

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

May 13, 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 6:03 p.m. on May 13, 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.

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 except for Director Bradley were present, thus constituting a quorum. Also in attendance was the District's General Manager, Mike Morin of Southwest Water Co.; Phil Haag and Jennifer Waits of Winstead PC, Hector Alanis of MUD Management Co., John Pena of Verde Landscaping, FBMUD Community Center Manager, Cindy Alvarado and several District residents.

1. Upon calling the meeting to order, President Miller asked Director Teiber to lead the Pledge of Allegiance. Afterwards, President Miller invited the residents that were present to participate in Citizen Communications on non-Agenda items. At that time, Mr. John Taylor addressed the Board, and thanked the District residents that voted for him during the Election. He stated that he lives at Brightwater and Whitewater Cove and is opposed to the Creek Bend extension planned by Williamson County and will not remain quiet during the process. Next, Mr. Norm Stoppenhagen, an Oak Brook resident, expressed his gratitude for the article on pet waste management, as it is a severe problem in his neighborhood. He lives on the corner of Graceland and Crecent Heights, which he feels, is a stopping place for leashed dogs to relieve themselves. President Miller thanked him for his comments, and noted that pet waste management is an issue for many districts and neighborhoods that needs to be addressed. Next, President Miller recognized Marianne Breaux who requested the Board to reconsider the policy for rental of the Community Center. Ms. Breaux requested on behalf of the Fern Bluff Neighborhood Association, that the Board charge the Neighborhood Association a reduced rate for the Friday evening before the requested Saturday to conduct a Craft Fair. She requested that the Board consider the Neighborhood Association's accumulation of service hours in exchange for the Community Center.

President Miller thanked Ms. Breaux and suggested the Board address the item at the Community Center Committee portion of the Agenda. Finally, President Miller recognized Sheila Griffin who stated that she contacted her HOA a couple of months ago, about a resident that was dumping trash along the greenbelt. She asked to know the status of the MUD's investigation and efforts to stop the dumping. President Miller informed Ms. Griffin that she had received the complaint from Shelly Kurgan and was waiting for Ms. Kurgan to inform the Board of the resident's address and contact information. Ms. Griffin also asked who was responsible for mowing along the greenbelt areas throughout the District, and the Board informed her that it is the District's responsibility and that Verde Landscape is responsible for mowing the areas.

2. Next, the Board received reports from its Committees and Consultants.

Parks & Recreation Committee - President Miller informed the Board that she met with other representatives of the neighborhood associations who asked her if the MUD could participate with the HOA's to host and participate in a Christmas party. She noted that she thought there may be an opportunity to perform educational outreach to residents in compliance for the District's Best Management Practices with respect to water quality and conservation. Director Savarese stated the he felt that it may be offensive to those tax payers that do not celebrate Christmas for the District to use tax money for a Christmas party. Director Bradley agreed with Director Savarese. President Miller noted that the Community Center could not hold over 350 people, and that in itself could pose a problem as to who would get tickets and who would be left out. President Miller added that she recommends that the Board to meet in the future to discuss the uses of the community center, much like that of the Brushy Creek MUD's community center. She noted that she regularly receives requests for exercise equipment to be available in the center.

Security Committee – Director Bradley reported that he plans to meet with Lieutenant David to discuss the patrolling schedule throughout the District and a strategy to decrease the predictability of law enforcement's presence in an effort to abate some of the crime, specifically the graffiti. He also said that he would like for the Board to receive more detailed descriptions of the patrol reports, as they are not as informative about the services the Williamson County's Sheriff's office provides to the District. Finally Director Bradley and President Miller informed the Board that he District recently paid approximately \$1,000.00 to remove and paint over graffiti in a drainage ditch near the Community Center. President Miller said that SWWC installed a digital surveillance camera at the site and is hopeful that the presence of the camera will deter the persons responsible for the graffiti. At that time, Mr. Morin said that he installed signs alerting of the camera surveillance and suggested the Board authorize him to purchase and additional memory card. Upon a motion by President Miller, seconded and amended by Director Bradley, the Board approved to offer a \$200.00 reward for anyone that provides information leading to the conviction of the persons responsible for graffiti. Additionally, the Board authorized the Security Committee to develop the language of the reward signage and decide on locations to post them. President Miller recognized Joanie Brown, who said that as a resident of Stone Canyon, she would not object to her HOA

purchasing a camera for the same security purposes.

Landscaping Contractor – Mr. Pena reviewed his report in its entirety as presented in the Board packet. He informed the Board that he removed the fountain at Veteran's Park, and relocated some of the rocks to Brightwater Park. Verde has added sod and dirt where needed, and cleaned the lift station where a Brushy Creek resident had a vine growing.

FBCC Committee

Director Savarese addressed Ms. Breaux's concern earlier presented to the Board, regarding the Fern Bluff HOA's service hours being applied towards the fees for the Community Center and the HOA's craft fair. After a brief discussion, the Board noted that the purpose of service hours are for HOA and Girls Scouts to conduct their monthly meetings. Should an organization host an event in which profits are made, then they are subject to rental rates. Kim Oakley challenged the Board's position, stating she did not feel it was fair to ask the HOA to pay rental rates for the center since the Craft Fair was a benefit to the entire community, and that the District allows others, specifically dance teachers to take an 80/20 split for renting the center. President Miller said that the date of the Craft Fair is a peak day of the week, and is when the Community Center is regularly booked. The dance classes offered are during the week, and not regularly requested days. She suggested that Ms. Oakley ask the vendors of the Craft Fair if they would be willing to come early on the day of the Craft Fair to set up, as opposed to paying for a Friday night to set up their booths. Ms. Oakley said that she would ask the vendors.

General Manager's Report

Mr. Morin presented his report in its entirety, as presented in the Board packet. Upon a motion by President Miller and seconded by Director Savarese, the Board approved Mr. Morin to send a letter on behalf of the District to the City of Round Rock with documentation of the elevated storage tank rehabilitation project. Mr. Morin informed the Board with a water bill dispute from a resident that was concerned about a significant increase in usage. SWWC visited the home, checked the meter and determined there were not any leaks. Mr. Morin said that he does not believe a leak was present or that the resident actually used that much water. She is requesting relief from the Board for the additional charges. Director Savarese suggested that the Board offer to pay the fees for the calibration test, at which time the Board authorized Mr. Morin to do so. Next, Mr. Morin informed the Board that he issued the Consumer Confidence Report, which is TCEQ mandated and had to be distributed by June 30, 2008. President Miller suggested this be distributed as a separate mailing. Mr. Morin then approached the Board with the water bill dispute between the District and the City of Round Rock. After discussing the matter as a result of the City over billing the District, President Miller said that she would like to negotiate with the City and deduct the interest and penalties associated with the bill. Upon and motion by Director Teiber and seconded by Director Bradley, the Board authorized President Miller to proceed with negotiations with the City of Round Rock. At that time, President Miller informed

the Board that SWWC installed and attempted to calibrate and test the register and meter at Brightwater. Once again, the system did not operate, and the technician removed the meter head. Fluidmeter Services informed President Miller that a new meter head and register would be in by Thursday and ready for installation.

Engineer's Report – The District's engineer was not present and had no additional report in addition to the matters above. Mr. Morin reminded the Board of a resident that previously reported a drainage issue at last month's meeting, and asked for direction from the Board as to how to proceed with the matter, as he has not received a response from the engineer. Upon a motion by President Miller and seconded by Director Savarese, the Board authorized Mr. Morin to advise the resident to contact his builder for a remedy.

3. The next item of business was Board approval for the items on the Consent Agenda, including the March and April meeting minutes, bills and invoices, write-offs and pay requests and change orders. After reviewing and discussing the items contained in the Consent Agenda, and upon a motion by Director Savarese and seconded by Director Teiber the Board unanimously approved the items on the Consent Agenda.

4. The next item of business on the Agenda was to canvass the election returns. There was no action on this item, as Williamson County had not received all election results to date.

5. Next, the Board addressed the Right of Way dispute to the Creekbend extension. Director Bradley stated that the Board has determined it necessary to research, review and analyze the issues that are potentially connected to the City of Round Rock and the Williamson County's intention. Upon a motion by Director Bradley and seconded by President Miller, Directors Bradley, Miller, Savarese and Teiber voted "aye" to authorize Mr. Haag to request feasibility reports from the City of Round Rock and Williamson County. Director Walker abstained from the vote, and the motion carried.

6. The next item of business for Board discussion was Round Rock Refuse and complaints related to service. Director Bradley stated that Round Rock Refuse was responsible for leaving hydraulic fluid oil stains on the streets throughout Stone Canyon. When the issue was brought to their attention, Round Rock Refuse made a commitment to test microbial and acid solutions to remove the oil and offered an apology. Director Bradley was impressed with their commitment to clean it up and professionalism.

At 8:07 p.m., President Miller announced that the Board would take a quick break.

At 8:19 p.m. President Miller announced that the Board would reconvene in regular session.

7. Next, the Board reviewed a final version to the contract proposed by Oteka Water Design. Upon a motion by Director Teiber and seconded by Director Bradley, the Board

approved the contract for services as written. At that time, Mr. Jeffrey Martin asked the Board who would be responsible for paying electricity charges for the ponds. Director Teiber stated that the District historically paid these charges.

8. The next item of business on the Agenda was street sweeping. President Miller informed the Board that she would try and book the next district street sweeping for the week of July 8, 2008.

9. Next, the Board addressed Landscaping Services for the District. After a discussion between District residents, the Board and Mr. Pena, President Miller moved that based on a letter dated in January of 2008 to Verde to remedy inconsistencies with the contract and services provided and Verde's failure to respond, the District terminate its contract with Verde. Director Bradley seconded the motion, and upon being placed to a vote all directors with the exception of Director Teiber voted "aye". Director Teiber voted "nay" and the motion carried. Upon a motion by Director Miller and seconded by Director Savarese, the Board authorized to pay Verde \$650.00 to remove the vines behind the elevated storage tank. At that time Director Walker addressed Mr. Morin to express his disapproval of the contract management on behalf of SWWC with respect to the performance of Verde Landscaping. Mr. Morin assured the Directors that he will make sure landscaping services are acceptable.

10. The next item of business for the Board was to identify articles for the District's monthly newsletter. The Board discussed articles regarding the Treasurer of the Hills, Round Rock Refuse, street sweeping, the Community Center, Election results and county road projects.

11. There being no further business to come before the Board, and upon a motion by Director Walker, seconded by President Miller, the meeting adjourned at 9:58 p.m.

Secretary, Board of Directors
Fern Bluff Municipal Utility District

Date