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

February 8, 2018

THE STATE OF TEXAS
WILLIAMSON COUNTY

The Board of Directors (the "**Board**") of the Fern Bluff Municipal Utility District (the "**District**") convened in a **regular** meeting open to the public at 6:00 p.m. on February 8, 2018, 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
Marc Smith	Assistant Secretary/Treasurer

and all Directors were present, thus constituting a quorum.

Also in attendance, were Janey Miller, the District's General Manager; Hector Alanis, the District's Operations Manager; Don Allman, CPA, PC, the District's Auditor; Jack Gardner of Texas Lawn and Garden, LLC, the District's Landscaper ("**Texas Lawn**"); and Morgan Johnson and Suzanne McCalla of McGinnis Lochridge, the District's Attorney ("**McGinnis**").

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

Director Sabatino noted that there were no persons present who wished to address the Board.

Mr. Allman then submitted the draft of the audit report for the District for the fiscal year ended September 30, 2017. He reviewed the Statement of Net Position and Revenues and Expenses, Expenditures, and Changes in Fund Balances. Mr. Allman reviewed the supporting data included in the audit report, including information required by the Texas Commission on Environmental Quality (the "**Commission**").

Mr. Allman then called the Board's attention to the form of the Management Representation Letter from the District's General Manager, attached to the Governance Letter. Mr. Allman reported that he was issuing an unmodified opinion, which was the highest opinion the District can receive.

After consideration, upon a motion duly made by Director Sabatino and seconded by Director Stempko, the Board voted unanimously to approve the audit report and to authorize

the District's Attorney to file the audit report with the Commission, in the District's office, with the Texas Comptroller, and with all other governmental agencies as required. A copy of the audit report, thus approved, is filed in the permanent records of the District.

Mr. Gardner next presented the Landscaping Report. He introduced himself to the Board and distributed a packet with several proposals for the Board's review. He first reported that Texas Lawn was working on the repair of the District's irrigation system as well as turf rehabilitation in certain areas of the District. He continued that Texas Lawn would be applying pre-emergent week killer to the grassy areas throughout the District as well as installing mulch at the playscapes during the coming month. He stated that he had inspected the District's Parks and that several areas needed improvement. He explained that each park within the District could be updated aesthetically as well as the overall functionality of the areas improved based on specific environmental conditions. He then reviewed the specific proposals with the Board. After discussion, upon motions duly made and seconded, the Board voted unanimously to approve the proposals as submitted with the exception of the proposal to reseed the District's sports fields. A copy of the proposals are attached hereto and shall be considered an exhibit to these minutes.

The Board then considered approval of the monthly consent agenda containing the minutes of the December 12, 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 Sabatino, the Board voted unanimously to approve the Consent Agenda, including the minutes of the December 12, 2017 regular Board of Directors meeting.

Ms. Johnson then updated the Board on the status of the following lawsuits: Fern Bluff Municipal Utility District v Ganesh Padmanabhan and Fern Bluff Municipal Utility District v Demetria Castillo-Woolf, Gregory Esquivel, and Samantha Castillo. No action was taken on these items.

Next, the Board considered the need to submit the Annual Audit Report and the Annual Update of Financial Information and Operating Data for the District for the fiscal year ended September 30, 2017, with the State Information Depository and the nationally recognized information repositories to fulfill the District's continuing disclosure requirements under Securities and Exchange Commission Rule 15(c)2-12. Ms. McCalla reminded the Board that the filing was accomplished through the Electronic Municipal Market Access ("EMMA") website of the Municipal Securities Rule-Making Board. Upon a motion duly made by Director Sabatino and seconded by Director Barnes, the Board voted unanimously to authorize the District's Financial Advisor to file the District's continuing disclosure, as detailed above.

The Board then discussed the May 5, 2018, Directors Election (the "**Election**"). Ms. McCalla explained that pursuant to Section 31.123 of the Texas Election Code, the District was authorized to appoint an authorized agent for all purposes of the Election. She explained that the District's Agent was: (1) responsible to maintain and make available for inspection all Election documents received during the Election; and (2) required to be available for election duties for at least three hours each day, during regular office hours, on regular business days, beginning on March 16, 2018, and ending no earlier than June 14,

2018. Ms. McCalla continued that McGinnis Lochridge, as the District's agent for the Election, would maintain the mandatory office hours for the District.

Ms. McCalla then reviewed the Joint Election Agreement and Contract for Election Services (the "**Election Agreement**") between the District and Williamson County (the "**County**") with the Board. She highlighted provisions in the agreements and reminded the Board that with a joint election, the County would essentially be conducting the Election for the District. Ms. McCalla further explained that when a registered voter of the District went to vote in a joint election, the ballot would be coded to recognize that the voter was allowed to vote in the Election and the District's ballot would automatically show on the screen of the electronic voting equipment. After discussion, upon a motion duly made by Director Barnes and seconded by Director Stempko, the Board voted unanimously to: (1) approve the Election Agreement; and (2) appoint McGinnis Lochridge as the District's Agent for the Election. A copy of the Election Agreement is attached hereto and shall be considered an exhibit to these minutes.

Next, the Board considered the ORDER CALLING DIRECTORS ELECTION (the "**Election Order**") for the Election. Ms. McCalla explained that the deadline for submission of an application for a position on the District's ballot was 5:00 p.m. on February 16, 2018, and that two positions were up for reelection. She continued that if the District did not receive more than two applications for the Election, then the Board could cancel the Election at its March Board meeting. After review, upon a motion duly made by Director Teiber and seconded by Director Smith, the Board voted unanimously to adopt the Election Order, subject to any revisions to the polling locations made by Williamson County. A copy of the Election Order is attached to these minutes as an exhibit.

Next, Ms. McCalla reminded the Board that Senate Bill 1812 [passed during the 84th Texas Legislative Session] requires any entity with eminent domain authority to log on to the Comptroller's website annually to report specific information to the Comptroller for posting. Ms. McCalla continued that the District is required to submit this information by February 1 of each year and that failure to comply with these requirements may result in a penalty of $1,000 for each notification from the Comptroller and would result in the entity being listed on a list of non-complying entities. She pointed out that failure to comply would not affect the District's authority to exercise its eminent domain authority. After a brief discussion, upon a motion duly made by Director Sabatino and seconded by Director Teiber, the Board voted unanimously to authorize the District's Attorney to complete the District's eminent domain filings, as required.

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 continued to push for two driveways from the proposed left turn lane into Olson Meadows Park, but that a final decision had not been reached by the County. She stated the originally approved bridge for the Project was on hold pending an investigation into the proposed design of the bridge.

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 the District's new mobile phone application should "go live" within the next month.

Mr. Alanis reported on several repairs to the District's water and wastewater lines. He stated that the water leak on Iron Weed was located on the tap line and subsequently repaired. He continued that the wastewater main line leak was caused by root intrusion into the line. He also pointed out that the District's acoustic leak detector was instrumental in discovering the leaks efficiently. Mr. Alanis next reported that he had completed some technical upgrades to the District's wireless internet system, which upgrades provided for a "failover" transfer from the District's internet provider Spectrum to AT&T if Spectrum's wireless internet services failed for any reason.

The Board then discussed sending out a District-wide newsletter in the spring. Ms. Miller suggested that the District could work with the homeowners associations within the District in compiling information for the newsletter, and the Board concurred.

Director Sabatino next reported on the patrols of the District by off-duty officers pursuant to the Independent Contractor Agreement for Off-Duty Security and Patrol Services between the District and the Williamson County Sheriff's (the "**Sheriff's Office**"). He stated that the Sheriff's Office had successfully seized illegal drugs and apprehended suspects at a residence within the District and that the Sherriff's Office credited the District's patrols in the area and neighbor complaints with alerting the Sherriff's Office of the situation at the home. Director Sabatino also noted that the District's patrols were stopping children riding bikes in the District that were also wearing bike helmets and presenting them with "good job" stickers.

The Board then discussed the date of the District's next regular Board of Directors meeting. After discussion, the Board decided that the District's next regular meeting would be held at 6:00 p.m. on March 13, 2018.

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
February 8, 2018, Board of Directors Meeting

1. District Packet;

2. Proposals from Texas Lawn;

3. Election Agreement; and

4. Order Calling Directors Election.