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

September 12, 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 September 12, 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
VACANT	Assistant Secretary/Treasurer

and all Directors were present, except Director Stempko, 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; Raymond Mack, a resident of the District; and Phil Haag of McGinnis Lochridge, the District's Attorney ("McGinnis Lochridge").

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

Director Sabatino then convened the public hearing for consideration of the 2017 tax rate for the District. Mr. Haag confirmed that the Notice of Public Hearing on Tax Rate was published in the Round Rock Leader, as required. Director Sabatino 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 Sabatino and seconded by Director Teiber, the Board voted unanimously to: (1) set the debt service tax rate at $0.1900 per $100 of assessed valuation; (2) set the tax rate for maintenance and operations at $0.2445 per $100 of assessed valuation, for a total tax rate of $0.4345 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.

Next, Mr. Haag 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. He explained that the amendment would be filed with the Texas Commission on Environmental Quality, in the Official Public Records of Williamson County (the "County"), and in the offices of McGinnis Lochridge. After review,

upon a motion duly made by Director Teiber and seconded by Director Barnes, the Board voted unanimously to approve Amendment No. 37 to the District's Information Form and to authorize filing of same as outlined. A copy of Amendment No. 37, thus approved, is attached hereto, and shall be considered to be a part of these minutes.

Next, the Board reviewed the proposed ORDER AMENDING 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. Miller stated that the District's base rate and volumetric charge were increased to reflect the City of Round Rock's (the "City") increase in rates charged to the District. She emphasized that the rate increase was simply a pass through of the City's increase in rates and not a subsidy of other District items. After review and discussion, upon a motion duly made by Director Teiber and seconded by Director Barnes, the Board voted unanimously to approve the Rate Order as presented. A copy of the Rate Order, thus approved, is filed among the District's records.

Next, Mr. Burns reported on the landscaping work in the District. He stated that an arborist inspected the District's canopy cover to determine the scope of work required to raise the tree canopies in all the District's parks. He then presented proposals for the tree work at five of the District's parks. Ms. Miller noted that this work was included in the District's current budget. After a brief discussion, upon a motion duly made by Director Teiber and seconded by Director Barnes, the Board voted unanimously to approve the proposals presented by ECO for the Community Center, Veterans Park, and Brightwater Park at a cost to the District of $1,020.00; $9,950.00; and $9,115.00, respectively. The Board deferred approval on tree work at Fern Bluff Park and Friendly Oaks Park until the District's next Board of Directors meeting. A copy of the proposals is attached to these minutes as an exhibit.

At this time, Director Sabatino noted that a resident was in attendance at the meeting who wished to address the Board.

Mr. Mack then spoke to the Board at length regarding his views on the legality of the fishing prohibition in place for the District's ponds. After a brief discussion, Mr. Haag stated that he would research the issue and report his findings to the Board. No action was taken.

The Board then considered approval of the monthly consent agenda containing the minutes of the August 8, 2017, regular Board of Directors meeting; payment of bills and invoices; payment of transfers for operation expenses; pay requests; change orders; and customer charge write-offs. After a brief discussion, upon a motion duly made by Director Teiber and seconded by Director Barnes, the Board voted unanimously to approve the Consent Agenda.

The Board next discussed the 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. Mr. Haag explained that negotiations regarding the terms of the agreement were ongoing, but that a finalized Agreement should be ready for consideration at the next Board meeting.

The next item before the Board was consideration of staff salaries. Director Sabatino stated that the committee was still considering the issue and would hopefully have a recommendation for the Board at the next Board of Directors meeting.

The Board next discussed the resignation of Patrick Savarese. Director Sabatino recalled that Mr. Savarese had sold his house and moved out of the District, thus making him ineligible for the Board of Directors. He added that Mr. Savarese has also submitted his oral resignation at the close of the District's August 8, 2017, Board of Directors meeting. After a brief discussion, upon a motion duly made by Director Barnes and seconded by Director Teiber, the Board voted unanimously to accept the resignation of Patrick Savarese and to declare a vacancy on the Board.

The Board next considered the process for appointing a new director to fill the vacancy on the Board. After discussion, upon a motion duly made by Director Sabatino and seconded by Director Teiber, the Board voted unanimously to select a new director from the pool of applicants interviewed for the Board's last vacancy in April 2017.

The Board next considered a RESOLUTION AMENDING STATEMENT OF POLICIES ON ETHICS, TRAVEL, and FINANCIAL AND MANAGEMENT PRACTICES OF FERN BLUFF MUNICIPAL UTILITY DISTRICT (the "Resolution"). Mr. Haag explained that McGinnis Lochridge reviews the District's policies periodically to ensure that they comply with current law. He continued that a discrepancy in the number of Directors authorized to sign District disbursements was noted in the District's current Statement of Policies and that the Resolution corrected that issue. After discussion and a motion duly made by Director Teiber and seconded by Director Barnes, the Board voted unanimously to approve the Resolution amending the District's Statement of Policies. A copy of the Resolution is attached hereto as an exhibit to these minutes.

The next item of business before the Board was the proposal to purchase computer tablets and/or laptops for use by the Board of Directors. After discussion, after a motion duly made by Director Teiber and seconded by Director Barnes, the Board voted unanimously to authorize the purchase of up to five Lenovo laptops for the Board as well as one Lenovo laptop for the District's General Manager. Mr. Haag noted that the Board would need to adopt a policy and/or approve an agreement regarding the use of the laptops by the Board. After consideration, the Board directed the District's Attorney to prepare an agreement for use of the laptops for the Board's review at the District's October 10, 2017, Board of Directors meeting.

Ms. Miller next updated the Board on the status of the improvements and/or the widening by Williamson County (the "County") of Brushy Creek Road and Hairy Man Road (the "Project"). She stated that she planned to meet with the General Manager of the Brushy Creek Municipal Utility District in the near future regarding the left turn lane into the Olson Meadows Park.

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 noted that after a recent rate study, the City of Round Rock (the "City") had reduced the amount of the rate increase it had originally projected for this year and had sent the District a letter detailing the City's proposed increases to the District over the next three years. She

emphasized that the Budget Committee had taken the projected rates into account during the budget discussions and that the City's decrease in rates charged to the District this year should allow the District to lower the District's projected rate increases over the next two years.

Ms. Miller also reported that monthly meetings among the cities of Round Rock, Austin, Cedar Park (collectively the "Cities") and the Brushy Creek Regional Wastewater System ("BCRWWS") [owned by the Cities] regarding operations, a proposed rerate, and expansion of the BCRWWS system (the "Project") were in progress and that the meetings would continue as long as the Project moves forward. Ms. Miller added that the Cities recently signed an agreement for an engineering study for the Project. She emphasized that cost effects to the District should be minimal.

The Board next reviewed a bid tabulation of proposals submitted for the televising of the District's wastewater lines as required by the Texas Commission on Environmental Quality. Ms. Miller reminded the Board that the first part of the televising project had been completed at the end of the District's last fiscal year and that this project would be completed in the District's current fiscal year. After a brief discussion, upon a motion duly made by Director Sabatino and seconded by Director Teiber, the Board voted unanimously to award the televising of the District's wastewater lines to the low bidder National Works at a total cost to the District of $56,659.63. A copy of the bid tabulation is attached hereto and shall be considered an exhibit to these minutes.

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, Ms. Miller reviewed the status of letters sent by the District's Attorney to residents in violation of the deed restrictions. No additional action was needed at this time, she added.

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
September 12, 2017, Board of Directors Meeting

1. District Packet;
2. Order Levying Taxes;
3. District Information Form Amendment No. 37;
4. Proposal from ECOSystems for tree work in the District's Parks; and
5. Bid tabulation from National Works for the sewer line inspection.