FERN BLUFF
Municipal Utility District

Dear Fern Bluff MUD Constituents,

The past year and a half have been challenging for us all. So, I wanted to take this opportunity to update the community on recent activities within the Fern Bluff MUD. Specifically, I wanted to answer questions that have arisen regarding the proposed tax rates, water/sewer/garbage rates, and the efforts of the MUD to protect MUD assets and enforce deed restrictions within the district.

Tax Rates

The 2021 tax rate for the Fern Bluff MUD was proposed at the August 10, 2021, board meeting and will be ratified at the September 14, 2021 meeting. The Fern Bluff MUD Board of Directors proposed lowering the tax rate from $.279/100 value to $.25/100 value. Additionally, the board of directors approved increasing the tax exemptions for Over-65 and Disabled from $15,000 to $25,000.

Why is lowering the tax rate important? Other taxing entities have maintained their tax rates resulting in overall higher taxes for homeowners, due to skyrocketing property valuations in Central Texas. **The Fern Bluff MUD Board of Directors want to lower the tax rate as much as prudent while enabling the MUD operations to continue as normal, thus reducing the tax liability to MUD homeowners.** While some homeowners may still see an increase in their overall taxes due to the higher property values, we have tried to minimize the tax impact as much as possible through the lower MUD tax rate.

Any MUD resident wishing to comment on the proposed tax rate may sign up to speak at the Tax Hearing on Tuesday, September14, 2021.

Water/Sewer/Garbage Rate Changes

- The City of Round Rock is the wholesale water provider for our MUD. The city recently completed a rate study which resulted in the city charging the MUD more money to purchase wholesale water for our district. Due to the increased rates charged by the city, we must change the district's water rates. We have tried to minimize the impact of these rate increases as much as possible. Our district has not increased water or sewer rates since 2018. Based on the new rates described below, the average customer should expect to see a $1.81 increase starting with the November 2021 bill.
- Beginning October 1, 2021, the following new rates will apply:
    - Base monthly charge for water will increase from $16.25 to $17.25
    - Base sewer charge will decrease from $7.25 to $6.25
    - The volumetric rate for 1000 gallons of water will increase from $3.50 to $3.60-Tier 1 and $3.95 to $4.00-Tier 2
    - Garbage and Recycle service will increase from $20.25 to $20.86 per month

Water Code Authorization

How is the Fern Bluff MUD able to enforce deed restrictions in the Fern Bluff neighborhood?

In 1991, the Texas Legislature passed Water Code 54.237 which authorizes MUDs to enforce deed restrictions within its jurisdiction. The code reads, in part:

54.237 – "A district may take all actions necessary to enforce a restriction, including the initiation, defense, or intervention in litigation or administrative proceeding to enjoin or abate the violation of a

restriction when, in the reasonable judgement of the board of directors of the district, enforcement off the restriction is necessary to sustain taxable property values in the district." (link to statute)

The Oak Brook and Stone Canyon neighborhoods have their own Homeowner's Associations ("HOAs") to enforce neighborhood Covenants, Conditions and Restrictions ("CC&Rs"). The Fern Bluff neighborhood within the MUD does not have its own HOA. Therefore, the Fern Bluff MUD Board of Directors is exercising this authority (as granted in the Texas Water Code 54.237) in the Fern Bluff neighborhood only. The MUD continues to handle deed restriction compliance and architectural change requests as defined in the Fern Bluff neighborhood's CC&Rs. This authority applies district wide, though the board of directors is only exercising this authority in theFern Bluff neighborhood as it is the only neighborhood in the district without a formal homeowner's association to handle deed restriction compliance and architectural change requests as defined in the neighborhood's CC&Rs.

In 2021 the Fern Bluff MUD Board of Directors passed an Order (add link) that authorizes the MUD to levy civil penalties for non-compliance as a cost-effective means of enforcing deed restrictions without having to resort to filing costly litigation. The Board of Directors set the penalties for deed restriction violations at $50 per violation.

Should you have questions about the enforcement of deed restrictions within the Fern Bluff neighborhood, please contact the General Manager at GM@fernbluffmud.org or 512-238-0606.

Parks & Greenbelts

The district is continuing the cleanup from the extreme storm damage which occurred in our parks and greenbelts during the past year. Recent road closures and construction have limited access to certain MUD property with damage; however, we will evaluate those sites as access is restored. The district understands that many homeowners suffered damage on their private property as well, but we ask that downed trees, dead shrubs, etc. not be discarded into the district greenbelts and parks. This additional debris, considered illegal dumping, is hampering the district's capabilities to properly maintain district property.

Park Pavilions & Community Center

All district park pavilions as well as the community center are open and residents may call the MUD office (512)238-0606 for reservations.

Thank you for allowing me to address your issues and concerns. As always, our Board of Directors and MUD staff are working hard for our residents and we would love to see you at our monthly meetings held, normally, on the 2nd Tuesday of each month at the community center. Our next monthly meeting, including our tax hearing, will be Tuesday, September 14, 2021, at 6pm.

Sincerely,

George Sabatino, President
Fern Bluff MUD Board of Directors