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

January 12, 2021

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 January 12, 2021, 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.

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 or joining during the meeting, were Janey Miller, the District's General Manager; Hector Alanis, the District's Operations Manager; Jack Gardner of Texas Lawn and Garden, LLC, ("**Texas Lawn**") the District's landscaper; and Zachariah T. Evans and Eden Salazar of McGinnis Lochridge, the District's Attorney ("**McGinnis**"). Several members of the public were also present.

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

Director Sabatino then noted that there were residents present who wished to address the Board at this time.

David Gray, Anna Spalding, Trennah Dishongh, Yoram Givon, and Nick Stewart addressed the Board regarding creating an exploratory committee regarding deed restrictions, resident representatives to aid in the deed restriction process, current deed restrictions, rescinding current deed restrictions, and requirements to change deed restrictions. No action was taken on these items.

The Board then considered approval of the monthly consent agenda containing the minutes of the December 8, 2020, 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 Stempko and seconded by Director Teiber, the Board voted unanimously to

approve the Consent Agenda, including the minutes of the December 8, 2020, regular Board of Directors meeting, as written.

Mr. Gardner next presented the Landscaping Report. He stated that routine maintenance was ongoing throughout the District and that mulching and seasonal color changes were completed in December.

The Board next resumed the hearing on the appeals of deed restriction violations by residents residing at 8405 Priest River Drive and 17512 Klamath Falls Drive. Director Stempko motioned to suspend the appeal proceeding until the Board had adequately reviewed and clarified the appeals process. Director Sabatino seconded the motion. A lengthy discussion then ensued. No vote was taken on the motion made by Director Stempko. Director Barnes next motioned to strike Section 2 from the District's Order of the Board of Directors of Fern Bluff Municipal Utility District; Establishing Violations of Certain Deed Restrictions as Violations of District Rules; Establishing Violations of State Law as Violations of District Rules; Providing for Repeal of Conflicting Provisions; Providing for Severability; Providing for Open Meeting; Providing an Effective Date (the "**Enforcement Order**"). Director Sabatino seconded the motion. No action was taken on this motion by Director Barnes. After continued discussion, Director Barnes motioned to strike Sections 2, 5, and 6 from the Enforcement Order and to revise the appropriate recitals, thereby rescinding provisions of the Enforcement Order relating to deed restriction enforcement. Director Stempko seconded the motion, which motion passed unanimously.

Next, Mr. Evans reminded the Board that Chapter 2206, Texas Government Code, requires the District, as an entity with eminent domain authority, to file an annual report with the Texas Comptroller of Public Accounts (the "**Comptroller**") describing any condemnation activity carried out by the entity during the previous year, as well as providing the statute that authorizes such condemnation activity. Mr. Evans continued that the District is required to submit this information by February 1 of each year. He continued that failure to comply with these requirements may result in a penalty of up to $2,000 for each notification from the Comptroller and would result in the entity being listed on a list of non-complying entities. He pointed out that failure to comply would not, however, affect the District's authority to exercise its eminent domain authority. After a brief discussion, upon a motion duly made by Director Smith and seconded by Director Teiber, the Board voted unanimously to authorize the District's Attorney to complete the District's eminent domain filing, as required.

Next, the Board considered the need to conduct the annual review of the District's Investment Policy and investment strategies pursuant to the requirements of Chapter 2256, Texas Government Code, the Texas Public Funds Investment Act. Mr. Evans presented a RESOLUTION OF THE BOARD OF DIRECTORS OF FERN BLUFF MUNICIPAL UTILITY DISTRICT; AFFIRMING INVESTMENT POLICY FOR FERN BLUFF MUNICIPAL UTILITY DISTRICT; ADOPTING A LIST OF QUALIFIED BROKERS; PROVIDING FINDINGS OF FACT; PROVIDING FOR OPEN MEETING (the "**Investment**

Resolution") and summarized provisions within Chapter 2256, requiring the District to perform an annual review of its Investment Policy and investment strategies. He said that the District's Investment Policy and investment strategies complied with the requirements of the Texas Public Funds Investment Act. Mr. Evans noted that the Investment Policy listed the District's General Manager as the District's investment officer. Ms. Miller stated that she was not recommending any changes to the Investment Policy at this time. The Board also reviewed the updated list of brokers authorized to handle investments of the District. After further review, the Board decided that no changes were required in the District's Investment Policy and investment strategies at this time. Therefore, upon a motion duly made by Director Barnes and seconded by Director Stempko, the Board voted unanimously to adopt the Investment Resolution, as presented. A copy of the Investment Resolution, thus approved, is included in the Board Packet and attached hereto.

The Board then discussed the District's Identity Theft Prevention Program (the "**Program**") that was first adopted April 13, 2009, and became effective on 1 May 2009. Ms. Miller recalled that the Program was revised in 2016 to list the District as the Program Administrator and the District's General Manager as the person responsible for carrying out the program and taking responsive steps when a "red flag" is detected. She added that the Program was required to be reviewed annually by the Board. Ms. Miller reported that her office had implemented procedures and controls that provide for the security of accounts as required under the Program and under the Identity Theft Rules adopted by the Federal Trade Commission pursuant to the Fair and Accurate Credit Transactions Act of 2003. She continued that no "red flags" had been raised during the past year and that all of the procedures were working smoothly.

Mr. Evans then reviewed the deadlines and requirements of the America's Water Infrastructure Act of 2018 ("**AWIA**"). He explained that community water systems, including municipal utility districts, serving a population between 3,301 to 49,999 are required to perform a Risk and Resilience Assessment by June 30, 2021, and prepare an Emergency Response Plan by December 30, 2021. He continued that prior to crossing the population threshold, the District would need to: (1) determine the population served by the District, (2) prepare a Risk and Resilience Assessment, (3) timely certify to the Environmental Protection Agency ("**EPA**") that the District has completed a Risk and Resilience Assessment, and (4) within six months thereafter prepare and timely certify to the EPA that the District has completed the Emergency Response Plan. He told the Board that the AWIA requirements are different requirements than other vulnerability risk assessments that the District previously may have been required to file. He then emphasized that the Risk and Resilience Assessments and Emergency Response Plans will contain confidential information and that only the certifications related to these items would be filed with the EPA. as opposed to the assessments or emergency response plans themselves. He then pointed out that AWIA also requires a re-certification of the District's Risk and Resilience Assessment and Emergency Response Plan every five years. Mr. Alanis confirmed that he was aware of the District's AWIA deadlines and that work on

both the Risk and Resilience Assessment and Emergency Response Plan were underway and approximately 60 percent complete.

The Board next conducted an annual review of the District's Attorney. The Board stated their appreciation for the work performed during the past year by McGinnis. Director Smith said that he appreciated the quick responses provided to the Board by Mr. Evans. Director Sabatino added that the District relies on the District's Attorney to ensure that the Board remains in compliance with all applicable laws and regulations, and that he believed that the Mr. Evans had done a good job over the past year.

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. She reported that the District received its "true-up" refund of operational expenses for the Brushy Creek Regional Wastewater System in the amount of $13,530.28. She continued that the District's Spring Bulk Pick-up is scheduled for Saturday, May 1, 2021, and that the homeowners associations within the District have been notified of the date. She added that the information would also be sent out to District residents via email as well as posted on the District's website.

Continuing her report, Ms. Miller stated that the Williamson County Road and Bridge Department (the "**County**") is installing traffic signals on O'Connor Drive. She stated that the intersection of Morgan Hill and O'Connor Drive is one of the entrances to Oak Brook, and that during the construction this week the County hit one of the District's waterlines. Ms. Miller told the Board that only a small section of Oak Brook was affected, and she confirmed that the District sent out a notice to all affected customers. Repair of the line was completed within an hour, she said.

Next, Ms. Miller detailed the status of the improvements and widening of Brushy Creek Road and Hairy Man Road (the "**Hairy Man Project**"). She stated that the Hairy Man Project would have a significant effect on Olson Meadows Park, as the park would need to be shut down for several months during construction. After a question from Director Stempko regarding the accessibility of the walking trail through the area, Ms. Miller responded that, according to the County, the trail would likely not be accessible for a period of time as well. Ms. Miller then reported that the contract for the Hairy Man Project was awarded to DeNucci Constructors, and construction was expected to begin in early 2021, with an anticipated completion date of late 2021.

Mr. Alanis then reviewed the District's water loss report as included in the Board Packet. He noted that the District's water accountability for the month of December was at 97% of water pumped versus water distributed. He added that the District's water accountability for the past 12 months was at 105% of water pumped versus water distributed.

Director Barnes presented the Budget Committee Report. He reported that the District's expenditures to date remained under budget.

Ms. Miller next updated the Board on the deed restriction violations within the District. She noted that 8405 Priest River Drive was now in compliance, but that 17512 Klamath Falls still remained in violation. After discussion, Mr. Evans recommended that the violation at 17512 Klamath Falls be submitted to the District's Architectural Control Committee, and the Board agreed. Director Barnes requested that an item be added to the next agenda to investigate other property management companies.

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 Sheriff's Office. He stated that 92 patrols were conducted throughout the District during the past month.

Mr. Evans next reported that the 87th Texas Legislative Session convened that day, and that his office monitor bills filed and will update the Board on legislation pertinent to the District.

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 by videoconference at 6:00 p.m., February 9, 2021.

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

_____

Secretary, Board of Directors
Fern Bluff Municipal Utility District

(SEAL)

Attachments to the Minutes of the
Fern Bluff Municipal Utility District
January 12, 2021, Board of Directors Meeting

1. Board Packet.