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

December 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 December 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, thus constituting a quorum. Also present were District General Manager, Janey Miller; Operations Manager, Hector Alanis; Donna Scoggins, a resident of the District; and Phil Haag 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. 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 November 10, 2015, Board meeting, as written; 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 next discussed sending a letter to the Lower Colorado River Authority (the "LCRA") regarding possible adverse effects on the District's residents caused by the LCRA's proposed routes for the Leander-Round Rock 138-kV Transmission Line Project (the "Project"). The Board discussed the issue at length, noting that the Project

would affect the District's property values and could have unknown adverse health effects on those utilizing the District's parks. Director Savarese suggested that the District contact an appraiser to determine the possible impact to the District's property values from the Project, and the Board concurred. Upon a motion duly made by Director Savarese and seconded by Director Teiber, the Board unanimously to authorize the District's General Manager to: (1) contact an appraiser regarding the possible impact to the District's property values from the Project; (2) authorize the District's Attorney to draft a letter to the LCRA; and (3) authorize Director Savarese to execute the letter upon completion. A copy of the letter, thus sent, is attached hereto and shall be considered an exhibit to these minutes.

The Board then received reports from District consultants and committees. Copies of the reports are included in the Board Packet, which packet is attached as an exhibit hereto.

Landscape Contractor: Ms. Miller reported that mulch was placed in all the playgrounds throughout the District. She added that the non-toxic ant bait had been placed in the mulch to resolve the issue of ants at the playground. She noted that she would continue to monitor the ant situation at the parks. Ms. Miller stated that the lights at the tennis courts were replaced with LED lights. She pointed out that the LED lights would provide a significant cost savings for the District over the life of the lights.

General Manager: Ms. Miller then reviewed with the Board her report as included in the Board Packet. She noted that the wholesale water rate increase from the City of Round Rock (the "City") was reflected on the City's recent invoice to the District. She explained the District's November invoices to its residents reflected the City's wholesale water rate increase to the District.

Continuing her report, Ms. Miller stated that the Williamson County Parks Department would be performing the needed bridge and trail repairs at Olson Meadows Park, in the District during the week of December 7, 2015. She said that persons utilizing the trail would be detoured through the District's trail, over the second bridge and around the construction area.

Ms. Miller next reported that the survey of the Community Center's property was complete, and that her office was waiting on the completed plans from the civil engineer.

Operations Report. Mr. Alanis then 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 October was at 97% of water pumped versus water distributed. He added that the District's water accountability for the past 12 months was at 98% of water pumped versus water distributed. He then reported that the second phase of the Texas Commission on Environmental Quality (the "Commission") new rules to the drinking water standards governing drinking water quality and reporting requirements for public water systems were required to be implemented by April 2016. Mr. Alanis stated the

District would be implementation of the procedures required by January 1, 2016. He explained that the new rules required water system operators to test the water more frequently and for more constituents than before. He explained that the purpose of the new rules was to assure the safety of public water supplies.

Ms. Miller reported that the District was in the process of changing out old meters. She stated that there were several residences throughout the District with overgrown shrubs that made reading the meters difficult. She stated that her office would be hiring a contractor to remove the shrubbery around the meters in order to facilitate reading of the meters. After a question from the Board, Ms. Miller responded that the residents were notified to remove the landscaping from around the meter by means of letters and door tags. She also added that messages were included on the regular billing notices sent out to all the residents of the District for the past two months.

Community Center Committee. Ms. Miller distributed for the Board's review three proposals for the renovation of the Community Center (the "Renovation"), copies of which are attached hereto as exhibits to these minutes. The Board discussed the proposals at length, questioning Ms. Miller on the qualifications of each contractor and asking for Ms. Miller's recommendation. Ms. Miller stated that although TBC, Services, LLC, ("TBC") was not the low bidder, it was her belief that TBC was the most qualified to complete the Renovation. Director Quillman informed the Board that he was familiar with TBC and also recommended their work. After further discussion, upon a motion duly made by Director Stempko and seconded by Director Savarese, the Board voted to approve the proposal from TBC for the Renovation at a total cost to the District of $67,529.00. The motion passed with Directors Savarese, Stempko, Sabatino, and Teiber voting in favor, and Director Quillman abstaining from the vote. Ms. Miller explained that a provision would need to be added to the contract ensuring that the renovations were complete by the end of January. Mr. Haag stated that he would work with her on the language to include in the agreement.

Security Committee. Director Teiber recalled that Captain David had attended last month's Board meeting to answer any questions regarding the proposed Independent Contractor Agreement for Off-Duty Security and Patrol Services between the District and the Williamson County Sheriff's Office (the "Agreement"). Director Teiber reviewed the provisions of the proposed Agreement with the Board. He noted the changes from previous agreements, including the requirement that the Deputy patrolling the District will take a trip through the District's neighborhoods during each "tour of duty." After discussion, upon a motion duly made by Director Teiber and seconded by Director Sabatino, the Board voted unanimously to approve the Agreement. A copy of the Agreement, thus executed, is attached to these minutes as an exhibit.

Roads Committee. There was no report.

Parks and Recreation Committee. There was no report.

Environmental Committee. Director Savarese stated that information on the rainwater collection system would be discussed at the District's next meeting.

Engineer. There was no report.

Attorney. Mr. Haag reported that the May 7, 2016 Directors Election would be discussed at the next Board meeting and that applications for those directors that were up for reelection would be distributed at that time.

Communications. There was no report.

With no further business to come before the Board, the Directors scheduled the next meeting for January 12, 2016, and the meeting was adjourned.

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Secretary, Fern Bluff MUD Board of Directors

(SEAL)

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

1. Board Packet;
2. Letter to the Lower Colorado River Authority regarding the Project;
3. Proposals for the Community Center Renovations; and
4. Security Agreements.