

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

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, thus constituting a quorum. Also present, were District General Manager, Janey Miller; Operations Manager, Hector Alanis, Phil Haag of McGinnis Lochridge & Kilgore LLP; Cindy Alvarado; Scott Arnold of Arnold & Placek PC; Mark Burns of ECO Systems, and several District residents.

1. Upon calling the meeting to order, Director Teiber led the Pledge of Allegiance. Immediately thereafter, the Board recognized those signed in for citizen communications. Mr. John Taylor addressed the Board regarding his interest in the road issues. Ms. Kim Oakley addressed the Board regarding the tow truck repair business that remains in violation of deed restrictions.

At 6:15 p.m. President Savarese announced that the Board would convene in Executive Session pursuant to the Texas Open Meetings Act, Section 551 to discuss Item no. 5, the Creekbend extension and disputes related thereto.

At 7:18 p.m. President Savarese announced that the Board would convene in regular session, and that no action was taken during Executive Session.

2. Next, the Board discussed the proposed wastewater service contract with the City of Round Rock. Upon a motion by President Savarese and seconded by Director Walker; the Board unanimously approved the Memorandum of Agreement with the City of Round Rock, and authorizing the subcommittee to have the authority to make final edits and adjustments. President Savarese noted that the agreement addresses safety issues.

3. The next item of business was Deed Restriction enforcement. President Savarese said that he wanted to discuss how to pursue deed restriction enforcement matters. He noted that the Fern Bluff neighborhood has a voluntary HOA whereas the other two neighborhoods have mandated HOAs. He said that he would like to see a Memorandum of Understanding with the Fern Bluff ACC as to address issues as they arise. Director Quillman said that he has scheduled a meeting with the Fern Bluff HOA for Wednesday night. He further said that he wanted a consistent system to handle these matters. Director Bradley noted that the meeting on Wednesday would allow public input. Ms. Kim Oakley requested that Treasure of the Hills be involved, and Director Quillman said he also wanted to open up the discussion with the ACC. On that note, Ms. Miller reported that 17603 Columbia Falls Cove was in repeated violation, and she recommended the Board to proceed with legal action. Upon a motion by Director Bradley, and seconded by Director Quillman; the Board unanimously approved to proceed with legal action against the owner at 17603 Columbia Falls Cove.
4. Next, the Board made the following committee appointments:
 - Website – Directors Savarese and Quillman
 - Budget – Directors Walker and Savarese
 - Parks – Directors Teiber and Walker
 - Community Center – Directors Bradley and Quillman
 - Security – Directors Bradley and Teiber
 - Roads – Director Savarese
 - Deed Restrictions – Directors Bradley and Quillman
 - LCRA ad hoc – Directors Bradley and SavareseDirector Walker left the meeting at 8:00 p.m.
5. The next item of business was the consent agenda. Upon a motion by Director Teiber and seconded by President Savarese; the Board unanimously approved the items on the consent agenda, including the meeting minutes from September, payment of and transfers for operation expenses, and pay requests and change orders.
6. Next, the Board discussed the potential of conducting 2 monthly meetings. Upon a motion by Director Savarese and seconded by Director Quillman; the Board unanimously approved to conduct one regular meeting and one workshop that could result in a second meeting each month.
7. The next item of discussion was the District's Rate Order. Ms. Miller presented the revised Order and discussed the increases reflected therein. Upon a motion by President Savarese and seconded by Director Teiber, the Board unanimously approved the Rate Order as amended.
8. Next, the Board discussed the out of District service contract for the Ivied Tract. Ms. Miller reviewed the proposed contract and answered various questions from the Directors. Upon a motion by President Savarese and

seconded by Director Bradley; the Board unanimously approved the contract as presented.

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

Landscape Contractor – Mr. Burns presented his report in its entirety and as contained in the Board packet. He discussed rain and freeze sensors, as well as removing 2 SVCs in Olsen Meadows. He explained that he and Director Teiber plan to look at a particular area in Olsen Meadows where there hasn't been water. Director Quillman commented on the sediment in the ponds. The Parks Committee will review ECO Systems' recommendations as set out in the memos distributed at the meeting.

General Manager – Ms. Miller presented her General Manager's Report in its entirety, and as contained in the Board packet. She noted that there have been problems with the ACH transfers, as Severn Trent must submit transfers in a certain format for the automatic bank draft options. No action was taken on this item. Next, Ms. Miller discussed items no. 11 and 12. She presented information related to the Third Amendment to the current LCRA contract. She said that if the divestiture does not occur, customers would be required to pay 12 months reserves in 9 months. The District's portion of that would be \$120,000 this year. Upon a motion by President Savarese; and seconded by Director Quillman; the Board unanimously approved the Amendment as presented. At that time, Ms. Miller addressed the wastewater service contract with LCRA and possible sale of the LCRA system. She said that there was a meeting earlier that day and that they worked on the proposed changes from the City Round Rock. The Board agreed to a special meeting later in the week.

Operations Manager – Mr. Alanis had no report in addition to the matters above.

Parks & Recreation – There was no report in addition to the matters above

Deed Restriction Committee – Director Quillman is working on pet problems.

Security – There was no report in addition to the matters above.

There being no further business to come before the Board, Director Teiber moved to adjourn the meeting at 9:34 p.m. Director Quillman seconded the motion, and upon being placed to a vote, the meeting adjourned.

Secretary
Fern Bluff MUD Board of Directors