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

September 11, 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 September 11, 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 Director Smith, thus constituting a quorum.

Also in attendance, were Janey Miller, the District's General Manager; Hector Alanis, the District's Operations Manager; 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.

The Board then considered approval of the monthly consent agenda containing the minutes of the August 14, 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 August 14, 2018, regular Board of Directors meeting.

Mr. Gardner next presented the Landscaping Report. He reported that his crew had noticed ruts in areas of the District caused by heavy lawnmowers and that Texas Lawn had purchased lighter lawnmowers to resolve the issue. He continued that Texas Lawn would be applying pre-emergent weed control to areas of the District's parks within the next few weeks. He also told the Board that his office planned to begin the installation of the District's

wildflower project this fall. Director Sabatino stated that the District's Parks were looking great, and he thanked Texas Lawn for their work.

The Board then reviewed the District's proposed budget for fiscal year ending September 30, 2019. Ms. Miller pointed out that the proposed budget included expected increases in landscaping and solid waste collection costs. After a brief discussion, upon a motion duly made by Director Sabatino and seconded by Director Barnes, the Board voted unanimously to adopt the District's budget for the fiscal year ending September 30, 2019, as presented. A copy of the budget as approved is filed among the District's records.

Director Sabatino then convened the public hearing for consideration of the 2018 tax rate for the District. Ms. McCalla 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 $0.1800 per $100 of assessed valuation; (2) set the tax rate for maintenance and operations at $0.2400 per $100 of assessed valuation, for a total tax rate of $0.4200 per $100 of assessed valuation; and (3) adopt the ORDER LEVYING TAXES. A copy of the Order Levying Taxes is filed among the District's records.

Next, Ms. McCalla 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. She 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 Sabatino and seconded by Director Barnes, the Board voted unanimously to approve Amendment No. 38 to the District's Information Form and to authorize filing of same as outlined. A copy of Amendment No. 38, thus approved, is filed among the District's records.

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**"). After review and discussion, upon a motion duly made by Director Sabatino and seconded by Director Teiber, 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.

Ms. Miller next updated the Board on the status of the improvements and/or the widening by the County of Brushy Creek Road and Hairy Man Road (the "**Project**"). Ms. Miller recalled that the District had received a letter from the County regarding the County's proposed purchase of 7 parcels of property, totaling approximately 1.255 acres, owned by the District. She stated that the District was still in discussion with the County regarding the Project. One issue, she said, was that the County could not construct driveways into Olson Meadows Park that were 28 feet wide, as requested by the District, but that due to impervious cover restrictions, the driveways would only be 22 feet wide. She emphasized

that the County has agreed to the construction of a culvert across the area of the District's water line.

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 would be ordering new picnic tables for the Brightwater Park Pavilion as well as the large and small pavilions at Fern Bluff Park. She pointed out that many of the tables had rusted legs and were unstable.

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 August was 99%.

Mr. Alanis then reviewed in detail his research on the purchase of smart meters for the District.

Next, the Board entered into executive session at 6:45 p.m., pursuant to V.T.C.A. Governmental Code, 551.071 in order to discuss District security matters. At 7:04 p.m., Director Sabatino announced that the Board would reconvene in open session and that no decisions or actions were taken during the executive session.

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 present options on how to resolve the issues for the Board's review at the October Board of Directors meeting.

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 resident comments regarding the patrols by the Sheriff's Office remained favorable.

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. No action was taken.

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 October 9, 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
September 11, 2018, Board of Directors Meeting

1. District Packet; and

2. Budget for the fiscal year ending September 30, 2019.