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

August 8, 2017

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 August 8, 2017, 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, to wit:

George Sabatino	President
Joseph Teiber	Vice President
Jessica Stempko	Secretary
Kevin Barnes	Treasurer
Patrick Savarese	Assistant Secretary/Treasurer

and all Directors were present, except Director Barnes, thus constituting a quorum.

Also in attendance, were Janey Miller, the District's General Manager; Hector Alanis, the District's Operations Manager; Mark Burns of ECO Systems Landscaping Services ("ECO"), the District's Landscaper; and Morgan Johnson and Suzanne McCalla of McGinnis Lochridge, the District's Attorney ("McGinnis Lochridge").

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

Director Sabatino noted that no residents were present at the meeting who wished to address the Board.

The Board then considered approval of the monthly consent agenda containing the minutes of the July 11, 2017, regular Board of Directors meeting; payment of bills and invoices; payment of transfers for operation expenses; pay requests, including a final pay application for retainage from Fazzone Construction Co., Inc. in the total amount of $94,620.83; change orders; and customer charge write-offs. Ms. Miller noted that Keith Hickman of KAH Architecture & Interior Design ("KAH"), the District's architect for the Fern Bluff Community Center office addition (The "Project"), had not yet "signed off" on Fazzone's final pay application for retainage. 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, including Fazzone's final pay application for retainage, subject to Mr. Hickman's approval. A copy of Fazzone's final pay application for retainage is attached hereto as an exhibit to these minutes.

Next, Mr. Burns reported on the landscaping work in the District. He stated that ECO was in the process of finishing the installation of irrigation systems at the District's Community Center and that only a few small areas remained to be completed. Mr. Burns continued that an arborist had recently inspected the District's canopy cover and was recommending that a majority of the District's trees be trimmed. Mr. Burns stated that he would be assembling estimates for the tree trimming work for presentation to the Board at a future Board meeting. Mr. Burns also noted that ECO had made some personnel changes within ECO and that a new crew of landscapers would be performing work in the District. After a brief discussion, the Board thanked Mr. Burns for his report, and Mr. Burns departed the meeting.

The Board then reviewed a draft of the District's budget for fiscal year ending September 30, 2018. Ms. Miller reported that budget committee had met on July 21, 2017, to review items considered in preparation of the budget. She pointed out the District's expected revenues versus expenditures and noted the water and sewer connection fees. Ms. Miller recalled that the Board had previously approved restructuring the District's rates due to the City of Round Rock's (the "City") increase in the base volumetric rates charged to the District by the City. She reported that this was the third year of the City's increase. She added that at the District's September meeting she would be recommending that the Board amend its rate order to: (1) increase the District's base water rate from $13.50 to $15.50; (2) maintain the volumetric rate for usage up to 15,000 gallons of water at $3.50 per 1,000 gallons of water; and (3) increase the volumetric charge for 15,001 gallons of water and over from $3.85 to $3.90 per 1,000 gallons of water.

Ms. Miller then pointed out that the proposed budget included expected increases in landscaping and solid waste collection costs. Director Stempko questioned if funds should be included in the budget for expansion of the parking area across from the Community Center. Ms. Miller suggested adding $75,000 to the Parks –Landscaping Special – Park Rehab line item in the proposed budget for the expansion of the parking areas, and the Board concurred. After continued discussion, upon a motion duly made by Director Sabatino and seconded by Director Savarese, the Board voted unanimously to adopt the District's budget for the fiscal year ending September 30, 2018, as revised to include an additional $75,000 for expansion of the parking area across from the Community Center. A copy of the budget as approved is attached hereto and shall be considered a part of these minutes.

Ms. Miller also reported that she had received a new Solid Waste Collection Recycling & Disposal Agreement (the "Agreement") from Central Texas Refuse, Inc. and Round Rock Refuse, Inc., the District's solid waste collector. She stated that she had forwarded a copy to the District's Attorney for review. Ms. Miller added that the Agreement would be presented for the Board's consideration at the September Board meeting.

Next, the Board considered the tax rate summary and discussed a proposed tax rate for 2017. After discussion, upon motions duly made by Director Teiber and seconded by Director Savarese, the Board voted unanimously to: (1) approve the proposed tax rate of $0.2445 per $100 of assessed valuation for the purpose of operations and maintenance; and (2) approve the proposed tax rate of $0.1900 per $100 of assessed valuation for the purpose of debt service, for a total proposed tax rate of $0.4345 per $100 of assessed valuation. Director Teiber then motioned to call the District's public hearing on the 2017 proposed tax rate for September 12, 2017, and to authorize publication of the public notice of the tax

hearing in The Round Rock Leader, as in previous years. Director Savarese seconded the motion, and the motion passed with all Directors voting in favor of the motion.

The Board next considered the purchase of tablets for paperless viewing of the District's documents, including Board Packets. Ms. Miller stated that she was investigating tablet options and hoped to have more details available at the District's September meeting.

Ms. Miller next reported on the improvements and/or the widening by Williamson County (the "County") of Brushy Creek Road and Hairy Man Road (the "Project"). She reviewed with the Board a map from the County of a proposed left turn land from Brushy Creek Road into Olson Meadows Park, a copy of which is attached hereto. She stated that the County wanted to install a driveway entering the park, and she questioned if the Board wanted to keep two entrances to the park or consolidate the entrances into one larger entrance. A lengthy discussion ensued. No action was taken on this item.

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Ms. Johnson then updated the Board on the status of the Lower Colorado River Authority's (the "LCRA") application to amend its certificate of convenience and necessity for the Round Rock-Leander 138-kV Transmission Line (the "Transmission Line Case"). She stated that the Public Utility Commission (the "Commission") had issued an Order on Rehearing disagreeing with the administrative law judge's route recommendation (COL-1) and instead found that another route (LHO-1) best satisfied the routing criteria outlined in the Commission's rules. Ms. Johnson confirmed that neither route would impact the District.

Next, Ms. Miller presented the General Manager's Report in its entirety, a copy of which is included in the Board Packet and attached hereto as an exhibit to these minutes. She first presented a bid tabulation for televising of the District's sewer lines. She noted that this was required by the Texas Commission on Environmental Quality to be completed every five years. After consideration, upon a motion duly made by Director Sabatino and seconded by Director Teiber, the Board voted unanimously to award the project to the low bidder, National Works in the amount of $56,659.35. A copy of the bid tabulation is attached as an exhibit to these minutes.

The Board next reviewed proposals for the replacement of the Community Center trellis. After discussion, upon a motion duly made by Director Teiber and seconded by Director Savarese, the Board voted unanimously to authorize the low bidder DigDug Construction to replace the trellis at a cost to the District of $46,350.00. A copy of the proposal ranking is attached hereto and shall be considered a part of these minutes.

Next, Director Savarese reported that surveying had begun along Hairy Man Road from Creekside to the Pavilion. He suggested that because the Project would also impact Brushy Creek Municipal Utility District, that the two Boards may want to meet to discuss issues affecting both districts.

Ms. Miller then reported on the payment of bills and invoices to the District as detailed on the District's Payment and Transfers Report. She detailed the bills to the District and the checks in payment thereof. She then reviewed with the Board the status of the District's profit and loss budget performance for the fiscal year to date.

Next, Director Savarese announced that he would be moving out of the District and that he planned to resign from the Board effective upon the sale of his home. He thanked each person at the meeting and expressed his sincere appreciation for the opportunity to serve the community as a Board member of the District. The Board then conveyed its sorrow at losing a valued Board member and thanked Director Savarese for his service to the District.

Ms. Johnson then updated the Board on the bills being considered during the 85th Special Legislative Session. .

There being no further business to come before the Board, the meeting was adjourned.

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Secretary, Board of Directors
Fern Bluff Municipal Utility District

(SEAL)

Attachments to the Minutes of the
Fern Bluff Municipal Utility District
August 8, 2017, Board of Directors Meeting

1. District Packet;
2. Final Pay Application for retainage from Fazzone;
3. Budget for the fiscal year ending September 30, 2018;
4. County map of a proposed left turn land from Brushy Creek Road into Olson Meadows Park;
5. Bid tabulation from National Works for the sewer line inspection; and
6. Bid tabulation from DigDug for the installation of a trellis at the Community Center.