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

September 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 September 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, except Director Quillman, thus constituting a quorum. Also present were Janey Miller, the District's General Manager; Hector Alanis, the District's Operation's Manager; and Morgan Johnson 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 present who wished to address the Board.

The next item of business was approval of the monthly consent agenda. Ms. Miller recalled that Check No. 9092 to ARS in the amount of $6,799.00 was voided at last month's Board meeting. She pointed out that Check No. 7721 to ARS in the amount of $6114.10 was subsequently issued from the Manager's Account and listed on the District's Cash Report. 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 August 9, 2016, regular Board of Directors meeting; payment of bills and invoices; payment of transfers for operation expenses; pay requests; change orders; and customer charge write-offs.

Director Savarese then convened the public hearing for consideration of the 2016 tax rate for the District. Ms. McCalla confirmed that the Notice of Public Hearing on Tax Rate was published in the Round Rock Leader as required. Director Savarese observed that there were no persons present who wished to address the Board concerning the tax

rate, and he closed the public hearing. After consideration, upon a motion duly made by Director Savarese and seconded by Director Stempko, the Board voted unanimously to: (1) set the debt service tax rate at $0.2000 per $100 of assessed valuation; (2) set the tax rate for maintenance and operations at $0.2445 per $100 of assessed valuation, for a total tax rate of $0.4445 per $100 of assessed valuation; and (3) adopt the ORDER LEVYING TAXES. A copy of the Order Levying Taxes is attached hereto and shall be considered to be a part of these minutes. Director Savarese congratulated the Board on working together to lower the District's tax rate for the 2016 tax year.

Next, Ms. McCalla explained that the Board needed to adopt an Amendment to the District's Information Form whenever any information in the Information Form was changed, including the annual setting of the District's tax rate. She explained that the amendment would be filed with the Texas Commission on Environmental Quality, in the Official Public Records of Williamson County (the "County"), and in the offices of McGinnis Lochridge. After review, upon a motion duly made by Director Savarese and seconded by Director Sabatino, the Board voted unanimously to approve Amendment No. 36 to the District's Information Form and to authorize filing of same as outlined. A copy of Amendment No. 36, thus approved, is attached hereto and shall be considered to be a part of these minutes.

Next, the Board reviewed the proposed ORDER AMENDING WATER AND WASTEWATER SERVICE RATES AND CHARGES AND RE-ESTABLISHING WATER AND WASTEWATER TAP FEES AND CAPITAL RECOVERY FEES AND ADOPTING CERTAIN GENERAL POLICIES WITH RESPECT TO THE DISTRICT'S WATER, WASTEWATER AND DRAINAGE SYSTEMS AND PROVIDING PENALTIES FOR VIOLATION THEREOF (the "Rate Order"). Ms. Miller stated that the District's base rate and volumetric charge were increased to reflect the City of Round Rock's (the "City") increase in rates charged to the District. She pointed out that the approximate increase to the average District resident's water bill would be around $1.50 per month. Director Savarese emphasized that the rate increase was simply a pass through of the City's increase in rates and not a subsidy of other District items. After review and discussion, upon a motion duly made by Director Savarese and seconded by Director Teiber, the Board voted unanimously to approve the Rate Order as presented. A copy of the Rate Order, thus approved, is filed among the District's records.

Next, Ms. Miller reported on the Williamson County Road and Bridge plan and Improvements and/or widening of Brushy Creek Road and Hairy Man Road (the "Project"). Ms. Miller recalled that the County Road & Bridge had staff hosted an open house on July 14, 2016, to explain their two proposals for the Project. She stated that, since that date, she had not received any additional information from the County regarding the Project and that it was her understanding that the County would not make a decision regarding which plan the County would choose until later in the year.

Next, Ms. Johnson updated the Board on the status of the Lower Colorado River Authority's (the "LCRA") application to amend its certificate of convenience and necessity for the Round Rock-Leander 138-kV Transmission Line. She recalled that the District

had filed a Motion to Intervene with the Public Utility Commission as well as a Request for a Hearing on the Merits and a Request for Referral to the State Office of Administrative Hearing (SOAH). She stated that her office had filed a Statement of Position (the "Statement") with SOAH on behalf of the District this date. Ms. Johnson continued that the Statement detailed three proposed segments that would negatively affect the District's property and elucidated the reasons why these three segments should not be chosen as a route. After discussion, Ms. Johnson confirmed that she would distribute the Statement to the Board via email.

Ms. Miller then presented the General Manager's Report in its entirety, a copy of which is attached hereto as an exhibit to these minutes. She stated that bids were solicited for the office addition at the District's Community Center (the "Community Center Project") and that no bids were submitted for consideration. Ms. Miller told the Board that because contractors considered the Community Center Project to be a "small" project, contractors declined to submit bids. Ms. Miller stated that the District was extending the bid submission due date by two weeks and that she had contacted two contractors who agreed to submit bids. Ms. Miller stated that she and the architect had reached out to the contractors that attended the pre-bid conference and she was hopeful that the district would receive some bids. Ms. Miller pointed out that due to the difficulty in obtaining contractors, the District may need to be flexible on its start dates for the Community Center Project. She emphasized that persons scheduling events during the construction period would be required to sign a letter notifying them that the Community Center Project was in progress and that the construction could impact their event.

Ms. Miller next reported that the District had received two requests for commercial use of the District's Parks. She stated that she informed the requestors that the District's Park Rules and Regulations prohibit the use of the District's Parks for commercial purposes.

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.

Continuing her report, Ms. Miller stated that her office had received several calls regarding high water bills. She explained that faulty irrigation systems and higher temperatures during the summer months increased customer water usage. Ms. Miller added that as a convenience to customers, her office sends out reminder e-mails one day before the bill is due.

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 August was at 82% of water pumped versus water distributed. He added that the District's water accountability for the past 12 months was at 95% of water pumped versus water distributed.

Mr. Alanis also reported that the District's lead and copper testing was complete. He explained that The Lead and Copper Rule, 40 C.F.R. Sections 141.80 to 141.91, requires monitoring at consumer taps to identify levels of lead in drinking water. He continued that the tests showed that the District's detectable lead levels were well below acceptable levels, as in years past. He added that because the District's lead levels were below acceptable levels, the District qualified for reduced lead and copper tap monitoring. Mr. Alanis told the Board that the District's next lead and copper testing would be in 2019.

Director Teiber then 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 officers patrolling the District continued to stop suspicious persons and speeding vehicles. Director Savarese noted that the officers were highly visible throughout the District and that he had received several positive comments from residents regarding the officers.

Lastly Ms. Miller reported that she planned to reorder signs to be posted throughout the District. She also noted that her office had received several calls regarding dogs off their leases in the District's Parks. Ms. Miller said that because it is a Williamson County law that dogs must be on leashes, she encouraged the callers to call Williamson County regarding the issue.

There being no further business to come before the Board, 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
September 12, 2016, Board of Directors Meeting

1. District Packet;
2. Order Levying Taxes; and
3. Amendment to District Information Form.