

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

October 15, 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 6:09 p.m. on October 15, 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 Director Walker were present, thus constituting a quorum. Also in attendance was Andrew Hunt, in place of 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.; FBMUD Community Center Manager, Cindy Alvarado; Mark Burns of ECO Systems Landscaping; and several District residents.

2. Upon calling the meeting to order, President Miller asked Director Teiber to lead the Pledge of Allegiance. Immediately thereafter, President Miller invited citizens, to participate in citizen communications on non-agenda and agenda items.

3. Mr. Dwip Shah, a resident of Stone Canyon, addressed the Board to discuss damage to his fence as a result of neighborhood youth skateboarding and biking in the concrete drainage area behind his property. He distributed photographs for the Directors to review, and noted that they reflected damage to his fence, caused by those skateboarding. He asked that the Board intervene, as the loitering activity is an on-going problem and the location at which it takes place, is MUD property. He said that he spoke to a Williamson County Deputy that patrols the area, and was informed that the issue constitutes civil trespassing. Mr. Shah stated that he has incurred the costs to repair his fence over time, but that the recent damage was the most severe, the most expensive, and his opinion, warranted Board notification. He then informed the Board that since the District installed a security camera at one side of the drainage area, graffiti is now on the other side of the area, directly behind his property. The Board reviewed the photographs and stated they would address the issue during the Security Committee portion of the meeting. Next, the Board recognized Ms. Joanie Brown. She thanked Cindi Alvarado for coordinating classes at the community center noting that she

attended and enjoyed the digital photography class. She then distributed materials including a termination notice she received from Southwest Water Co. (SWWC), and her written response to the notice. She referred the Board to the termination notice and stated that she did not appreciate that it was signed, " Fern Bluff Customer Service", as no such department existed. She explained that she felt insulted that she was subject to termination after a 30-day delinquency when she's never incurred a delinquency before. Ms. Brown stated that as long as she's been a resident of the District, she historically overpays her utility bill when she takes her annual vacation, as to avoid any delinquencies, and notates on her payment that the overpayment is to cover the period of time she is on vacation. She said that when she attempted to reach the billing offices of SWWC on October 6, 7, 8, 9 and 10, she was unable to reach and speak with anyone. She said that she didn't feel SWWC displayed proper customer service, and was insulted. The Board apologized to Ms. Brown, and decided to address the matter once Mr. Morin from SWWC arrived.

4. The next item of business was discussion of the Oak Brook pond repair. The Board reviewed a proposal from Terracon Consulting Engineers & Scientists to provide geotechnical engineering services to the Oak Brook ponds. These ponds are spring-fed and generally flow over the spillways. Over the past several months, the flow into the ponds has decreased, and the flow over the spillways has ceased all together, due to water seepage under the spillways, and along the embankments of the dams. After Board discussion and a motion by Director Teiber; seconded by Director Bradley, the Board unanimously accepted the proposal in the amount of \$950.00.

5. Next, the Board reviewed the District's Information Form and Notice to Purchasers for 2008. Upon review and discussion, Director Teiber moved to accept the form and Notice as written. Director Savarese seconded the motion, and upon being placed to a vote, the motion carried.

6. The next item of business was the District's Rate Order. President Miller explained that as a result of changes to wastewater billing to the District, as part of its participation in the Subregional Contract with LCRA, the District's Rate Order would be revised to reflect those billing adjustments. She noted that the District's original increase from LCRA was reduced from a 69% increase to a 45% increase, as a result of the Board's efforts to negotiate with LCRA. She reiterated that the items contained in the 2008 Budget are reflective costs, and that nothing is subsidized. Further, she informed those present at the meeting, that the Board is drafting a mail out that provides and explanation of the entire wastewater billing matter so that residents are well informed as to what they are paying for and why. At that time, Director Bradley remarked that the District was under-billing residents, as a result of SWWC under-reporting wastewater flows. Upon review and a detailed explanation of service rates for District residents, Director Savarese moved to approve changes to the rate order as presented. Director Bradley seconded the motion, and upon being placed to a vote, the Board unanimously approved changes to the rate order as drafted. At that time, President Miller asked that SWWC submit the Rate Order and District Budget once signed and final to Mr. Mark Maxwell to post on the District web site.

7. Next, the Board discussed its District Audit for fiscal year ending September 30, 2008. Director Bradley noted that he contacted Mr. Don Allman, the District's CPA to initiate the Audit process.

8. The next item of business, was Board review and approval of items on the Consent Agenda including, September meeting minutes, bills and invoices, write-offs, pay requests and change orders. The Board agreed to proceed with review and approval of the minutes, but waited for Mr. Morin to arrive to review the remaining items. Upon a motion by Director Teiber; seconded by Director Savarese, the Board unanimously approved the September minutes with revisions.

9. Next, Mr. Hector Alanis presented the Board with written results of the District survey. After a brief discussion, the Board authorized Mr. Alanis to contact Mark Maxwell for email addresses for residents who signed up to communicate via email about District events.

10. The next item of business was review of the monthly activity report on inspections for Restrictive Covenant violations throughout the District. President Miller noted that this year's drought has had a substantial effect on yard maintenance, and rather than begin enforcement of unsatisfactory yard maintenance occurrences, perhaps MUD Board members could contact the Board of the 2 HOAs, as to encourage proper maintenance and lawn care. The other Directors agreed. Next, the Board discussed dogs and noise restrictions for the District. A resident from the Fern Bluff neighborhood requested the MUD Board to report how many dogs were allowed per residence per the deed restrictions. Mr. Haag stated that the Board had options, and that Winstead will assist in writing a letter to the complaining resident, suggesting that they record the noise so the Board may have a better idea of what sort of nuisance the barking is.

11. Next, the Board discussed the status of its appeal and protest of the wastewater billing adjustments from LCRA and the conditions of the subregional contract. Director Bradley noted that the City of Round Rock is considering purchase of the wastewater facilities from LCRA.

12. The Board moved item no. 14; ECO Resources assignment to Southwest Water Co. to the November Agenda.

Mr. Morin arrived to the meeting at 7:15 p.m.

13. The next item of business was Board receipt of reports from District Consultants and Committees.

General Manager's Report – Mr. Morin presented the General Manager's Report in its as contained in the Board packet and in its entirety. Upon review and discussion of the Cash/Operating Account report, the Board authorized the following payments: check no.

5647 to Landscape Specialties in the amount of \$1,600.00; check no. 5695, to LCRA for \$33,627.00. The Board authorized to withhold check no. 5681 in the amount of \$40,198.00 payable to LCRA, as it reflects an inaccurate amount due. During review of the write off report, Director Bradley asked Mr. Morin why SWWC was willing to write off those listed but sent a termination notice to Joanie Brown. Mr. Morin explained that SWWC carries out termination procedures per the District's Rate Order. He further explained that those accounts listed on the write off report, were likely to be non-sufficient fund checks that didn't clear, and are not actual delinquencies. Those accounts on the write off list are not technically "written off" either. Rather they are submitted to collections and are only written off of the account receivable ledger. Director Bradley asked Mr. Morin to provide the collection agency's ledger of receivables for the District at the November meeting. Upon a motion by Director Savarese; seconded by Director Bradley, the Board unanimously approved the remaining items on the Consent Agenda. Finally, the Board approved a transfer of \$268,050.63 from the District's Texpool account to make payment for pay debt service for District bonds.

Landscape Consultant – Mr. Mark Burns of ECO Systems, addressed the Board to present the monthly landscaping report in its entirety, as seen in the Board packet. As follow up, he distributed a copy of a tree proposal originally submitted in August. He noted that ECO Systems placed flowers and mulch in the beds of the Community Center and will do the same the last week of October, and the first week of November. He noted that he is still experiencing problems with perennials and is meeting with the enhancement staff of ECO Systems to confirm whether or not the District should plant 3 gallon plants rather than 1 gallon. President Miller told Mr. Burns that the berms at Friendly Oaks and Fern Bluff park looked sub par. Mr. Burns said that he is currently re-zoning the entire District for irrigation and will have a diagram upon conclusion of his assessment. He and the Directors agreed that Fern Bluff, Brightwater and Cheatum parks all need additional kiddie mulch. Director Bradley informed Mr. Burns that there was a leak at Brightwater park where a new kiosk was installed. Mr. Burns said that he would ask his irrigation team to inspect that area immediately.

Parks & Recreation Committee – Director Savarese asked Mr. Alanis if he had met with ECO Systems to discuss improvements to the ball fields and over all grass and weed issues throughout the parks. Mr. Alanis and Director Savarese agreed to meet on October 16, 2008 to discuss and assess a strategy.

Attorney's Report – Mr. Haag reported that the meetings conducted with the City of Round Rock and the road consultants were positive, and that he and the Board are working on a response to the Oak Brook HOAs request to withdraw the MUD's opposition to the Creekbend extension, that provides a narrative chronology of events.

FBCCC Committee – There was no report from the FBCC Committee.

Security Committee – As follow up to Citizen Communications and in response to Mr. Shah, Director Bradley suggested that he meet with Lt. David and review the

photographs of the damage.

Budget Committee – After review of District employee salaries; the Board discussed increases and employee reviews. Upon a motion by Director Bradley; seconded by Director Savarese; the Board unanimously approved to increase District employee salaries.

Engineer's Report – The district's engineer, Robert Callegari was not present and had no report in addition to the matters above.

14. Next, the Board identified articles for the District's monthly newsletter. Topics included the election, LCRA Subregional Contract, and road widening.

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 9:05 p.m.

Secretary
Fern Bluff Municipal Utility District