

MINUTES
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

November 3, 2009

The Board of Directors (the "Board") of Travis County Municipal Utility District No. 10 (the "District") met in regular session, open to the public, on November 3, 2009, at 1405 Osprey Ridge Loop, Lago Vista, Texas, inside the boundaries of the District, and the roll was called of the members of the Board:

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|-------------------------|--------------------------|
| Harvey Reiter | President |
| Jerry McAhren | Vice President |
| John Henry McMahan, Jr. | Secretary |
| Robert Ernst | Assistant Vice President |
| Vance Taylor | Assistant Secretary |

and all of the above were present.

Also present at the meeting were Greg Bourgeois of Jones & Carter, Inc. ("Jones & Carter"); Melanie Johnson and Matt Martin of AWR Services, Inc.; Roger Johnson of Waterford LT Partners, L.P.; and Sharon Covan of Allen Boone Humphries Robinson LLP ("ABHR") by conference call.

APPROVE MINUTES

The Board considered approving the minutes of the October 6, 2009, meeting. Mr. Johnson read a statement regarding subsequent bond applications and asked that it be placed in the minutes. After review and discussion, Director Taylor moved to approve the minutes of the October 6, 2009, meeting, subject to review of the correction to the minutes by the District's attorney. Director McAhren seconded the motion, which passed by unanimous vote.

ENGAGE AUDITOR

Ms. Covan said that McCall Gibson Swedlund Barfoot PLLC ("McCall Gibson") provided an engagement letter for preparation of the developer reimbursement audit in connection with the sale of the District's bonds. She said that the fee for preparation of the audit report is part of the bond issuance expenses provided for in the bond application. Director Taylor moved to engage McCall Gibson to prepare the developer reimbursement audit. Director Ernst seconded the motion, which passed by unanimous vote.

GARBAGE SERVICES

Ms. Covan said that an Amendment to the contract with IESI has been received that provides for garbage service to the marina and the condominiums. Director Reiter said that the IESI contract renews on January 1, 2010, and IESI has been contacted to

determine if there will be an adjustment to the single-family residential rate. The Board took no action on the Amendment to the IESI contract pending receipt of the notice from IESI of the 2010 rates.

FINANCIAL AND BOOKKEEPING

The Board reviewed the bookkeeper's report, a copy of which is attached, and the bills presented for payment. Director Reiter asked Ms. Johnson if a motor for the boat had been purchased. Ms. Johnson said that the motor has not been purchased. Director Reiter said that the boat is necessary to access the barge and asked Mr. Lanham to contact him regarding this matter. Director McAhren asked about the \$10.00 per month fee charged by Compass Bank. Ms. Covan said that she will ask the bookkeeper to explain the fee.

Discussion ensued regarding amending the budget for the fiscal year ending September 30, 2010. Mr. Bourgeois said that the monthly grinder pump fee of \$20.00 does not cover the cost of repairs and maintenance. The Board agreed to consider the grinder pump fee at the January Board meeting. Ms. Johnson said that AWR reviewed the budget and recommends reducing grinder pump repairs from \$32,000 to \$25,000 and reducing general repairs from \$25,000 to \$15,000. After review and discussion, Director Ernst moved to adopt the amended budget, with the revisions recommended by the operator. Director McMahan seconded the motion, which passed by unanimous vote.

Upon a motion made by Director Ernst and seconded by Director McMahan, the Board voted unanimously to approve the bookkeeper's report and the checks presented for payment.

TAX ASSESSMENT AND COLLECTION

The Board received the tax assessor/collector's report, a copy of which is attached. The Board reviewed the delinquent tax report. Director Ernst moved to approve the tax assessor/collector's report. Director McMahan seconded the motion, which passed unanimously.

ARBITRAGE REBATE STUDY FOR SERIES 2004 BONDS

The Board considered a proposal from OmniCap Group, LLP ("OmniCap") to perform the fifth year arbitrage review of the District's Unlimited Tax Bonds, Series 2004. Ms. Covan stated that the cost of the review by OmniCap is \$2,500.00. She said that ABHR recommends the arbitrage review to determine if there are any excess earnings that would require a payment to the Internal Revenue Service. After review and discussion, Director Reiter moved that the Board not engage OmniCap Group to perform the fifth year arbitrage review of the Districts Series 2004 Bonds. Director Taylor seconded the motion, which passed by unanimous vote.

CONDUCT PUBLIC HEARING REGARDING DISTRICT'S TAX RATE; ADOPT ORDER LEVYING TAXES AND AUTHORIZE EXECUTION OF THE AMENDMENT TO INFORMATION FORM

Director Reiter opened the public hearing regarding the District tax rate and upon no comment from the public, the Board concurred to close the public hearing.

The Board considered setting a tax rate for 2009. Ms. Covan reported that the District published notice to levy a total tax rate of \$0.747 per \$100 of assessed valuation for 2009. The Board confirmed its intention that the 2009 tax levy include a debt service component for the calendar year ending December 31, 2010, and a maintenance tax component for the fiscal year ending September 30, 2010. After discussion, Director McMahon moved that the Board adopt the Order Levying Taxes for 2009 containing a total tax rate of \$0.747 per \$100 of assessed valuation consisting of \$0.347 for debt service and \$0.40 for operations and maintenance and direct that the Order be filed appropriately and retained in the District's official records. The motion was seconded by Director Ernst and carried unanimously.

The Board considering approving the Amendment to Information Form incorporating the 2009 tax rate. Director McMahon moved to approve the Amendment to the Information Form, authorize filing the Information Form with the Texas Commission on Environmental Quality (the "TCEQ") and with Travis County, and direct that the Information Form be filed appropriately and retained in the District's official records. Director Ernst seconded the motion, which passed by unanimous vote.

RESOLUTION REQUESTING APPRAISAL OF PROPERTY AND CERTIFICATE OF ESTIMATED APPRAISED VALUE

The Board took no action on this item.

OPERATOR'S REPORT

The Board reviewed the operator's report, a copy of which is attached. Mr. Martin said that yard watering restrictions remain in place due to the low lake level. The Board determined to leave the water notice on the web site. Mr. Martin said that water accountability was 96% last month. He said that the TCEQ inspected the water treatment plant in June. He said that the TCEQ is requiring additional laboratory testing and more equipment calibrations. Mr. Martin said that a posting box for meeting notices was purchased and that it will be installed by Mr. Taylor.

Mr. Martin said that a factory representative inspected the original water plant and submitted a list of replacement parts that would cost approximately \$10,514 plus labor. The Board determined to make no repairs to the original water plant at this time. Mr. Martin recommended reconditioning the original water plant to prevent

deterioration. He said that to clean out the water plant, blast the interior and apply a coat of primer would cost approximately \$2,000.

Director McMahon discussed the irrigation of the greenbelt areas in the District. He said that the current water rate is \$0.25 per 1,000 gallons of water and suggested that usage be studied to determine whether the rate should be increased. The Board authorized Directors McMahon and Taylor to review this matter and make a recommendation to the Board next month.

Ms. Johnson said that there were no delinquent accounts this month. After review and discussion, Director Taylor moved to authorize AWR to clean out the water plant, blast the interior and apply a coat of primer and to approve the operator's report. Director Reiter seconded the motion, which passed by unanimous vote.

DROUGHT CONTINGENCY PLAN

Discussion ensued regarding the Drought Contingency Plan (the "DCP") including trigger conditions, drought stages and appropriate notification to property owners. Director McMahon distributed a chart illustrating proposed drought stages, a copy of which is attached. He said that the Lower Colorado River Authority recommendations as well as water usage from prior years was reviewed to determine the gallons of water usage allowed under moderate, severe and critical drought stages. Director McMahon said that communication with property owners is crucial. The Board discussed methods of notifying property owners of water restrictions including United States regular and certified mail and the web site. Mr. Bourgeois recommended that the Stage IV critical level be imposed only in the event of lake level restrictions and not for restrictions imposed due to equipment failure. After review and discussion, the Board took no action to adopt the Drought Contingency Plan, pending final review by ABHR and recommendations on the irrigation of the public areas.

CONDUCT HEARING REGARDING WATER AND SEWER SERVICE TERMINATIONS TO DELINQUENT ACCOUNTS AND AUTHORIZE TERMINATION, IF APPROPRIATE

There were no delinquent utility accounts.

AMEND RATE ORDER

The Board discussed amending the Rate Order to provide for the grinder pump fee and the water rate for public spaces. After discussion, the Board took no action to amend the Rate Order.

RESOLUTION CHANGING POSTING PLACE FOR NOTICE OF MEETING

The Board considered adding an additional posting place for notices of meetings located at the entrance of the wastewater treatment plant at 620 Lohmans Ford Road.

After review and discussion, Director Reiter moved to adopt the Resolution Establishing Additional Posting Place for Notice of Meeting. Director McMahon seconded the motion, which passed by unanimous vote.

ENGINEER'S REPORT

Mr. Bourgeois presented the engineering report, a copy of which is attached.

DEEDS AND EASEMENTS, UTILITY COMMITMENTS

Mr. Bourgeois said that Perdenales Electric Company has requested an easement for their facilities at the water plant. He said that ABHR is reviewing the document.

WATERFORD ON LAKE TRAVIS, SECTION 4A AND LIFT STATION NO. 3

Mr. Bourgeois said that the final inspection was held on July 21, 2009, and the contractor is addressing the punch list items. He had no pay estimates to present to the Board.

WATER PLANT, PHASE 3 EXPANSION

Mr. Bourgeois said that the contractor is working on structural foundations for the buildings and the ground storage tank. He presented and recommended for approval Pay Estimate No. 2 from Payton Construction, Inc. in the amount of \$19,467.00. Director Reiter and Mr. Johnson requested a copy of the Change Order for additional items as soon as it is received.

WATERFORD ON LAKE TRAVIS, SECTION 5

Mr. Bourgeois said that Jones & Carter is the engineer for Hunt Properties, the group that purchased Waterford on Lake Travis, Section 5. He said that the developer is evaluating an alternate land plan and asked Jones & Carter to hold off on advertising for bids for the underground utilities.

WATERFORD ON LAKE TRAVIS, SECTION 4B

Mr. Bourgeois said that Waterford on Lake Travis, Section 4B is on hold.

WASTEWATER TREATMENT PLANT PERMIT RENEWAL

Mr. Bourgeois said that the final draft permit was received from the TCEQ on October 12, 2009, and notice of the permit has been published and posted at the Lago Vista library for public viewing.

BOND APPLICATION

Mr. Bourgeois reported on the bond application. He said that the TCEQ inspection is scheduled for November 4, 2009. The Board discussed scheduling a special meeting to approve the Preliminary Official Statement. After discussion, the Board agreed to meet with the financial advisor on November 20, 2009, at 2:00 p.m.

OTHER ENGINEERING MATTERS

Mr. Bourgeois said that Jones & Carter is working with various contractors on the one-year punch lists for Waterford on Lake Travis, Section 6, Section 7, lift station no. 2 and the wastewater treatment plant, phase 2.

There were no further engineering matters for discussion. Director Taylor moved to approve Pay Estimate No. 2 from Payton Construction, Inc. in the amount of \$19,467.00 for the water plant, phase 3 expansion and to approve the engineer's report. Director Ernst seconded the motion, which passed by unanimous vote.

REPORT ON DEVELOPMENT

Mr. Johnson reported on development in the District.

RESOLUTION REGARDING EXTRATERRITORIAL JURISDICTION

The Board took no action on this matter.

MAINTENANCE AGREEMENT FOR WATERSTONE DETENTION PONDS

Ms. Covan said that the maintenance agreement for the Waterstone detention ponds is being reviewed by the developer.

WEBSITE

There was no discussion on the District's web site.

CONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION

At 12:20 p.m., Director Reiter announced that the Board would meet in Executive Session to discuss pending litigation.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PENDING OR CONTEMPLATED LITIGATION

At 12:40 p.m., Director Reiter announced that the Board would re-convene in Open Session. No action was taken by the Board.

There being no further business to come before the Board, the meeting was adjourned.


Secretary, Board of Directors

(SEAL)



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