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

**February 9, 2021**

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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 9, 2021, via teleconference and videoconference in compliance with an advisory issued by the Office of the Governor, pursuant to notice duly given in accordance with the law.

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| 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; Don Allman, CPA, PC, the District's Auditor; and Zachariah T. Evans and Suzanne McCalla 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.

Next, Mr. Allman submitted the draft of the audit report for the District for the fiscal year ended September 30, 2020 (the "**Audit Report**"). He reviewed the Statement of Net Position and Revenues and Expenses, Expenditures, and Changes in Fund Balances. He pointed out that the District had paid off its bond indebtedness and commended the Board on their fiscal responsibility. Mr. Allman then 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 a brief discussion, the Board thanked Mr. Allman for his time, and he departed the meeting.

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

Mr. Hylton Cruickshank reviewed with the Board his experience as a member of the Fern Bluff Architectural Control Committee (the "**ACC**"); Mr. Yoram Givon updated those present on the status of deed restrictions by District residents; Mr. Dave Gray expressed his interest in serving on the ACC; and Ms. Trennah Dishongh reviewed her understanding of past actions taken by the Board and stated her belief that the current Board of the District lacked diversity. No actions were taken on these items.

The Board then considered approval of the monthly consent agenda containing the minutes of the January 12, 2021, 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 Barnes, the Board voted unanimously to approve the Consent Agenda, including the minutes of the January 12, 2021, regular Board of Directors meeting, as written.

Ms. McCalla then explained the requirement for the District to file the audit report with the Commission and with the Texas Comptroller of Public Accounts as well as certain other governmental agencies. After consideration, upon a motion duly made by Director Barnes and seconded by Director Smith, the Board voted unanimously to: (1) approve the Audit Report, as presented; and (2) authorize the District's Attorney to file the Audit Report in the District's office and with all governmental agencies as required. A copy of the Audit Report, thus approved, is filed in the permanent records of the District.

The next item of business before the Board was an Interlocal Agreement for Participation in the City of Round Rock's Household Hazardous Waste Program (the "**Agreement**"). Ms. Miller detailed the provisions of the Agreement with the Board. She explained that the District was allocated 50 vouchers per month at a cost to the District of $40.00 per voucher, as in years past. She emphasized that the program had always been very successful within the District and was also critical for the District's compliance under the TPDES Phase II MS4 General Permit. After discussion, upon a motion duly made by Director Smith and seconded by Director Barnes, the Board voted unanimously to approve the Agreement, as presented. A copy of the Agreement is included in the Board Packet; which packet is attached hereto as an exhibit to these minutes.

The Board deferred action on consideration of options for a new deed restriction management company until the District's March Board meeting.

Next, Ms. Miller detailed the status of the improvements and/or widening of Brushy Creek Road and Hairy Man Road (the "**Hairy Man Project**"). She stated that the Hairy Man Project would begin in February and is expected to take 309 calendar days to complete at a total cost of $3,964,380.00. She continued that at this time only one complete closure of the roadway was anticipated, but that there would be frequent periods where only one lane would remain open. She also noted that the Brushy Creek Regional Trail would be closed during certain periods of the construction. She stated she would keep the Board updated on the closures.

Ms. Miller next provided the landscaping report. She reported that beginning in March, Texas Lawn & Garden, the District's Landscaper ("**Texas Lawn**"), would begin weekly ant treatments within the District. She stated that repair of the trail within the District was in progress and that the District's irrigation system had been turned off to mitigate the effects of a hard freeze.

Ms. Miller then discussed with the Board the District's participation in the Brushy Creek Regional Wastewater Treatment System's East Treatment Plant Expansion project (the "**BC Project**"). She explained that the City of Round Rock (the "**City**"), the City of Austin, and the City of Cedar Park (collectively the "**Cities**") purchased the system from the Lower Colorado River Authority in 2009 and that at that time the District and Brushy Creek Municipal Utility District became sub-regional customers of the City rather than of the system as was the case prior to 2009. She stated that because the District is "built out" and does not require any additional capacity in the system, the District is not liable for any costs for future expansions or additions to the system, however the District does pay its pro rata share of maintenance and operations costs. At the present time, she stated, the Cities are expanding the system and the City is responsible for 12% of the expansion costs. She continued that due to ongoing issues within the City, it was determined that the District was responsible for approximately $402,000.00 of the cost of the expansion. Ms. Miller emphasized that she had consulted with the District's Engineer and Operator and determined that the proposed amount was agreeable. She added that the City has offered to allow the District to finance the $402,000.00 over time at 1.45% interest. She also stated that a copy of the contract was provided to the District's General Counsel for review. The Board then discussed the proposed contract and financing options. Director Stempko motioned to approve the contract with the City to pay the $402,000.00 over 18 years at a 1.45% interest rate. Director Teiber seconded the motion, which motion passed with all Directors voting in favor. A copy of the contract for the BC Project is maintained with the records of the District.

The Board next reviewed a proposal from Texas Lawn to install playscape mulch in all the District's parks at a total cost to the District of $18,000. Director Barnes motioned to approve the proposal, and Director Smith seconded the motion. The motion passed unanimously. A copy of the proposal is included in the Board Packet.

Mr. Alanis next updated the Board on the status of the pump at the District's pump station. He reminded the Board that the old motor on the pump was removed and sent off to be rebuilt with the plan that upon return the pump would be maintained as a "spare" pump. However, he explained, the cost to rebuild the old pump was more than the cost to purchase a new pump; therefore, a new pump would be purchased and put in place and the older pump currently in use would be used as the "spare" pump.

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.

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 January was at 125% of water pumped versus water distributed. He added that the District's water accountability for the past 12 months was at 107% of water pumped versus water distributed.

The Board then agreed to defer any discussion on the appointment of members to the ACC until the March Board meeting.

Next, Director Stempko provided data to those present on the number and type of current and past District deed restriction violations. A lengthy discussion ensued regarding the various stages of notification for the violations. No action was taken on this item.

The Board then discussed the status of past violations falling under the “unsightly” provision in the Fern Bluff deed restrictions. Mr. Evans explained that those persons who had received recent violation notices about “unsightly” items should submit a request to the ACC for review and a determination.

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 the 89 patrols were conducted throughout the District during the past month.

Mr. Evans next stated that he continued to monitor bills filed during the 87th Texas Legislative Session, but that no legislation of concern was pending at this time.

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 9, 2021.

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 9, 2021, Board of Directors Meeting

1. Board Packet.