

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

June 17, 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 6:42 p.m. on June 17, 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 except for Directors Walker and Bradley were present, thus constituting a quorum. Also in attendance was the District's General Manager, Mike Morin of Southwest Water Co.; Phil Haag of Winstead PC, Hector Alanis of MUD Management Co., FBMUD Community Center Manager, Cindy Alvarado and several District residents.

2. Upon calling the meeting to order, President Miller asked that Director Teiber lead the Pledge of Allegiance. Next, President Miller invited citizens, to participate in citizen communications on non-agenda items.
3. The first item of business on the Agenda, was approval of the March, April and May Meeting Minutes. Upon a motion by Director Savarese and seconded by Director Teiber, the Board approved the March and April minutes as presented. President Miller stated that the May minutes would be on the July Agenda as they were not final.
4. Next, the Board reviewed the District's items on the Consent Agenda, including the monthly bills and invoices subject to payment, write-offs, pay requests and change orders, a final payment to Verde Landscape, payment to Gray Jansing, and payment to Arnold & Placek for legal services. President Miller noted that check no. 5390 to Entomobiotics should be paid, but that there is no need for their services, as the District's new landscaping company provides fire ant control per it's contract with the MUD. Mr. Morin reviewed the District's Manager's Account with the Board, and noted that the surveillance camera previously installed in the storm sewer is proving to be extremely beneficial, and that one of the HOAs contacted him, as they are interested in purchasing and installing cameras too. Mr. Morin then distributed an assessment of the District's safety concerns. He noted that he is not asking for authorization for anything,

but wants to keep the Board abreast of the information. President Miller asked Mr. Morin to allow the security committee to review the assessment, and work with him to generate an estimated cost to remedy the matters and prioritize the items of concern. Mike will move forward on generating. Moving on, Mr. Morin informed the Board that ECO Systems, the District's new landscaping contractor, is very responsive to landscaping matters he brings to their attention. He said that the irrigation system was more difficult to repair than imagined, and that all irrigation systems have been repaired and are up and running as of June 17, 2008. He informed the Board that ECO Systems removed a damaged oak tree that was struck in a vehicle accident. Mr. Morin asked ECO Systems to provide documentation and an invoice to submit to the District's insurance company, however, he does not feel that the District would meet its deductible in the claim. Should the Board decide to have the tree replaced, then he would need authorization to instruct ECO Systems to replace it. President Miller suggested that Mr. Morin wait to hear back from the District's insurance company, and look in to filing a claim on the driver's auto insurance policy. Next, Mr. Morin informed the Board that there were no write offs for the month, and that a Consumer Confidence report was sent out with this month's bills. He informed the Board that SWWC is inspecting a couple of the District's master meters, and that Brightwater Park's meter vault covers need to be replaced. He said he would bring an estimate to replace to repair the covers to the maintenance committee when he receives it. Mr. Morin then notified the Board that he received a request to renew the District's cathodic protection on the District's water tank. President Miller noted that over 60% of the costs will be absorbed by City of Round Rock. Upon a motion by Director Savarese and seconded by President Miller, the Board approved and authorized Mr. Morin to renew the cathodic protection for the water tank. Finally, President Miller directed the Board's attention to an invoice by Gray Jansing for duplication of the District's electronic files. The Board discussed paying \$1,500.00 which is the amount that Gray Jansing estimated for the duplication project. After discussing the Board's discrepancies with the invoice for Gray Jansing, Mr. Haag recommended that the Board pay the bill as presented. President Miller moved that the Board authorize payment for \$1,500.00 to Gray Jansing, which was the quoted cost of the project. Director Savarese seconded the motion and upon being placed to a vote, Director Teiber voted not to approve the partial payment and the motion failed. Upon a motion by Director Savarese and seconded by Director Teiber, the Board approved payment of the monthly bills and invoices with the exception of that to Gray Jansing. Upon a motion by President Miller and seconded by Director Teiber, the Board unanimously approved and authorized Mr. Morin to void check no. 5419 to Verde Landscape and reissue a check for \$18,603.66. Upon a motion by President Miller and seconded by Director Teiber, the Board approved payment to Arnold & Placek P.C. for legal services.

5. The next item of business was for the Board to appoint its officers. There was no action on this item, and it was scheduled for the July Agenda.

6. Next, the Board discussed the Oak Brook ponds and fountains. Mr. Jeffrey Martin approached the Board and asked who was financially responsible for the electricity for the pump and lights in the ponds. After a discussion, and upon a motion

by President Miller and seconded by Director Savarese, the Board approved payment for all electricity associated with the pump and lights in the ponds, if the Oak Brook HOA would sign an agreement as to the ownership agreement for equipment and property.

7. Next, the Board addressed the Creek Bend Extension Right of Way and the Board's intent to hire a road consultant. Mr. Haag said that he has identified potential consultants to work on the matter, but did not have a proposal of services to present as of yet. After a discussion among the Board members and the residents, there was no action on this item, and the Board agreed to place this item on the July Agenda.

8. The next item on the Agenda was the Board's consideration of its contract with ECO Resources and requested assignment to Southwest Water Company. Mr. Haag noted that the Board will continue to have this item on its Agenda until it takes action of some sort, as ECO Resources no longer exists. Director Savarese suggested to move the item to the July agenda. At that time, Mr. Morin asked the Board to consider hiring an outside bookkeeping service to manage the District's bookkeeping matters. He explained that SWWC is no longer providing this type of service to its clients because SWWC management feels that with the scope of accounting services required for MUDs, SWWC does not feel that they employ people qualified enough to meet the expectations of their MUDs. He said that SWWC intends to concentrate their services on operation and maintenance only. Director Savarese asked how soon SWWC was making this change and Mr. Morin stated as soon as possible. At that time, President Miller noted that the District has 3 years left on its contract with SWWC, and when SWWC ceases to provide bookkeeping services, the District will be responsible for paying a separate company. She asked if SWWC would be compensating the District for the amount that it will spend in outsourcing this service. Mr. Morin said that it was highly unlikely that SWWC would be willing to compensate the District, and that it is unrealistic for the Board to expect SWWC to compensate the MUD dollar for dollar for the costs associated with hiring a bookkeeping company. He said that SWWC and the District would need to negotiate an amount.

9. The next item of business was a District survey. Mr. Alanis of MUD Management Co., presented the Board members with a draft of the survey. After reviewing and discussing details of the survey, the Board authorized Mr. Alanis to finalize the survey and present it again at the July meeting in its form to mail at the end of July.

10. The next item on the Agenda was the Municipal Separate Sewer System (MS4) Permit. There was no action on this item, and it was scheduled for the July Agenda.

11. Next, President Miller notified the Board that she has received requests from District residents to upgrade the ball fields. She noted that she has received proposals for these services, and feels that the District should proceed with the plans on improvements to the fields.

12. The next item of business was the District's restrictive Covenant enforcement actions. There was no action on this item.

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

Parks & Recreation Committee - Director Teiber informed the Board that the District has received contributions of \$5,000.00 for the Battlefield Cross addition to Veteran's Park. He noted that he received an estimate from Landscape Specialties of Texas for \$1,800.00 to perform all of the services associated with the pedestal. Director Teiber asked for the Board to approve payment from the District of the \$1800.00. At that time, President Miller asked what the cost of \$3,200.00 was for. Director Teiber explained that as of now, there is no sidewalk from the future Senior facility to Veteran's Park, and that the contractor proposed a cost to extend the sidewalk to the park for \$3,200.00. Director Savarese suggested that the Board look in to asking the Senior Center to contribute the funds for extension of the sidewalk. Upon a motion Director Teiber and seconded by Director Savarese the Board approved a District park expenditure of \$1800.00 for installation of the Battlefield Cross monument.

Security Committee – There was no report by the Security Committee.

Community Center Committee – Kim Oakley addressed the Board to request a that they reconsider the rental fees due to the District for rental of the Community Center on a Friday and Saturday for the Fern Bluff HOA craft show in October. President Miller referenced the current contract for the Community Center and explained the rates for resident and non-resident rentals. After a discussion between the Board members, Ms. Oakley and other residents, Director Teiber asked Mr. Haag to advise the Board further on the matter. Mr. Haag verified the dispute between the provisions in the rental contract and Ms. Oakley's request, and then referred to the contract. At that time, President Miller asked Ms. Oakley if she would consider raising the price for each vendor. Ms. Oakley responded that the rates she currently asks of the vendors is comparable for events in venues of the same size and scale as Fern Bluff's. After reviewing the rental contract, Mr. Haag stated that as of now, the Board has a policy that it has adopted for the rental of the Community Center, and that if the Board wants to consider changing its policy for situations like this, then it needs to be an Agenda item for consideration at a Board meeting.

Budget Committee – There was no report from the Budget Committee.

General Manager's Report – Mr. Morin presented his General Manager's Report in its entirety, as presented in the Board packet.

Engineer's Report – President Miller asked that the Board discuss and issue of poor drainage in the parking lot of the Fern Bluff Community Center. Upon a motion by Director Savarese and seconded by Director Teiber, the Board authorized President Miller to consult with Robby Callegari for drainage remedies in the community center parking lot. The district's engineer, Robby Callegari was not present and had no report in addition to the matters above

Attorney's Report – Mr. Haag had no additional report for the Attorney report.

14. The next item of business for the Board was to identify articles for the District's monthly newsletter. The Board discussed articles regarding a burn ban, automated email alerts, the importance of watering the yard, county ban on aerial fireworks, and street sweeping.

15. There being no further business to come before the Board, and upon a motion by Director Teiber, seconded by Director Savarese, the meeting adjourned at 9:00 p.m.

Secretary, Board of Directors
Fern Bluff Municipal Utility District

Date