

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

January 13, 2009

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 6:05 p.m. on January 13, 2009 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 were present, with the exception of Director Bradley, thus constituting a quorum. Also in attendance were 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; Mark Burns of ECO Systems Landscaping; Lieutenant David of the Williamson County Sheriff's Department, and several District residents.

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

3. The first item of business was a discussion of the LCRA/BRA subregional wastewater contract. President Miller noted that the matter is ongoing, as negotiations continue. She added that two additional protests were filed, and an issue of meter installation is another aspect of the issue that is unresolved and nothing will be resolved for some time. Finally, President Miller informed everyone that discussions regarding the sale of the system continue and the District's legal representatives at Winstead have requested that LCRA keep the District abreast of any and all matters associated therewith. LCRA requested the MUD to adjust its calendar to coincide with all of the other subregional members, and President Miller said that she didn't feel it proposed any problems for the District to do so.

4. Next, President Miller began a discussion about winter wastewater averaging. She noted that Mr. Trey Caldwell, a District resident, has requested the Board to drop the highest month of usage during the averaging period due to drought conditions. Mr. Morin suggested that the Board not take any action on the item at this time, as to see

what the numbers looked like upon conclusion of the averaging period, as to make the best possible decision for residents of the District.

4. The next item for discussion was Restrictive Covenant violations throughout the District. President Miller directed the Board to the restrictive covenant enforcement report in the Board packet. She noted that violations have increased recently, and that the Board will submit a letter to Fern Bluff residents that Restrictive Covenant enforcement is going to increase, and urge residents to comply with the restrictions that are designed to improve property value within the District. President Miller moved that the Board authorize Winstead to draft the letter for review by the Board and Director Savarese seconded the motion. Director Walker asked what the recourse for noncompliance is and suggested the Board consider a policy for enforcement of the restrictive covenants. At that time, Mr. John Taylor asked why the Fern Bluff MUD has such a problem with deed restriction compliance when other's don't. President Miller explained that other neighborhoods have mandatory HOAs that oversee deed restrictions, and that the Fern Bluff neighborhood does not have an HOA and that is why the MUD Board ultimately hired Treasure of the Hills as its deed restriction management company. After further discussion, the Board voted on the motion and it carried unanimously.

5. Next, the Board reviewed items on the Consent Agenda, including minutes from the November and December regular meetings; bills and invoices, write-offs and payment for legal services. After a discussion regarding revisions to the December minutes and upon a motion by Director Savarese; seconded by Director Teiber, the Board unanimously approved the minutes as revised. President Miller directed attention to 10(b) of the Agenda, including payment to the Internal Revenue Service for possible penalties as a result of late payment of employee tax withholdings. Mr. Morin explained that SWWC and Municipal Accounts would absorb this fee, as the District itself was not responsible for any late payments, and it was the responsibility of SWWC and Municipal Accounts to pay bills and invoices timely. Upon a motion by Director Savarese; seconded by Director Teiber, the Board unanimously approved the Consent Agenda.

6. Mr. John "Andy" Hochhalter addressed the Board to discuss any potential restrictions to areas such as drainage throughout the District. He said that he didn't endorse any restrictions of these areas, as it could promote ideas by homeowners that they are able to appeal for restriction of any area near their property that may actually be property of the MUD in an effort to prohibit skateboarding, BMX bike riding, etc. At that time, Mr. Dwip Shah addressed Mr. Hochhalter and the Board regarding skateboarding, and asked that the Board prohibit skateboarding via signage. Ms. Beth Blankenship then addressed the Board about the area near the Stone Canyon HOA swimming pool and the items in disrepair.

7. Next, the Board received reports from District Consultants and Committees.

General Manager's Report – Mr. Morin presented the General Manager's Report in its entirety as contained in the Board packet. He addressed questions by the Board

regarding the delinquent bill list and inquiries by the Board as to what causes SWWC to submit invoices for repairs several months after the actual occurrences. Finally, he reviewed the water loss chart for the District, detailing that the computations for the meter readings and provided an explanation on how to determine true water loss for the District.

Landscape Consultant – Mr. Mark Burns, of ECO Systems presented this report in its entirety and as seen in the Board packet. Mr. Burns and the Board discussed the matter of kiddie mulch in the parks, and the 9 inch requirement both the Board and ECO Systems are strive to keep. After further discussion, the Board determined it best to create an Addendum to the contract that memorializes the agreement between the Board and ECO Systems so that ECO Systems will maintain the mulch level to comply with the 9 inch requirement.

Parks & Recreation Committee – In addition to the discussions during the Landscape Consultants report, the Board authorized the Parks and Recreation Committee to decide when to add kiddie mulch in play areas to meet the 9 inch requirement at a cost not to exceed \$5,000.00. The motion was made by President Miller, and seconded by Director Teiber. Upon being placed to a vote, all Directors voted, "aye." Additionally, Director Teiber addressed the action item from the December meeting to partner with the Brushy Creek MUD to clean out the brush along the fence of the two districts. Director Bradley volunteered to work with Mr. Morin on the culvert installation at Brightwater, and Director Teiber will meet with Mr. Morin to observe the concrete repairs needed in Oak Brook.

Attorney's Report – Mr. Haag reported that the District's road consultant reviewed information that was provided by the City of Round Rock, and has requested additional information from the City. He said that the road consultant intends on meeting with him later this month in order to explore options for the Creekbend matter.

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

Security Committee – The Board authorized an article about safety awareness in light of a home burglary in the District during the holidays.

Budget Committee – There was no Budget Committee report.

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 include storm water education, and tree trimming and oak wilt.

15. At 8:00 p.m. President Miller announced that the Board would convene in Executive Session, pursuant to the Texas Open Meetings Act, Texas Government Code, Chapter 551, to discuss Agenda Item No. 9; SCADA System and disputes related

thereto.

At 8:25 p.m., President Miller announced that the Board would convene in regular session, and that no action was taken during Executive Session.

16. 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 8:30 p.m.

Secretary
Fern Bluff Municipal Utility District