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

January 23, 2024

The Board of Directors ("Board") of Fern Bluff Municipal Utility District ("District") convened in a special meeting that was open to the public at 6:00 p.m., on the above-referenced date, at the Fern Bluff Municipal Utility District Community Center, 7320 Wyoming Springs Drive, Round Rock, Texas, pursuant to notice posted in accordance with law.

Director Sabatino called the meeting to order and called the roll of the Board, to wit: **George Sabatino**, President; **Marc Smith**, Vice President; **Jessica Stempko**, Secretary; **Kevin Barnes**, Treasurer; and **Richard Horton**, Director. With all Directors present except Director Horton, a quorum was established.

Also, in attendance or joining during the meeting, were Janey Miller, the District's General Manager; Hector Alaniz, the District's Operations Manager; Jeremiah Alcantar, the District's Assistant Operations Manager; Don Allman, CPA, PC the District's auditor, and Zachariah T. Evans, of the Law Office of Zachariah T. Evans, the District's Attorney ("**Evans Law**").

Next, the Board recited the Pledge of Allegiance.

Director Sabatino then noted no citizens were present to address the Board.

Next, Mr. Allman reviewed the draft audit report for the District's fiscal year ended September 30, 2023. He reviewed the Statement of Net Position and Revenues and Expenses, Expenditures, and Changes in Fund Balances. Mr. Allman reviewed the supporting data included in the audit report, including information required by the Texas Commission on Environmental Quality ("**TCEQ**"). 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. He also noted that the District was in great shape financially and currently had no leases, loans, or bonds outstanding. After a brief discussion, Director Smith moved to approve the audit report, as presented; Director Horton seconded; and the Board voted unanimously to approve the motion. A copy of the audit report is filed in the permanent records of the District.

Director Horton joined the meeting during Mr. Allman's presentation and voted to approve the Audit Report accordingly.

The Board then considered approval of the monthly consent agenda, including minutes of their December 12, 2023, meeting; payment of bills and invoices; payment of transfers for operation expenses; pay requests; change orders; and customer charge write-offs. Director Barnes moved to approve the consent agenda; Director Stempko seconded; and the Board voted unanimously to approve the motion.

Ms. Miller then provided the Board with an update on behalf of the Parks Committee. She reviewed a proposal by Texas Lawn and Garden ("**TLG**"), the District's landscaping consultant, to install mulch in the District's parks at a depth of five inches, as required by law. Director Horton inquired about installing synthetic (rubber) mulch in the future in hopes that it would last longer than natural mulch. Ms. Miller agreed it would be good to look into the expense for synthetic mulch compared to nature mulch. After discussion, Director Smith moved to approve TLG's proposal; Director Barnes seconded; and the Board voted unanimously to approve the motion.

Next, the Board considered AN ORDER BY THE BOARD OF DIRECTORS OF FERN BLUFF MUNICIPAL UTILITY DISTRICT; CALLING A DIRECTORS ELECTION TO BE HELD WITHIN SAID DISTRICT; PROVIDING FOR THE CONDUCT AND THE GIVING OF NOTICE OF SAID ELECTION; AND CONTAINING PROVISIONS NECESSARY AND INCIDENTAL TO THE PURPOSES HEREOF; PROVIDING VOTING DATES, TIMES, AND LOCATIONS; PROVIDING FOR CANCELLATION OF THE ELECTION UNDER CERTAIN CIRCUMSTANCES; PROVIDING FOR AN OPEN MEETING; PROVIDING FINDINGS OF FACT ("**Election Order**") for the District's May 4, 2024, Directors Election (the "**Election**"). Mr. Evans explained that the deadline for submission of an application for a position on the District's ballot was 5:00 p.m. on February 16, 2024, and that three (3) positions were up for reelection. He continued that if the District did not receive more than three (3) applications for the Election, then the Board could cancel the Election at its March Board meeting.

Mr. Evans then explained that pursuant to Section 31.123 of the Texas Election Code, the District was authorized to appoint an authorized agent for all purposes of the Election. She explained that the District's Agent was: (1) responsible to maintain and make available for inspection all Election documents received during the Election; and (2) required to be available for election duties for at least three hours each day, during regular office hours, on regular business days, for the duration of time provided under state statute. Mr. Evans continued that Evans Law, as the District's agent for the Election, would maintain the mandatory office hours for the District.

Mr. Evans then reviewed the Contract for Election Services between the District and Williamson County ("**County**") with the Board. He highlighted provisions in the contract and reminded the Board that with a joint election, the County would essentially be conducting the Election for the District.

After discussion of the preceded election-related agenda items, Director Barnes made a motion to (1) approve the Contract for Election Services between the District and Williamson County; (2) appoint Evans Law as the District's Agent for the Election; and (3) and approve the Election Order; Director Horton seconded; and the Board voted unanimously to approve the motion.

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 ("**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 Smith, the Board voted unanimously to adopt the Investment Resolution, as presented.

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 ("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 Horton and seconded by Director Barnes, the Board voted unanimously to authorize the District's Attorney to complete the District's eminent domain filing, as required.

The Board then discussed the District's Identity Theft Prevention Program ("**Program**") that was first adopted April 13, 2009, and became effective on May 1, 2009. The Board 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. Mr. Evans reminded the Board 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 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. After discussion, upon a motion by Director Horton and seconded by Director Smith, the Board voted unanimously to affirm the Program.

On behalf of the Roads Committee, Mrs. Miller then provided an overview of ongoing road improvement activity within the District. She stated she has not received any updates on the Wyoming Springs extension project.

Mrs. Miller then summarized the General Manager's report, a copy of which is included in the Board Packet, which is attached and incorporated into these minutes. Mrs. Miller noted the recent winter weather and reminded those in attendance of the importance of wrapping exposed

water pipes, letting faucets drip, and leaving kitchen cabinet doors during freezing temperatures. Mrs. Miller then discussed with the Board the status of the ongoing replacement and installation of new exterior doors in the District's Community Center. Mrs. Miller also added that she is working on drafting a request for proposals from solid waste removal service providers. Finally, Mrs. Miller reminded the Board of the need to amend the District's Rate Order, to prohibit multiple connections to the District's water and wastewater systems on a single lot. Mr. Alaniz noted it would be beneficial to also address backflow prevention while amending the Rate Order.

Mr. Alaniz then reported that the District's MS4 renewal permit is still pending before the TCEQ. He also noted that he recently had to replace a water quality sampling probe that measures nitrates in the District's water.

On behalf of the Deed Restriction Committee, Director Horton noted the Architectural Control Committee ("**ACC**") has received a request from a resident to paint the brick on the resident's house blue. He indicated the ACC is not aware of any houses in the District having been painted blue or the ACC's approval or denial of such a request. He noted the ACC's decision is pending.

Under Communications Committee, Director Smith noted the next community newsletter will be distributed in February 2024 and he would welcome the submission of articles and ideas for the newsletter's content.

At this point, the Board retired into executive session pursuant to Section 551.071, Texas Government Code, to discuss agenda item #20 with Mr. Evans. The Board then reconvened in open session and Director Sabatino announced that the Board neither made any decisions, nor took any votes.

The Board then set their next regular meeting for February 27, 2024, at 6:00 p.m.

For future agenda items, Director Smith noted he invited a representative from the Texas Water Coalition to address the Board on water supply matters. Director Sabatino noted an agenda item would also be included with respect to amending the District's Rate Order, as previously discussed.

There being no further business, the Board adjourned.

[*Execution page follows*.]

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Jessica Stempko, Secretary
Board of Directors
Fern Bluff Municipal Utility District

Attachments
Fern Bluff Municipal Utility District
Board of Directors Meeting

1. Board Packet