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

July 13, 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 **July 13, 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, except Director Smith, 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 Lecelle Clarke 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 Stempko led those present in the Pledge of Allegiance.

Director Sabatino then noted that there were residents present who wished to address the Board during the Citizen Communications portion of the meeting. He noted that Citizen Communications would be taken up after the District's Landscaping Report.

Mr. Gardner then presented the Landscaping Report. He stated that routine weekly maintenance was ongoing throughout the District and that Texas Lawn continues to work on cleanup of the District's green belts. He continued that Texas Lawn has scheduled a meeting with a certified arborist to inspect several of the trees within the District. He then explained that two ash trees were removed from Fern Bluff Park and that Texas Lawn would provide a proposal for replacement of one of the trees due to location issues for one of the trees. He then reported that inspection of the District's irrigation system was complete and that minor repairs were made.

The Board next heard Citizen Comments. First, Mr. Yoram Givon addressed the Board regarding the two orders listed for approval on the District's agenda (the "**Orders**"). He detailed his views on deed restriction enforcement by the District.

Next, Mr. Jimmy Miller spoke. He stated that he had spoken to several residents who shared his view that deed restriction enforcement within the District was needed. He urged the Board and staff to keep up the good work.

Ms. Whendy Martinez next addressed the Board. She expressed her views on the District's deed restriction enforcement as well as the list of unsightly articles approved by the Architectural Control Committee (the "**ACC**"). She then detailed several issues that she requested that Board take up and provide the residents with responses.

Finally, the Board heard from Ms. Rebecca Patillo who expressed concern about all the "talk" on social media regarding the District's deed restriction policies. She requested that any vote on the Orders be delayed until more information could be provided to residents.

The Board then considered approval of the monthly consent agenda containing the minutes of the June 8, 2021, regular and June 29, 2021, special Board of Directors meetings; 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 Barnes, the Board voted unanimously to approve the Consent Agenda, including the June 8, 2021, regular and June 29, 2021, special Board of Directors meetings minutes, as written.

Next, Ms. Miller reported on the status of the extension of Wyoming Springs Drive from Creek Bend Boulevard to Old Settler's Boulevard (the "**Extension Project**") by the City of Round Rock (the "**City**"). She stated that the City held a meeting at the Fern Bluff Community Center (the "**FBCC**") on July 23, 2021, regarding the Extension Project, which meeting was well attended. She noted that the City also held a meeting at the FBCC to discuss the status of the O'Connor traffic signal project. She added that the traffic signal project was still incomplete and that no expected end date was provided.

Ms. Miller then 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 was progressing and that the Brushy Creek driveway and Olson Meadows Park driveway portions of the project should be paved within the next couple of weeks and complete by August. She added that the Hairy Man Road section of the Hairy Man Project will be closed to traffic Mondays through Fridays until at least July 23, 2021.

The next items of business before the Board were AN ORDER OF THE BOARD OF DIRECTORS OF FERN BLUFF MUNICIPAL UTILITY DISTRICT; ESTABLISHING CERTAIN POLICIES WITH RESPECT TO THE DISTRICT'S DEED RESTRICTIONS; ESTABLISHING PENALTIES FOR VIOLATIONS OF DEED RESTRICTIONS; PROVIDING FOR REPEAL OF CONFLICTING PROVISIONS; PROVIDING FOR SEVERABILITY; PROVIDING FOR OPEN MEETING; PROVIDING AN EFFECTIVE DATE; PROVIDING FOR PUBLICATION (the "**Deed Restriction Order**") and AN ORDER OF THE BOARD OF DIRECTORS OF FERN BLUFF MUNICIPAL UTILITY

DISTRICT; ESTABLISHING VIOLATIONS OF STATE LAW AS VIOLATIONS OF DISTRICT RULES; PROVIDING FINDINGS OF FACT; PROVIDING PENALTIES UP TO $20,000.00 PER VIOLATION; PROVIDING FOR REPEAL OF CONFLICTING PROVISIONS; PROVIDING FOR SEVERABILITY; PROVIDING FOR OPEN MEETING; PROVIDING FOR PUBLICATION; PROVIDING AN EFFECTIVE DATE (the "**District Rules Order**") (collectively the "**Orders**"). Director Sabatino motioned to approve the Orders, as presented, and Director Stempko seconded the motion. A lengthy discussion ensued. Director Stempko detailed the provisions of the Deed Restriction Order at length. She explained that the Deed Restriction Committee had discussed thoroughly the provisions to be included in the Deed Restriction Order. Director Stempko pointed out that the Deed Restriction Order provided an extended time for resolution of violations, an appeal process, and the ability to waive requirements due to extenuating circumstances, as needed. She added that the Deed Restriction Committee was recommending that the Board approve the Orders as presented. Director Barnes questioned the enforceability of the Orders, and Ms. Clarke clarified that the Orders were enforceable and that any unpaid accessed fines could be recovered through the court system. Director Barnes questioned how many violations were at the final stage of the current deed enforcement process, and Ms. Miller responded that approximately five properties were slated for enforcement at this time. Ms. Miller then noted that because the District's new deed enforcement management company was scheduled to begin providing services to the District on August 1, 2021, the Deed Restriction Committee was also recommending that all current deed restriction violations be cleared. After further discussion, the motion passed with Directors Stempko, Sabatino, and Teiber voting for the motion, and Director Barnes voting against the motion. Copies of the Orders are included in the Board Packet, a copy of which is attached hereto.

Director Sabatino next motioned to delay the effect of the Orders until after the District's new deed restriction management company begins on August 1, 2021, and Director Barnes seconded the motion, which passed unanimously.

Director Stempko next presented an updated List of Unsightly Articles (the "**List**") for review by the Board. She noted that the List was adopted by the ACC in May and was not an all-inclusive list but could be amended as needed by the ACC. After a brief discussion, upon a motion duly made by Director Sabatino and seconded by Director Teiber, the Board voted unanimously to adopt the List. A copy of the List is maintained with the District's records.

Next, the Board discussed the issue of dismissing all currently pending deed restriction violations including those previously abated until resolution of the deed restriction violation issues. As stated earlier in the meeting, Ms. Miller emphasized that enforcement would begin pursuant to the District's new contract with Sage Management, the District deed restriction management company, on August 1, 2021. After consideration, upon a motion duly made by Director Barnes and seconded by Director Stempko, the Board voted unanimously to: (1) remove 8405 Priest River Drive and 17512 Klamath Falls Drive from abatement; (2) clear all currently pending violations of deed

restrictions, including those previously abated; and (3) delay enforcement of deed restriction violations until August 1, 2021, when Sage Management will begin deed restriction enforcement within the District pursuant to the Orders.

Ms. Miller then reviewed the District's draft budget for the fiscal year ending September 30, 2022, with the Board. She noted that the budget was drafted with the idea of lowering the District's tax rate from $0.2790 on each $100 of taxable property within the District to $0.2500 on each $100 of taxable property within the District. She detailed the items listed within the draft budget with the Board. Ms. Miller pointed out that the City has completed its rate study and that her office would be meeting with the City on August 9, 2021, to discuss the impact to the District. She added that she is anticipating an increase in water rates to the District, which would result in increased water rates to District customers. However, she told those present that wastewater rates would not be increased. Ms. Miller also reported that she was requesting funding for two additional employees in the draft budget. She explained that currently staff was "stretched thin" with new legal requirements as well as with providing documents timely for multiple requests. Ms. Miller told the Board that the final draft budget would likely be ready for approval by the Board in August, although final approval was not required until September.

At this point Director Teiber departed the meeting.

Ms. Miller then presented the General Manager's Report in its entirety, a copy of which is included in the Board Packet. She reminded the Board that the District's billing and software company was changing its credit card processing company and that new credit card information would need to be collected from those customers of the District that paid their utility billing on line automatically. As previously reported, Ms. Miller stated that the old credit card information would be deleted and customers would need to input the new information into the system between July 1 and July 23, 2021. She added that any current customers utilizing the system that have not updated their credit card information would be contacted directly by her office as a courtesy reminder.

Mr. Alanis then provided the Operations Report. He first 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 June was at 101% 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. He next reported that he continues to work to ensure that the District's computer system is properly secured against any potential cybersecurity issues.

The next item of business before the Board was the status of the reopening of the Community Center. Ms. Miller reported that her office was now taking reservations for the Community Center at full capacity.

Ms. Clarke next provided an update on the bills passed during the recent Texas Legislative Session. She asked any Board member with questions to contact her directly.

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 August 10, 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
June 8, 2021, Board of Directors Meeting

1. Board Packet.