MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE FERN BLUFF MUNICIPAL UTILITY DISTRICT
September 14, 2010

THE STATE OF TEXAS
WILLIAMSON COUNTY

The Board of Directors of the Fern Bluff Municipal Utility District convened in a budget committee workshop, open to the public at 5:00 p.m. and a regular meeting, open to the public, at 6:01 p.m. on September 14, 2010 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
Farrell Walker	Treasurer
Jessica Stempko	Assistant Secretary/Treasurer

All Directors were present with the exception of President Savarese, thus constituting a quorum. Also present were District General Manager, Janey Miller; Operations Manager, Hector Alanis; Phil Haag and Jennifer Waits of McGinnis Lochridge & Kilgore LLP; Community Center Manger, Cindy Alvarado; Mark Burns 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 Mr. Mike Maroney who wished to address agenda item no. 18, Board Meeting Protocols; specifically his concern and dissatisfaction with the proposed Resolution Regarding rules Governing Public participation at Meetings of the Fern Bluff MUD. He asked which Director requested this item to be added to the agenda, and which director worked with the Board's attorney to craft the document. After a short explanation by Director Teiber, who said the current procedures in place by the Board tend to slow down the Board, and the business they conduct, as ongoing public comment and conversations between Board members and the audience tend to stray from the agenda items. Mr. Haag added that the Board was considering the Resolution as part of its efforts to comply with the Texas Open Meetings Act. He explained that several municipal boards throughout the state are parties to litigation cases because of discussions that occurred that were not on the agenda. Any discussions on non agenda items can be considered as part of the business being conducted and others may protest that they were not properly noticed for the discussions.

Chris Tiemann also addressed the Board to discuss agenda item 18, and had objections to the Resolution as well.

Jeffrey Martin then addressed the Board to address agenda item no. 18, noting that the public is not what slows down the Board and wanted clarification as to what is different about the proposed Resolution and what the Board currently practices with respect to citizen communications. He also thanked them for the repairs to the Pearl Stone Cove upper pond, and said he was pleased that the repairs were made this year.

3. Next, the Board reviewed the Consent Agenda. Director Walker moved that the Board approve the Consent Agenda containing the August meeting minutes, payment of and transfers for operation expenses, and requests and change orders. Director Quillman seconded the motion, and upon being placed to a vote, the motion carried unanimously.

4. At 6:30 p.m., Director Teiber announced that the Board would open the public hearing on proposed tax rate for year 2010. There were no residents that spoke about the proposed tax rate.

5. At 6:31 p.m., Director Teiber announced that the Board would close the public hearing.

6. The Board then reviewed the operating budget for 2010-2011 fiscal year. Upon a motion by Director Walker and seconded by Director Quillman, the Board unanimously approved the budget as presented.

7. Next, the Board considered the Operation and Maintenance Tax Rate for 2010-2011. Upon a motion by Director Quillman and seconded by Director Teiber; the Board unanimously approved an ad valorem tax of $0.2295 on each $100 of taxable value on all taxable property within Fern Bluff Municipal Utility District to provide funds for maintenance and operating purposes and $0.2800 on each $100 of taxable value on all taxable property within Fern Bluff Municipal Utility District to provide for payment of principal and interest and associated obligations on the District's unlimited tax bonds now outstanding.

8. The Board then discussed bond refunding. Upon a motion by director Walker and seconded by Director Quillman, the Board unanimously approved to hire Freeman & Corbett LLP as the District’s Bond Counsel and Andrews Kurth LLP as tax counsel.

9. The next item of business was the Resolution authorizing application to TCEQ for release of surplus construction funds. Upon a motion by Director Walker and seconded by Director Quillman; the Board approved the resolution as presented.

10. Next, the Board discussed hiring an auditor for the 2010-2011 audit. Upon a motion by Director Walker and seconded by Director Stempko; the Board unanimously approved hiring Don Allman.

11. The next item on the agenda was discussion regarding the dam repair, and flood damage to the Pearlstone pond. Ms. Miller briefed the Board on the status of the damage to the pond and repairs made to the dam. She said that she is planning a meeting with the engineer for the District. There was no action on this item.

12. The Board then discussed district employee compensation. The Board discussed the exemplary performance of the District employees, noting the continued hard work of Ms. Alvarado as she manages the Community Center and all activities held at the center. Upon a motion by Director Quillman and seconded by Director Stempko; the Board unanimously approved a 5% salary increase for all District employees effective October 1, 2010. Director Walker noted the raise is well within the budget and that the salaries are equal to if not below what the district has saved this year.

13. Next, the Board discussed board meeting protocols. Earlier discussed during Citizen Communications, the Board heard sentiments of opposition to the above mentioned resolution. Director Teiber moved that the Board table the item until all Board members were present to vote. Director Walker seconded the motion. Director Walker thanked Mr. Haag for drafting the Resolution to remind the Board of being within Open Meetings Act laws. He said that he felt recent dialog has opened the door to concerns for him, and that he's attended many meetings with similar guidelines as those in the proposed resolution. He said that he did not feel the document discourages public comment or participation, and that if the public feels limited; they have the opportunity to phone, email or have conversations with Board members in person. Director Stempko stated that she does not support the resolution and feels it is restrictive. Director Quillman stated that he wants to vote on the resolution and wants his named removed from the document. Director Walker stated that Director Quillman is a Board member, and all Director names are on Board documents. The Board then voted to table the resolution as seen below:

    Ayes – Director Teiber and Director Walker
    Nays – Director Quillman and Director Stempko

    The motion failed.

    Director Quillman moved that Board vote on the resolution and Director Stempko seconded the motion. At that time, there was discussion regarding what the substance of Director Quillman's motion was. Director Quillman then rescinded his motion.

    Director Quillman moved that the Board disapprove the resolution, and Director Stempko seconded the motion. Upon being placed to a vote, the motion failed

as Directors Quillman and Stempko voted, “aye” and Directors Teiber and Walker voted, “nay.”

14. The Board then received reports from consultants and committees:

Landscape Contractor – Mr. Burns presented his report as contained in the Board packet, and discussed the status of the field improvement project.

General Manager – Ms. Miller presented her General Manager’s Report as contained in the Board packet. She additionally reported on the District’s insurance policy.

Operations Manager – Mr. Alanis presented his report on operations in the District as contained in the Board packet.

Subcommittees – The Board discussed the possible methods to determine Director participation in committees. After a brief discussion regarding preferences, everyone agreed to submit their proposed options to Director Walker for later presentation and discussion.

Deed Restriction – Director Quillman described the new protocol in place for deed restriction procedures.

FBMUD Community Center – Ms. Miller discussed carpet replacement costs. Upon a motion by Director Quillman and seconded by Director Stempko; the Board unanimously approved to authorize replacement for an amount not to exceed $20K

Newsletter – Items for the October newsletter include, wastewater averaging, single stream recycling, and Community Center rental for fall and winter events.

There being no further business to come before the Board, Director Walker moved to adjourn the meeting at 8:15 p.m. Director Stempko seconded the motion, and upon being placed to a vote, the meeting adjourned.

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Secretary
Fern Bluff MUD Board of Directors