

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE  
FERN BLUFF MUNICIPAL UTILITY DISTRICT  
March 10, 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 6:00 p.m. on March 10, 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.

The roll was called of the following members of the Board of Directors:

Janey Miller	President
Jeff Bradley	Vice President
Joseph Teiber	Secretary
Farrell Walker	Treasurer
Patrick Savarese	Assistant Secretary/Treasurer

All Directors were present with the exception of Director Walker. Also in attendance were District General Manager; Mike Morin; Mark Burns of ECO Systems; Hector Alanis of MUD Management; Phil Haag and Jennifer Waits of Winstead P.C.; Jim Nuse and Michael Thane from the City of Round Rock, and several District residents.

Director Teiber led the Pledge of Allegiance, and upon calling the meeting to order, President Miller welcomed Messrs. Nuse and Thane to the meeting.

1. The first item of business was discussion of the District's Subregional Wastewater contract with LCRA. Currently, the Brushy Creek Regional Wastewater System serves five wastewater providers, including the cities of Cedar Park, Round Rock and portions of Austin, Fern Bluff Municipal Utility District (MUD), and Brushy Creek MUD. The system capacity is about 24.5 million gallons per day, and the system serves about 200,000 residents. Under an agreement with the customers and an alliance with the Brazos River Authority, LCRA has developed and expanded the regional system and the Brazos River Authority has operated it since 1996. Mr. Nuse approached the Board and spoke to the board regarding the proposed sale of the Brushy Creek Regional Wastewater System by LCRA. He explained that negotiations were underway and that the cities of Round Rock and Cedar Park were hoping to purchase the system because of the high costs charged by LCRA to system customers, including the Fern Bluff MUD. According to Mr. Nuse the proposed agreement allows the cities to assume the outstanding debt for the system, which is approximately \$117 million, and to pay defeasance costs. He said that this is in addition to 2-3 million dollars as payment for a projection of lost revenue. He said that at this time the cities have not determined how ownership of the system would be structured, but that it was

very likely that the Brushy Creek regional Utility Authority could potentially acquire it. After further discussion, Mr. Nuse asked if the District would consider being a subregional customer of the City of Round Rock. President Miller said that the Board required much more additional information in order to make a decision in the best interest of the residents of the District. There was no action on this item.

2. Next, the Board considered approval of the District Audit for fiscal year ending 2008. Mr. Allman presented the District's financial statement in its entirety and as presented in the Board packet. Upon a motion by Director Savarese and seconded by Director Teiber; the Board unanimously approved the Audit as presented.

3. The next item of business was discussion of the District's current deed restriction enforcement actions. President Miller asked Ms. Waits to draft a memorandum on behalf of the Board of Directors that addresses deed restrictions and to encourage compliance. Director Bradley noted that Treasure of the Hills is doing an outstanding job, as the District has resolved 220 violations to date.

4. Next, the Board reviewed the items on the consent agenda including the minutes from the February 10, 2009 meeting, bills and invoices, write-offs, pay requests and change orders and payment for legal services. Upon a motion by President Miller and seconded by Director Savarese; the Board unanimously approved the items on the consent agenda. Director Bradley asked that the Board note the multiple charges for Open Record Requests from Sereda McLaughlin.

5. The Board then received reports from the District committees and consultants:

Landscape Maintenance Contractor - Mr. Burns presented his report in its entirety and as contained in the Board packet. He said that April 1<sup>st</sup> is the target date to plant seasonal flowers. He presented the Board with 2 proposals; one from ECO Systems and one from Landscape Specialties. The proposals are to repair existing bridges throughout the District. Mr. Morin recommended that the Board go with the bid from ECO Systems. Director Bradley asked that Mr. Burns come back with a more detailed proposal that breaks down labor and materials for cost per foot. Director Savarese moved that the Board authorize the Parks & Recreation Committee to oversee the project with an amount not to exceed \$5,800.00. Director Bradley seconded the motion, and upon being placed to a vote, the motion carried.

General Manager – Mr. Morin presented his report in its entirety and as presented in the Board packet. He reviewed the water system, noting that Southwest water recently calibrated the meters. He noted that there was recent graffiti activity in the District, and that the Sheriff's office will assist in trying to determine if there is any gang related tagging in the graffiti.

Parks & Recreation - The Board discussed reservations of the tennis courts, as some residents have expressed an interest in reserving courts in blocked increments. The Board appointed Director Teiber and Mr. Morin to work on this. Director Teiber then

referred to page 13 of the packet, noting sidewalk repairs needed, including slab work and connectors. Upon a motion by President Miller and seconded by Director Teiber; the Board voted to repair the sidewalk and install connectors for an amount not to exceed \$7,600.00. Directors Miller and Teiber voted, "aye", and Director Bradley voted, "nay" noting he felt there needed to be another bid for the work. Director Savarese abstained from voting. The Board directed Mr. Morin to obtain an additional bid for the repairs. Upon a motion by Director Teiber and seconded by Director Teiber; the Board unanimously approved repairs to the slabs for an amount not to exceed \$3,200.00.

Community Center Committee - President Miller informed the Board that the MUD employees would be given health insurance benefits that will be effective May 1, 2009. Additionally, she noted that she was looking to obtain bids for chair cleaning and general contractor work for repairs throughout the community center.

Security Committee - Director Bradley noted the previously mentioned graffiti, and asked that the Sheriff's office format their reports like Office Panagua's.

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

Attorney - Mr. Haag said that with regard to the subregional contract with LCRA, he has worked on the amendment to the agreement and submitted it to the Board for review. The substance of the agreement is that the District will pay \$34K, which LCRA accepted to settle a past disputed amount. Upon a motion by Director Bradley and seconded by Director Savarese; the Board unanimously accepted the amended agreement as presented by Mr. Haag. Mr. Haag said that that LCRA has agreed to meet with the District twice a month as to keep the Board abreast of the contract sale price of the system, and other negotiations. Director Bradley noted that the Board anticipated a payment of \$80K as settlement but that Winstead and the Board were able to negotiate \$34K in the end.

Newsletter/Communications – Topics include MS4 Article, street sweeping, tennis court rules and regulations, and the LCRA Amendment.

There being no further business to come before the Board, the meeting adjourned at 10:20 p.m.

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Secretary  
Fern Bluff MUD Board of Directors