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

October 9, 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 October 9, 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, except Directors Smith and Stempko, thus constituting a quorum.

Also in attendance, were Janey Miller, the District's General Manager; Hector Alanis, the District's Operations Manager; Jack Gardner and Brian Schmidt 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 Barnes led those present in the Pledge of Allegiance.

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

The Board then considered approval of the monthly consent agenda containing the minutes of the September 11, 2018, 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 Barnes and seconded by Director Teiber, the Board voted unanimously to approve the Consent Agenda, including the minutes of the September 11, 2018, regular Board of Directors meeting.

Mr. Gardner next presented the Landscaping Report. He stated that the recent rains had put the Texas Lawn crew behind schedule on certain projects, but that they were in the process of completing the projects. He continued that Texas Lawn had applied fertilizer and pre-emergent to the grass in the District's parks and green spaces. Mr. Gardner also noted that ants were continuing to be a problem due to the rain, but that Texas Lawn was treating mounds as needed.

Mr. Gardner then presented a proposal for a renovation of Brightwater Trailhead. He stated that Texas Lawn planned to create a garden and patio on the existing hillside near the greenbelt entrance, including a renovation of the existing irrigation system. He explained that the total cost for the project would be $43,010.00. He then discussed the specific details of the proposal with the Board. No action was taken at this time.

The next item of business before the Board was consideration of the SECOND AMENDED ORDER ESTABLISHING RULES AND REGULATIONS CONCERNING RECREATIONAL FACILITIES, PARKS, AND GREENBELTS AND FEES AND CHARGES FOR THE USE THEREOF (the "**Orde**r"). Ms. Miller stated that the Order cleaned up some of the language within the Park Rules, but that no substantive changes were made to rules. After consideration, upon a motion duly made by Director Sabatino and seconded by Director Teiber, the Board voted unanimously to approve the Order as presented. A copy of the Order is included in the Board Packet, which packet is attached to these minutes as an exhibit.

Next, the Board considered changes in staff salaries. Director Sabatino stated that the Budget Committee had met and was recommending a 3% increase in salary to all District employees. After discussion, upon a motion duly made by Director Teiber and seconded by Director Barnes, the Board voted unanimously to approve a 3% salary increase to all District employees as recommended by the Budget Committee. Director Sabatino emphasized that the staff was doing a great job, and the rest of the Board concurred.

The Board then considered a proposed addendum to future contracts and/or proposals. Ms. Johnson explained that the addendum was intended to be attached to proposals and/or simple contracts for which there was not an underlying contract with the vendor covering the District. She continued that the addendum provided the District with basic protections and ensured that vendors doing business with the District complied with the laws regulating governmental entities. After a brief discussion, upon a motion duly made by Director Sabatino and seconded by Director Barnes, the Board voted unanimously to approve the addendum as presented. A copy of the addendum is included in the Board Packet, attached hereto.

Next, Ms. Miller reviewed with the Board Resolution NO. R-2018-5853 regarding the SECOND AMENDMENT TO THE WASTEWATER SERVICE AGREEMENT BETWEEN THE CITY OF ROUND ROCK AND FERN BLUFF MUNICIPAL UTILITY DISTRICT (the "**Amendment**"). Ms. Miller explained that the City had recently refunded its bonds lowering the interest rate paid on the bonds by the City. She continued that the

City's lower bond payments resulted in lower debt service payments for the District's pro rata share of the bonds. She pointed out the updated debt service schedules attached to the Amendment reflected the lower debt service payments owed by the District. Ms. Miller confirmed that she had reviewed the schedules to verify that the debt service payment schedules attached to the Amendment were accurate. After a brief discussion, upon a motion duly made by Director Barnes and seconded by Director Teiber, the Board voted unanimously to approve the Amendment as presented. A copy of the Amendment is included in the Board Packet.

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**"). Ms. Miller stated that the Roads Committee and the District's Engineer had met with the County to discuss the Project, including the need to move the District's water line. She stated that the District's Engineer estimated that moving the District's water line in connection with the Project may cost as much as $250,000. Ms. Miller suggested that it would be prudent during the relocation of the District's water line to consider installing a water line interconnect between the District and Brushy Creek Municipal Utility District to ensure water redundancy, and the Board agreed.

The Board then took up the issue of the proposal for renovations to the Brightwater Trailhead presented by Texas Lawn earlier in the meeting. After discussion, upon a motion duly made by Director Sabatino and seconded by Director Teiber, the Board voted unanimously to approve the proposal as presented. A copy of the proposal, thus approved, is included in the Board Packet.

Next, Ms. Miller presented the General Manager's Report in its entirety, a copy of which is included in the Board Packet attached hereto as an exhibit to these minutes. She stated that she had received a request for the District to install a sidewalk on Manitou Springs between the paved portions of the trail to the cul-de-sac sidewalk. She explained that the area is used as a cut through for trail walkers and bike riders to access the trail and that a well-worn trail was already visible in the grassy area. She then reviewed photographs of the area with the Board. After review, the Board requested that Ms. Miller obtain proposals for the installation of concrete as well as for crushed granite in the area.

Mr. Alanis next reviewed the Operations Reports included in the Board Packet with the Board. He noted that the District's water accountability for the month of September was 97%. He stated that he had received ten smart meters as part of a pilot program to test the new metering system in the District. He added he was in the process of determining the best locations for installation of the test meters.

The Board then discussed deed restriction violations within the District. Ms. Miller detailed the issues surrounding the deed violations previously reported at 8307 Priest River Drive. After discussion, the Board directed the District's Attorney to draft a follow-up letter to the homeowners.

Director Teiber then 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 noted that the patrols had been routine during the past month with no major incidents reported within the District.

Ms. Johnson then updated the Board on the status of the following lawsuit: Fern Bluff Municipal Utility District v Demetria Castillo-Woolf, Gregory Esquivel, and Samantha Castillo. She stated that at this time the District was required to hire an attorney ad litem to move forward with the lawsuit. After a brief discussion, upon a motion duly made by Director Sabatino and seconded by Director Teiber, the Board voted unanimously to authorize McGinnis to hire an attorney ad litem on behalf of the District in an amount not to exceed $1,500.

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 November 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
October 9, 2018, Board of Directors Meeting

1. District Packet.