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

September 8, 2015

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 September 8, 2015 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, except Director Quillman, thus constituting a quorum. Also present were District General Manager, Janey Miller; Operations Manager, Hector Alanis; and Morgan Johnson and Suzanne McCalla of McGinnis Lochridge, the District's Attorney.

President Savarese called the meeting to order, after which, Director Teiber led those present in the Pledge of Allegiance.

President Savarese noted that there were no residents of the District present who wished to address the Board.

The next item of business was approval of the monthly consent agenda. Director Sabatino noted a correction in the minutes regarding the tax rate. After a brief discussion, upon a motion duly made by Director Teiber and seconded by Director Savarese, the Board voted unanimously to approve the Consent Agenda containing the minutes from the August 18, 2015, Board meeting, as corrected; payment of bills and invoices; payment of transfers for operation expenses; pay requests; change orders; and customer charge write-offs. The District's financial information is included in the Board Packet, a copy of which is attached hereto and shall be considered an exhibit to these minutes.

The Board then discussed the status of the District's participation in the Texas County & District Retirement System ("TCDRS"). Ms. Miller recalled that at the District's August 18, 2015, Board of Directors meeting the Board approved an employee contribution amount of 4% with a five-year vesting period and the "Rule of 80" (the calculation of employee's age plus his years of service, totaling 80 to determine the retirement age). She continued that the final decision of the Board was to determine the length of time an employee would be required to work for the District before becoming eligible to retire. Ms. Miller pointed out that the options available, pursuant to the terms of the TCDRS plan, were either 20 or 30 years. After discussion and a motion duly made by Director Sabatino and seconded by Director Stempko, the Board voted unanimously to: (1) approve the term of 30 years before becoming eligible to retire; and (2)

authorize the Board to take any actions necessary to complete the documentation required for the District's participation in the TCDRS plan.

Director Savarese then convened the public hearing for consideration of the 2015 tax rate for the District. Ms. McCalla confirmed that the Notice of Public Hearing on Tax Rate was published in the Round Rock Leader as required, and she presented the Affidavit of Publication of same. A copy of the Affidavit of Publication is attached hereto and made a part of these minutes. Director Savarese observed that there were no persons present who wished to address the Board concerning the tax rate, and he closed the public hearing. After consideration, upon a motion duly made by Director Savarese and seconded by Director Teiber, the Board voted unanimously to: (1) set the debt service tax rate at $0.2200 per $100 of assessed valuation; (2) set the tax rate for maintenance and operations at $0.2445 per $100 of assessed valuation; and (3) adopt the ORDER LEVYING TAXES. A copy of the Order Levying Taxes is attached hereto and shall be considered to be a part of these minutes. Director Savarese congratulated the Board on a working together to lower the District's tax rate for the 2015 tax year.

Next, Ms. McCalla explained that the Board needed to adopt an Amendment to the District's Information Form whenever any information in the Information Form was changed, including the annual setting of the District's tax rate. She explained that the amendment would be filed with the Texas Commission on Environmental Quality (the "Commission"), in the Official Public Records of Williamson County, and in the offices of McGinnis Lochridge. After review, upon a motion duly made by Director Savarese and seconded by Director Sabatino, the Board voted unanimously to approve Amendment No. 35 to the District's Information Form and to authorize filing of same as outlined. A copy of Amendment No. 35, thus approved, is attached hereto and shall be considered to be a part of these minutes.

Next, the Board reviewed the draft ORDER RE-ESTABLISHING WATER AND WASTEWATER SERVICE RATES AND CHARGES AND RE-ESTABLISHING WATER AND WASTEWATER TAP FEES AND CAPITAL RECOVERY FEES AND ADOPTING CERTAIN GENERAL POLICIES WITH RESPECT TO THE DISTRICT'S WATER, WASTEWATER AND DRAINAGE SYSTEMS AND PROVIDING PENALTIES FOR VIOLATION THEREOF (the "Rate Order"). Ms. McCalla stated that the penalty amounts discussed at the District's August 18, 2015, Board of Directors meeting had been incorporated into the draft Rate Order. After review and discussion, upon a motion duly made by Director Teiber and seconded by Director Savarese, the Board voted unanimously to approve the Rate Order as presented. Ms. McCalla stated that pursuant to Section 54.207 of the Water Code, a notice detailing the District's rules and the penalties for their violation would be published in the Round Rock Leader, as required. Director Savarese emphasized that the District had approved restructuring its rates due to the City of Round Rock's (the "City") increase in the wholesale water rates charged to the District. A copy of the Rate Order, thus approved, is attached hereto and shall be considered an attachment to these minutes.

Director Savarese next discussed with the Board possible adjustments to the field lottery procedures for use of the District's sports fields. He explained past procedures and suggested that due to the heavy use of the District's fields by sports teams, a committee should be formed to re-evaluate field lottery procedures, and the Board concurred. Ms. Miller noted that the District was spending more money on maintenance of the fields than in years past due to the heavy usage by individuals and sports teams. The Board discussed several options for determining the use of the District's fields. After further discussion, the Board agreed that the issue was an important one and would be re-addressed at a future Board meeting.

The Board then received reports from District consultants and committees.

Security Committee. Director Teiber reported on the District's request that the Williamson County Sheriff's Office (the "Sheriff's Office") enforce the District's ban on fishing in the District's ponds. He stated that he and Phil Haag, the District's Attorney, had met with Lieutenant David of the Sheriff's Office to discuss enforcement of the ban by the Sheriff's Office. He recalled that the Sheriff's Office had previously agreed to prepare a memorandum of understanding detailing their responsibilities with respect to enforcement of the "No Trespassing" signs at the District's ponds (the "MOU") for review by the Board but that the Sheriff's Office's planned to include the renewal of the District's securities services agreement as part of the MOU. Director Teiber stated that he clarified with the Lieutenant that the District's security services agreement would be negotiated separately from the issue of enforcement of the District's rules. Director Teiber reminded the Board that the Board had authorized Mr. Haag's office to draft a letter to the Sheriff's Office memorializing the District's understanding that the Sheriff's Office will enforce the District's rules if "No Trespassing" signs are posted at the District's ponds. He continued that if the Sheriff's Office executes the letter agreeing to enforce the District's rules, then the Board could consider entering into a security services agreement for patrol of the District at that time. A copy of the letter to the Sheriff's Office, thus sent, is attached hereto as an exhibit to these minutes

Landscape Contractor. – Ms. Miller reported that the landscaping at the District's parks was under stress due to the high heat. She added that low pressure in the irrigation system for the parks, due to high usage demand at this time of year, contributed to the issues noted at the parks.

General Manager. – Ms. Miller stated that the past month had been a quiet month for the District and that she had nothing additional to report.

Operations Report. Mr. Alanis reviewed the District's water loss report as included in the Board Packet. He noted that the District's water accountability for the month of August was at 104% of water pumped versus water distributed. Mr. Alanis reported that the District had received several calls complaining of high water bills. He continued that after talking with the District's customers, it appeared that the water usage numbers were correct and that customers were unaware of how much water was actually being used by the customer's irrigation system to water their lawns.

Mr. Alanis also reported that construction of the District's renovation project at the District's Elevated Storage Tank (the "Project') was substantially complete. He added that shelving for the Project was in the process of installation and that only the upstairs ceiling remained to be painted. He recommended that the Board visit the facility to view the completed Project.

Ms. Miller then requested that the District write off a portion of its ageing accounts receivable since some were over three years old and totaled in excess of $9,000. She explained that this would be a one-time write off of accounts to clean up past due amounts remaining on the District's books from the District's previous operator. After a question from the Board, Ms. Miller responded that the addresses on file for the accounts were no longer valid and that her office had exhausted all avenues to determine current addresses for the delinquent accounts in order to send out the delinquent bills. The Board noted that more money would

likely be spent in attempting to locate the delinquent customers than would be recovered. After discussion and a motion duly made by Director Sabatino, the motion passed with Directors Sabatino, Teiber and Stempko voting in favor, and Director Savarese abstaining.

Community Center Committee. Ms. Miller reported that her office continued to try and find a contractor to complete the renovations at the Community Center but that contractors were not readily available to work on the project because of the high demand for construction workers in the Austin and Round Rock areas.

Roads Committee. There was no report.

Parks and Recreation Committee. There was no report.

Environmental Committee. Director Savarese updated the Board on the status of the Rainwater Collection System. He stated that the construction of the Rainwater Collection System would not begin until the completion of the renovations at the Community Center.

Engineer. There was no report.

Attorney. There was no additional report.

Communications. There was no report.

There being no further business to come before the Board, a meeting was scheduled for October 13, 2015. The meeting adjourned at 7:09 p.m.

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Secretary,
Fern Bluff MUD Board of Directors

(SEAL)

Attachments to the Minutes of the
Fern Bluff Municipal Utility District
September 8, 2015 Board of Directors Meeting

1. Affidavit of Notice of Public Hearing for the 2015 Tax Rate;
2. Order Levying Taxes;
3. Amendment No. 35 to the District Information Form;
4. Rate Order;
5. Letter to the Williamson County Sheriff's Office regarding the enforcement of the District's Rules; and
6. Board Packet.