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

March 8, 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 March 8, 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, except Director Savarese, thus constituting a quorum. Also present were Janey Miller, the District's General Manager; Hector Alanis, the District's Operation's Manager; Charles Evans and Lalo Gonzalez of ECO Systems Landscaping Services ("ECO"), the District's Landscaper; Cheryl Quillman, a resident of the District; and Morgan Johnson and Suzanne McCalla of McGinnis Lochridge, the District's Attorney.

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

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

The next item of business was approval of the monthly consent agenda. After a brief discussion, upon a motion duly made by Director Sabatino and seconded by Director Stempko, the Board voted unanimously to approve the Consent Agenda containing the minutes from the February 9, 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, Ms. Miller reported that she had been contacted by the Lower Colorado River Authority (the "LCRA") questioning if there were any environmentally sensitive areas located within the boundaries of the District. Ms. Miller stated that the LCRA was inquiring about the areas as part of the LCRA's process for the determination of routes for the Leander-Round Rock 138-kV Transmission Line Project. She informed the Board that the District had nine environmentally sensitive areas.

Next, Mr. Evans introduced Mr. Gonzalez to the Board. He explained that Mr. Gonzalez would be doing the majority of the landscaping work in the District. Mr. Evans then reported that, with the start of spring, ECO had begun providing weekly services to the District, to include trimming and fertilization of all the District's parks and landscaped areas. He continued that ECO had completed all the winter landscaping work and had increased irrigation times throughout the District in preparation for the warmer summer months. He then stated that Mr. Gonzalez would be planting spring flowers throughout the District. Ms. Miller told the Board that the aeration and top dressing of the District's sports fields, approved at the District's February Board meeting, had been delayed until June 2016, when the fields would not be utilized by sports teams.

The Board then discussed the District's Identity Theft Prevention Program (the "Program"). Ms. Johnson explained that the Program ensures that the District has implemented procedures and controls that provide for the security of accounts as required 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 her office had updated the District's Program to reflect that the Board of Directors was the Program Administrator and that the District's General Manager would be responsible for implementing the Program. After a brief discussion, Ms. Miller stated that that no "red flags" had been raised during the past year and that all of the procedures were working smoothly. After further discussion, upon a motion duly made by Director Quillman and seconded by Director Stempko, the Board voted unanimously to approve the RESOLUTION ESTABLISHING AN IDENTITY THEFT PROGRAM. A copy of the resolution, thus approved, is attached hereto as an exhibit to these minutes.

Next, Ms. Johnson presented for the Board's review a draft Resolution Delegating Certain Managerial and Financial Authority to the General Manager (the "Delegation Resolution"). Ms. Johnson told the Board her office was working with Ms. Miller to ensure that the Delegation Resolution was drafted to reflect Ms. Miller's current duties as General Manager of the District. She stated that after the Board's review of the Delegation Resolution, the Board's revisions would be incorporated into the final Delegation Resolution and it would be presented for approval at the District's April 2016 Board of Directors' meeting. Ms. Johnson then reviewed the Delegation Resolution in detail with the Board. Ms. Miller questioned if a provision regarding the rental of equipment should be incorporated into the Delegation Resolution, and Ms. Johnson stated she would add the provision. The Board discussed the provisions including in the Delegation Resolution at length. Ms. Johnson agreed to update the Delegation Resolution as discussed for presentation at District's April Board meeting.

Ms. McCalla then presented an ORDER CANCELING THE MAY 7, 2016, DIRECTORS ELECTION AND DECLARING UNOPPOSED CANDIDATES ELECTED TO OFFICE for review by the Board. She stated that as the Agent for the District, McGinnis Lochridge has certified that the candidates to be listed on the ballot for the District's May 7, 2016 Directors Election (the "Election") were unopposed and that pursuant to Section 2.053(b) of the Texas Election Code, an election would not be held. After consideration, upon a motion duly made by Director Stempko and seconded by Director Sabatino, the Board voted unanimously to: (1) approve the Order Canceling the Election and (2) declare the following unopposed candidates elected to office: George Sabatino, Patrick Savarese, and Joe Teiber. Ms. McCalla told the Board that the newly elected Director's terms of office would not begin

until after the May 7, 2016, Directors Election and upon each candidate taking the oath of office. She also pointed out that a copy of the Order Canceling the Election would need to be posted at the District's regular polling place on election day. A copy of the Order Canceling the Election is attached as an exhibit to these minutes.

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 installation of fiber-optic network cable in areas of Stone Canyon and Fern Bluff by AT&T. She stated that the process required the use of boring equipment and that many homeowner yards in the area had been excavated. She continued that her office had received numerous phone calls related to the installation. She added that some damage to the District's water and sewer lines had occurred but that repairs to the lines were completed as quickly as possible.

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 noted that the District's master water meter had been removed and that the "shut-down" and "switch-over" to the new water meter was scheduled for Monday, March 14, 2016. Ms. Miller said that water service to the District's customers would be temporarily interrupted but that District customers would not experience a significant impact to their water service. She added that there would not be a drastic reduction in water pressure in the District's lines during the "switch-over" due to the District's elevated storage tank.

Next, Ms. Miller reported that Terry Hagood, P.E., the Engineer for the new office addition at the District's Community Center, had submitted the District's request for approval of the project to the Texas Commission on Environmental Quality. She noted that additional work may be required on the storm water channel located at the far end of the Community Center's parking lot.

Ms. Miller then presented an Interlocal Agreement for Participation in the City of Round Rock's Household Hazardous Waste Program (the "Hazardous Waste Program"). She pointed out that the terms remained the same as in the previous agreement, with the District paying $40.00 per voucher. After review and discussion, upon a motion duly made by Director Sabatino and seconded by Director Quillman, the Board voted unanimously to approve the Hazardous Waste Program, as presented. A copy of the Hazardous Waste Program is attached to and shall be considered a part of these minutes.

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 February was at 89% 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.

Director Teiber pointed out that the light that shines on the Texas flag at Veteran's Park was not working, and Ms. Miller confirmed that the light would be repaired. She added that the District was in the process of changing out all the District's lighting to light emitting diode (LED) lights, which lighting would save the District a considerable amount of money over the lifetime of the lights.

Next, the Board entered into executive session at 7:04 p.m., pursuant to V.T.C.A. Governmental Code, Chapter 551.071, to receive legal advice from the District's Attorney regarding possible litigation. The Board reconvened in open session at 7:31 p.m. After a brief discussion, upon a motion duly made by Director Quillman and seconded by Director Sabatino, the Board voted unanimously to authorize the District's Road Committee to research matters related to the Williamson County road plan for Great Oaks Boulevard and Brushy Creek and to carry out the instructions as discussed in executive session.

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 he had received three identical reports from one deputy and that he had talked with Captain David about the issue. He told the Board that Captain David had assured him that the issue would be resolved. Director Teiber also noted that a deputy had detained a child and contacted his parents regarding fishing in the District's pond.

Next, Ms. Miller stated that there was an ongoing safety issue with vehicles backing up on Park Valley Drive as well as on Wyoming Springs as a result of parents picking up their children from school. She stated she had talked with Captain James about assisting the school in resolving the issue.

Finally, Ms. Miller reported that the District's solid waste provider had scheduled a "bulk pickup" for March 18, 2016. Director Quillman suggested that an email informing District residents that there is a limit on the number of leaf bags that can be left out for pick up would be helpful, and the Board concurred.

There being no further business to come before the Board, the Directors scheduled the next meeting for April 19, 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
March 8 2016 Board of Directors Meeting

1. Resolution Establishing an Identity Theft Prevention Program;
2. Order Canceling the May 7, 2016 Directors Election and Declaring Unopposed Candidates Elected to Office; and
3. Interlocal Agreement for Participation in the City of Round Rock's Household Hazardous Waste Program.

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