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

April 12, 2016

THE STATE OF TEXAS
WILLIAMSON COUNTY

The Board of Directors of the Fern Bluff Municipal Utility District convened in a regular meeting open to the public at 6:00 p.m. on April 12, 2016 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:

Patrick Savarese	President
Joseph Teiber	Vice President
Dave Quillman	Secretary
George Sabatino	Treasurer
Jessica Stempko	Assistant Secretary/Treasurer

All Directors were present, thus constituting a quorum. Also present were Janey Miller, the District's General Manager; Hector Alanis, the District's Operation's Manager; Charles Evans of ECO Systems Landscaping Services ("ECO"), the District's Landscaper; and Phil Haag and Suzanne McCalla of McGinnis Lochridge, the District's Attorney.

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

Director Savarese noted that there were no residents of the District present who wished to address the Board.

The first item of business was approval of the monthly consent agenda. After a brief discussion, upon a motion duly made by Director Teiber and seconded by Director Stempko, the Board voted unanimously to approve the Consent Agenda containing the minutes from the March 8, 2016, Board meeting, as written; payment of bills and invoices; payment of transfers for operation expenses; pay requests; change orders; and customer charge write-offs.

Next, the Board reviewed the ORDER DELEGATING CERTAIN MANAGERIAL AND FINANCIAL AUTHORITY TO THE GENERAL MANAGER OF FERN BLUFF MUNICIPAL UTILITY DISTRICT (the "Delegation Policy"). Ms. McCalla stated that the Delegation Policy had been revised to include the provisions requested by the Board at the March 8, 2016, Board of Directors meeting. She explained that the purpose of the Delegation Policy was to institute adequate controls for the safekeeping of the District's

funds while allowing for the timely payment of bills and conduct of District business by the District's General Manager. Ms. Miller told the Board that she had reviewed the Delegation Policy and that it was her belief that the policy encompassed all her current responsibilities. After discussion, upon a motion duly made by Director Teiber and seconded by Director Savarese, the Board voted unanimously to approve the Delegation Policy as presented. A copy of the Delegation Policy is attached hereto and shall be considered a part of these minutes.

The Board next discussed the status of the Lower Colorado River Authority's (the "LCRA") Leander-Round Rock 138-kV Transmission Line Project (the " LCRA Project"). Ms. Miller stated that several cities had sent in resolutions to the LCRA requesting alternate routes. She also reported that she had heard from several residents who expressed appreciation to the District for sending a letter to the LCRA objecting to the LCRA Project.

Next, Mr. Evans reported on the landscaping work in the District. He informed the Board that the application of pre-emergent and fertilizers at the District's parks and landscaped areas was complete. He noted that a small repair had been completed on the District's irrigation system and that all the green belts in the District were scheduled to be mowed during the week of April 18, 2016. Ms. Miller suggested that ECO inspect the areas of the District that had been damaged by the installation of fiber-optic network cable in areas of Stone Canyon and Fern Bluff by AT&T (the "Cable Project"), and the Board concurred.

Ms. Miller then presented the General Manager's Report, a copy of which is attached hereto as an exhibit to these minutes. She first reported on the progress of the Cable Project. She stated that most of the boring in the areas of the District was now complete and that AT&T was now primarily focusing on the actual fiber installation. She added that the District continued to receive numerous calls regarding damage to residents' yards, broken irrigation systems, and water lines. She reported that the District has experienced some damage to the District's lines, but that Mr. Alanis was working with the AT&T contractor to ensure that repairs were made promptly.

Continuing her report, Ms. Miller stated that the construction of the Creek Bend Boulevard Extension, which extends the existing four-lane divided roadway from Creek Bend Circle across Brushy Creek and Hairy Man Road to connect with Brightwater Boulevard at Wyoming Springs Drive, continued to be in progress. She explained that the District's master water meter had been removed and that the "shut-down" and "switch-over" to the new water meter had gone well. She noted that there had been some minor issues during the "switch-over" but that the City of Round Rock (the "City") had finished the project late in the day and that the testing of the water and the lines was complete. Ms. Miller added that the Supervisory Control and Data Acquisition (SCADA) system would be installed later in the month.

Ms. Miller then reported on the payment of bills and invoices to the District as detailed on the District's Payment and Transfers Report. She detailed the bills to the

District and the checks in payment thereof. She then reviewed with the Board the status of the District's profit and loss budget performance for the fiscal year to date.

Next, Mr. Alanis 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 March was at 95% of water pumped versus water distributed. He added that the District's water accountability for the past 12 months was at 96% of water pumped versus water distributed.

The Board next considered the purchase of a park and utility vehicle for the District. Ms. Miller reminded the Board that four-wheel access to the District would allow her office to get to hard to access areas of the District in a timelier manner. She stated that the estimated amount to purchase a new Kawasaki Mule that seats four persons was $14,000. Director Savarese questioned the benefits of purchasing a used vehicle as an alternative to a new vehicle. A lengthy discussion ensued, after which further discussion on the matter was deferred to later in the meeting.

Next, the Board entered into executive session at 6:43 p.m., pursuant to V.T.C.A. Governmental Code, Chapter 551.072, to discuss real property matters. The Board reconvened in open session at 7:25 p.m. Director Savarese stated that no action was taken in executive session.

Director Teiber asked when the next annual inspection of the District's playgrounds was scheduled. Ms. Miller responded that she would research the issue and report back to Director Teiber the scheduled dates. She added that vandalism in the District was increasing and that routine inspections of the playground equipment was a good policy.

Director Teiber next 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 Office. Director Teiber stated that after comparing the security reports for the District under the old contract to the security reports submitted under the current contract, it appeared that the officers patrolling the District were engaging more with the residents and were visible throughout the District. The Board noted that the presence of the officers patrolling throughout the District had been received positively by District residents.

Ms. Miller reported that the District's request for approval of the new office addition at the District's Community Center had been submitted to the Texas Commission on Environmental Quality, but that her office had not received any response from the Commission, to date. After a question from Director Stempko, Ms. Miller confirmed that construction of the new office addition would continue through the holidays. She stated that any residents desiring to rent out the Community Center during construction would be required to sign a document verifying that the resident was notified that construction would be in progress during their reserved event.

The Board then continued its discussion regarding the purchase of a Kawasaki Mule from earlier in the meeting. After consideration, upon a motion duly made by Director Stempko and seconded by Director Sabatino, the Board voted to authorize the purchase of a Kawasaki Mule in an amount not to exceed $14,200. The motion passed with Directors Stempko, Sabatino, Quillman, and Teiber voting in favor, and Director Savarese voting again the motion.

There being no further business to come before the Board, the Directors scheduled the next meeting for May 10, 2016, and 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
April 12 2016 Board of Directors Meeting

1. Resolution Delegating Authority to the District's General Manager; and
2. General Manager's Report.

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