by Director Teiber, the Board unanimously approved the budget as presented.

6. The Board then received its tax rate summary and discussed a proposed tax rate. Upon a motion by Director Savarese and seconded by Director Stempko, the Board unanimously approved a proposed tax rate of $.2395 per $100 valuation for the purpose of Operations and Maintenance; a proposed tax rate of $.27 per $100 valuation for the purpose of debt service, with total proposed tax rate of $.5095 per $100 valuation; to call the District's public

hearing on the proposed tax rate for September 10, 2013 and authorization to publish a public notice of the tax hearing in the Round Rock Leader.

7. The next item of consideration was a wastewater inner-connection with Brushy Creek MUD. Ms. Miller reported that Brushy Creek MUD has requested an inner-connection to the Fern Bluff MUD wastewater system for service to 12 homes in the Brushy Creek MUD. should the project be approved, Brushy Creek MUD will finance an engineering review for the project as well as the construction to connect the two systems. Director Savarese moved to approve the inner-connection and Director Sabatino seconded the motion. Upon being placed to a vote, all directors voted, "aye" and the motion carried unanimously.

9. The Board then received reports from district consultants and committees.

Landscape Contractor – Mr. Schmidt was not present to report on landscaping matters throughout the District, however his report was included in the Board packet.

General Manager – Ms. Miller presented her General Manager's Report in its entirety and as contained in the Board packet, noting an upgrade in her office's computer software.

Operations Manager – Ms. Hester presented the operations report in its entirety and as contained in the Board packet including an update on the transition to the new billing and meter reading system.

Roads – Construction on the Creekbend extension is still in a holding pattern and there is no definite start date. Should anyone have any questions regarding the FM 620 safety improvements, they should call Commissioner Birkman's office for information. Notice of the chip seal street improvement project was distributed by the City of Round Rock in late July.

Parks & Recreation – Director Teiber reported that he contacted the Williamson County Sheriff's office regarding enforcement of the District park rules, specifically addressing what, if any, jurisdiction Williamson County had within the District. At that time, Lt. David addressed the Board, stating that he received information from Assistant County Attorney, Jim LeMarco. Ms. Leal expressed that it is the legal opinion of McGinnis Lochridge that the County is authorized to enforce MUD park rules pursuant to Chapter 54.206 of the Texas Water Code which states, "After the required publication, rules adopted by the district under Section 54.205 of this code shall be recognized by the courts as if they were penal ordinances of a city."

Community Center - Mr. Alanis presented the Board with proposals for an audio video upgrade at the community center. He noted that the Board previously authorized Ms. Miller as the District General Manager to work within a $50K budget on the project. He directed attention to a bid proposal from DB Commercial, noting it is under budget and includes all that the committee desires for the system. Both Ms. Miller and Mr. Alanis recommended approval of the bid proposal. director Stempko asked that the Board table the decision to another date at which Director Quillman is present, as he serves on the Community Center Committee and there was no action taken

Deed Restrictions – No report.

Security - No report.

Environmental – No report.

Legal - Ms. Leal had no report in addition to the matters presented above.

Communications – No report.

The Board scheduled its next meeting for September 10, 2013. There being no further business to come before the Board, the meeting adjourned at 7:10 p.m.

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Secretary
Fern Bluff MUD Board of Directors