

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE
FERN BLUFF MUNICIPAL UTILITY DISTRICT
September 14, 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 September 14, 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:

Patrick Savarese	President
Jeff Bradley	Vice President
Joseph Teiber	Secretary
Farrell Walker	Treasurer
Dave Quillman	Assistant Secretary/Treasurer

All Directors were present, with the exception of Directors Bradley and Walker thus constituting a quorum. Also present, were District General Manager, Janey Miller; Operations Manager, Hector Alanis, Phil Haag of McGinnis Lochridge & Kilgore LLP and several residents.

1. Upon calling the meeting to order, Director Teiber lead the Pledge of Allegiance. Immediately thereafter, the Board recognized those signed in for citizen communications. Joanie Brown addressed the Board to discuss a concern regarding the security deposit for utility service. She said that she does not feel it is wrong for the District to keep security deposits for assurance that the final bill will be paid. President Savarese recognized Mr. Glen Whaley, who represented the opposite opinion regarding refunding the deposit. He said that he had a list of neighbors that agreed with him, that the deposit should be refunded once a homeowner establishes good credit with the District. He said that he has a paralegal looking into the legality of a MUD keeping a deposit, that he requests to Board to reconsider its policy. Director Quillman asked how many people were on his list, and he replied 12. Next, Mr. Bob Tacto addressed the Board to discuss the deposit issue, and said that he initially agreed that the deposit should be refunded, but that after thinking about it, he feels the procedures in place from a business standpoint, make sense and that if he were on the Board and tasked with voting on this policy, he would vote not to change it.

2. President Savarese then opened the public hearing to discuss the proposed tax rate for year 2009. After receiving no comments from District residents, President Savarese closed the public hearing and convened in regular session.

3. Next, the Board discussed and reviewed the 2010 District budget for 2009-2010. Ms. Miller reviewed the budget on page 2 of the Board packets. Director Quillman asked how much it would cost the MUD if someone moved out of the District and owed more than their deposit. Ms. Miller noted that those debts are referred to a collection agency. Upon a motion by President Savarese and seconded by Director Teiber; the Board unanimously approved the budget as presented.

4. The next item of business was Board approval of the debt service and maintenance tax rate for the year 2009. Upon a motion by President Savarese and seconded by Director Teiber; the Board unanimously approved .2295 for debt service and .2800 for maintenance tax rates for the year 2009. With this motion came a Resolution captioned as the following and attached to these minutes:

Order no. 09-0914-01
Order Levying Taxes for 2009

5. Next, the Board took item 14 out of order, and discussed the security gates at the community center. President Savarese explained how the topic of security gates became an issue in July, 2009. He then read a statement that the Board and the Fern Bluff Elementary will distribute throughout the District. He said that the message is that the school and the Board will work together, including conducting several meetings with the Board, the school and the county.

6. The next item of business was Item no. 19 on the Agenda. President Savarese addressed the District refund policy. He said that he sought information from 22 MUDs in the State of Texas, and 16 have no refunds of the deposit as to cover the last bill upon move-out. 72% do not refund until move out, and 27% do. He said that it is his individual opinion that the District's current policy has merit. Director Quillman asked if the District returns a security deposit, what would the District do if a resident doesn't make payment on their last bill? Mr. Haag said that if that were to happen, then the District refers the account to collection. Director Teiber reviewed the history of this process over the years, stating that amounts over \$25.00 are referred to collections and those under are written off. President Savarese added that he discovered 150-200 Fern Bluff accounts are in delinquency over the last two months, and that he felt that was a high number. Mr. Alanis said that that number has increased dramatically in the last 6 months.

7. The next item of business was for the Board to determine what if any, items were subject to removal from the Consent Agenda. There being no items subject to removal, Director Teiber moved to approve the Consent Agenda with noted changes to the minutes. President Savarese seconded the motion, and upon being placed to a vote, the Board unanimously approved the items on the Consent Agenda.

8. Next, the Board received reports from the District consultants and committees.

Landscape Contractor – Mr. Burns was not present, and there was no landscape maintenance contractor report.

General Manager – Ms. Miller presented her General Manager's Report in its entirety, and as contained in the Board packet. She said that she was approached by a realtor who wanted to know if the Board was interested in a piece of property in the District, as he may have some clients interested in building a church in that area. Director Teiber said that until the Board receives more information from the interested realtor, he doesn't feel the Board should pursue the matter any further. President Savarese said that he doesn't want it as an agenda item without further information, unless another Director does. Ms. Miller then discussed the divestiture of the Brushy Creek Wastewater System, and that several meetings have taken place. She recommended that the Board have an extended discussion either at a workshop or special meeting as time is of the essence. She noted that vandalism and graffiti seems to be decreasing, however trash left in the parks by the residents is increasing. She recommended that the Board include an article in the newsletter regarding this issue, and that it costs additional money to have people come and clean excess trash. She said that the Community Center refrigerator went out this month, and that Cindi Alvarado did a great job finding a compressor to hold off buying a new unit, however it didn't last and that the District did end up purchasing a refrigerator from a "scratch and dent" vendor for half price. Ms. Miller reported that the sewer inspection is ongoing, and that residents will see yellow paint as the sewer inspection company continues to mark the areas for inspection. She added that the Board will need to discuss purchasing new manholes soon. Additionally, she recommended the board consider a sink replacement and carpet replacement for the community center. She explained that the center does not have sinks that are equipped for large functions. President Savarese said that the only issue he has is that the long term use of the building is still unknown. Ms. Miller said that she understands that, however the Community Center is booked for at least another year. Director Teiber said that he doesn't see a problem with replacing the sinks.

At that time, Mr. Rich Horton addressed the cuttings along the sidewalk in the greenbelt that have still not been picked up. Ms. Miller said that Mr. Burns assured her that once it dries out, ECO Systems will pick them up. Next, Ms. Sheila Blaicher said that salt willows in Oak Brook are still a problem, and that one of the ponds is full of trash. Director Teiber said that he will set up a meeting with Mr. Burns and invited her to attend.

Ms. Miller then reviewed the financial statements and discrepancies associated with coding issues, but noted that she is currently working on correcting them.

Operations Manager – Mr. Alanis presented his report on page 26 of the Board packet. He said that he's received complaints from residents regarding hold times on the customer service line, and that Severn Trent is making the local Austin line available to Fern Bluff MUD residents, as to avoid long hold times. Additionally, he said that the booster station at Oak Brook was maintained as a preventative measure, including

freeze protection and that he is very pleased with the result. President Savarese asked if Mr. Alanis could scan the Board packet and give it to him on a thumb drive.

Parks & Recreation – Director Teiber said that he and Director Walker have several items they are working on, including repairs to ponds and spillways, sidewalk connectors. Director Quillman asked if there was a completion date on the connecting sidewalk project, as he is concerned about the rebar currently exposed.

Deed Restriction Committee – Director Quillman said that he met with the person in charge of reporting deed restriction violations, and helped her create an email address for residents to report through.

Security – Director Teiber said that tomorrow is a County Commissioners meeting, and that they will discuss off-duty security patrol pay. He said that he expects that the county will propose to take over paying the officers, and that the MUD will pay the county. A resident addressed the Board from the crowd and complained that residents behind her house were shooting off fireworks and she was fearful of a fire starting. The Directors noted that the county did not ban fireworks this year, and that the MUD does not have any authority to ban fireworks.

Newsletter – Ms. Miller recommended that the statement regarding the tunnel to the Fern Bluff Elementary be included in the newsletter; winter wastewater averaging begins November 16th; and trash in the parks.

At 7:12 p.m. President Savarese said the Board would take a quick break. The Board reconvened at 7:15 p.m.

9. Next, the Board discussed out of district service contract for the Ivie Tract. Mr. Haag said the he is awaiting financial information from CMA Engineering and will soon be finalizing the draft contract.

10. The Board then identified items for the next meeting, including committee assignments, and a possible appointment to the Board.

8. There being no further business to come before the Board, Director Teiber moved to adjourn the meeting at 7:22 p.m. Director Quillman seconded the motion, and upon being placed to a vote, the meeting adjourned.

Secretary
Fern Bluff MUD Board of Directors