

**MINUTES OF THE EMERGENCY MEETING OF
THE BOARD OF DIRECTORS OF
THE FERN BLUFF MUNICIPAL UTILITY DISTRICT
June 5, 2008**

THE STATE OF TEXAS

WILLIAMSON COUNTY

The Board of Directors of the Fern Bluff Municipal Utility District convened in an emergency meeting, open to the public, at 11:40 a.m. on June 5, 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.

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 with the exception of Directors Walker and Savarese were present, thus constituting a quorum. Also in attendance was Phil Haag and Jennifer Waits of Winstead PC, and Mike Morin of Southwest Water Company.

2. Upon calling the meeting to order, President Miller asked Director Teiber to lead the Pledge of Allegiance. Next, President Miller noted that there were no citizens present to comment on non-agenda items.
3. The first item of business on the Agenda, was for the Board to discuss the District's disputed water bill from the City of Round Rock. President Miller informed the Board that she received a letter from the City of Round Rock's attorney, Mr. Steve Sheets that served as an official notice of default under the terms of the Water Supply Agreement between the City of Round Rock and Fern Bluff MUD, and if the District failed to cure its default with the City of Round Rock, then the City will have the right to terminate the Water Supply Agreement. She reminded the Board that the District has continued to dispute the bill, based on the provisions within the District's contract with the City of Round Rock. Director Bradley noted that in May 2007, the Board learned of the inordinately high water billing in a report from James Robertson with ECO Resources and this was at a date far after the date that the discrepancy occurred. . . Further, Director Bradley noted that ECO Resources failed to conduct calibration tests each time SCADA register change outs occurred, and that Mr. Robertson did not review the District's contract with the City of Round Rock for remedies available to the District in a timely fashion. After a discussion about the options presented to the District by the City of Round Rock, and upon a motion by Director Teiber, seconded by Director Bradley, who amended to include in the transmittal letter to the City of Round Rock, that the Board authorized payment of the bill but that the District continues to disagree with

the City's interpretation of the charges. Director Teiber seconded the Director Bradley's amended motion and upon being placed to a vote, the motion carried.

There being no further business to come before the Board, the meeting adjourned at 1:00 p.m.

Secretary, Board of Directors
Fern Bluff Municipal Utility District

Date