

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

April 8, 2008

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 8, 2008, 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. Copies of the Verifications of Posting of said Notice are attached hereto as Exhibit A.

1. The roll was called of the following members of the Board of Directors:

Janey Miller	President
Jeff Bradley	Vice President
Joseph Teiber	Secretary
Patrick Savarese	Assistant Secretary/Treasurer
Farrell Walker	Treasurer

All Directors were in attendance, except for Director Bradley and Director Savarese arrived at 6:40 p.m. thus constituting a quorum. Also in attendance were: General Manager, Mike Morin of Southwest Water Co.; Phil Haag and Jennifer Waits of Winstead PC, John Pena of Verde Landscaping Services, and several District residents.

2. Upon convening the meeting, President Miller asked, Director Teiber to lead the Pledge of Allegiance. President Miller invited the residents in attendance to participate in citizen communications on any . At that time, Shelly Kurgan, the HOA president for the Oak Brook Subdivision, presented an inquiry about the Round Rock Refuse ("RRR") contract with the district. A homeowner submitted an email to Ms. Kurgan asking for a copy of the policy that detailed the provisions for trash pickup. Ms. Kurgan explained that the homeowner had left his trash for pick up, however, Round Rock Refuse did not retrieve everything he'd left. President Miller agreed to provide Ms. Kurgan with a copy of the contract between RRR and the District. Ms. Kurgan stated she wanted to post the contract in the newsletter. She then asked to be briefed on what came of the investigation in to a compost along the greenbelt in the Oak Brook Subdivision. After a brief discussion, President Miller said that SWWC was going to contact the homeowner and ask him to remove the waste he dumped. She asked Ms. Kurgan to follow up with her and let her know if there was still debris at the site.

3. Next, the Board's Accountant, Mr. Donald Allman, presented the Fern Bluff MUD Audit for fiscal year 2006-2007. Mr. Allman reviewed the financial statements of the governmental activities of the district, and provided an over all analysis of funds, and assets for the district. During the review, Director Walker informed Mr. Allman that the Audit contained inaccurate information about reimbursements and payments made to

him. He noted that he was not paid for his service on the Board and had never been reimbursed. After reviewing and discussing the Audit with Mr. Allman, the Board determined there were too many errors reported by SWWC to Mr. Allman, and filing the Audit with TCEQ would have to be postponed. The Board also decided that Winstead PC would be responsible for filing the Audit with TCEQ rather than SWWC.

4. Landscape Maintenance Contractor Report

President Miller directed the Board to Agenda Item No. 6 for Verde Landscape Services. Mr. Pena presented his report in its entirety, as seen in the board packet. He noted that a fountain pump had been replaced. He said that Verde was regularly mowing the greenbelt areas and is still planning to plant replacement trees at the Meadows park. He noted that there is a significant increase in trash throughout the greenbelt due to "spring cleaning". He recommended the Board revisit an idea to have a community wide clean up. At that time, Mr. Morin informed the Board that he has extensive experience with district-wide "clean ups" and cautioned the directors of the preparations necessary to conduct a function of this scale. He noted that it requires a lot of man power, and he recognized the importance of identifying locations throughout the district to dump trash, and that they would be required to obtain and man dumpsters, obtain mulching equipment and chippers, etc. President Miller said that she would like the Board to look in to it further, and asked Director Walker to work with her to pick a timeframe that they can meet. Director Teiber informed Mr. Pena of standing water at Veteran's Park, which has a non-functioning water fall and an inoperable fountain that is no longer in use. He noted that the water use report recorded 149,000 gallons of water use at Veteran's Park and fears there is a leak of some sort. Mr. Pena said he would investigate immediately. President Miller noted that the issue may lie with the meter and asked that SWWC look in to it. Mr. Morin said that the issue is more likely to be associated with the irrigation system and not the meter. After further discussion, the directors agreed that the fountain should be removed, and authorized Mr. Pena to remove the nonfunctional fountain. Upon a motion by President Miller and seconded by Director Teiber, the Board approved to have Verde to demolish the structure and reuse the rock in other locations, with a cost not to exceed \$500.00.

5. Consent Agenda

The next item of business was the Consent Agenda containing bills and invoices. Upon a motion by Director Teiber, seconded by Director Savarese, the Board voted unanimously to approve payment of the bills and invoices as presented. Upon a motion by President Miller and seconded by Director Walker, the Board agreed to consider approval of the March meeting minutes at the May regular meeting.

6. Oak Brook Ponds & Fountains

Next, Director Teiber introduced Oteka McClain the Board was presented with a draft Aquatic Landscaping Maintenance Agreement from Oteka's Water Design, Inc. Director Teiber provided an update regarding the language included in the proposed contract that listed the scope of work for pond maintenance. After discussing the services that

her company provides, Director Walker asked Mrs. McClain if she provided Workers Compensation and General Liability Insurance for their subcontractors. He also asked if she would be opposed to adding language to the contract that lists a requirement to carry liability coverage for her subcontractors, and indemnity and clauses to assume liability for her contractors and subcontractors. After a brief discussion about the scope of work, the Board agreed that Directors Walker and Director Teiber would revise the contract to include an insurance and an indemnity clause to the agreement. President Miller requested that the contract include a list of the equipment Oteka's Water Design, Inc. uses, and what equipment the Oak Brook HOA owns. At that time, Ms. Kurgan asked the Board to approve the contract tonight, so that the fountains and ponds can be assessed. The Board authorized Director Teiber to execute the revised agreement on behalf of the district.

At 7:11 p.m., President Miller announced that the Board of Directors will convene in an executive session, pursuant to Chapter 551.071 of the Texas Open Meetings Act to receive legal advice about the SCADA system matters.

At 8:35 p.m. President Miller reconvened the meeting in regular session, and stated that the Board did not take any action during its executive session.

7. Street Sweeping

There was no action on this item, and it was moved to the May Agenda.

8. County Road Projects

There was no action on this item, and it was moved to the May Agenda.

9. Creekbend Extension Right of Way

President Miller informed the Board that the District filed its petition with the District court. Upon a motion by Director Savarese and seconded by President Miller, the Board approved to post the Petition on the district's web site.

10. Brightwater Meter

President Miller addressed the on-going issues with the Brightwater Meter and its registers. She briefed the Board on two options to remedy the situation, as recommended to her by the district's engineer, Robbi Calligari. The Board discussed these options which were to replace the 6" valve for \$5,210.00 or in the alternative, remove the existing 6" and install a new Horizon Turbo meter, which will be tested and is covered by warranty for a cost of \$2,250.00. Upon a motion by Director Savarese and seconded by Director Teiber, the Board authorized Mr. Callegari to oversee removal of the 6" valve and installation of the Horizon Turbo meter, per his recommendation.

11. Management of MUD Business Activities

Upon a motion by Director Savarese and seconded by President Miller, the Board approved hiring a consultant to oversee and make recommendations to the Board for general district business activities for a period of 90 days, and for a cost not to exceed \$20,000.00.

12. General Manager's Report

Mr. Morin of Southwest Water Co. addressed the Board to discuss a drainage issue a resident was experiencing on his property. He said that the gentleman has a neighbor behind his property whose pool is causing excessive water drainage in his yard. He is planning to install a French drain on his property and extend a pipe to the MUD property between his and the neighbor's property. He is asking if the MUD would consider paying for an additional drainage pipe that will deliver the water to the storm sewer. The Board agreed to have the district's engineer inspect the property and assess the drainage issue, as to make a recommendation to the Board. Mr. Morin then presented the water system report, the operating and manager's accounts.

13. Restrictive Covenant Enforcement Actions

President Miller referred the Board to their packets to review Restrictive Covenant monitoring throughout the District.

14. Community Center Committee

President Miller directed the Board to the proposed Community Center contract and asked for a motion to approve the language that addresses underage drinking at the center. Upon a motion by Director Savarese and seconded by Director Teiber, the Board approved the changes to the Community Center Contract.

15. Parks & Recreation Committee

Director Teiber addressed the Board to discuss a Memorial in honor of fallen soldiers at the Veterans Park. He stated that he met with Larry Thomas to discuss a proposed memorial and provided the directors with information from The Large Art Company that offers a statue called "Fallen Soldier" that is patented. He noted that the district has a pending action item to dismantle and remove the existing water fall, and the remaining water fall structure could be used as a back drop to the sculpture. He asked for input from the Board as to whether or not they would approve Director Teiber to work with Mr. Thomas and look in to the project more. Director Walker asked if there were any ideas on how to solicit contributions towards the project and the MUD can pay the difference. Director Bradley suggested that they look in to fundraising for the project. The Board reached a consensus to pursue the project.

16. Engineer's Report

The District Engineer was not present and had no report in addition to the matters

reported above.

17. Attorney's Report

Mr. Haag had no report in addition to the matters reported above.

18. Newsletter/Communications

The Board agreed to include the following items in the monthly newsletter: an update on the battlefield cross project, audit approval, update on roads, graffiti within the district, and the Board of Directors election results.

19. Security Report

There was no action on this item.

There being no further business to come before the Board, Director Savarese moved to adjourn the meeting, which was seconded by Director Teiber. Upon being placed to a vote, the motion carried and the meeting adjourned at 10:10 p.m.

Secretary, Board of Directors
Fern Bluff Municipal Utility District

Date: _____