

MINUTES  
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

February 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 the 3rd day of February 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:

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 except Director Ernst, thus constituting a quorum.

Also present at the meeting were Cathy Mitchell of Jones & Carter, Inc. ("Jones & Carter"); Hal Lanham and Melanie Johnson of AWR Services; Roger Johnson and Matt Hackley of Waterford LT Partners, L.P.; Craig Rathmann of Rathmann & Associates, 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 February 3, 2009, meeting. After review and discussion, Director Taylor moved to approve the minutes of the February 3, 2009, meeting. Director McAhren seconded the motion, which passed by unanimous vote.

GARBAGE SERVICES

The Board discussed the garbage services provided by IESI. Director Reiter said that IESI is examining the individual garbage service accounts to determine whether refunds are due to homeowners who paid in advance for service prior to the District contracting with IESI. Director Reiter said that he was contacted by Stephen Spooner, a resident of the District, who requested that garbage service not be provided to their property, because they were not receiving this service from IESI prior to January 1, 2009, when the District's contract with IESI began. After discussion, the Board agreed to discontinue garbage service to 1517 Osprey Ridge Loop, because the property owner was not receiving service from IESI prior to January 1, 2009.

Director Taylor said that a few additional homeowners that did not desire to receive garbage service contacted him. He said that they also had not been receiving service from IESI prior to January 1, 2009. After discussion, Director Reiter moved to authorize Director Taylor to contact only the other homeowners who were not receiving

garbage service from IESI prior to January 1, 2009, and offer them a one-time opportunity, available until February 28, 2009, to notify the District that they desire to opt-out of the garbage service. Director McAhren seconded the motion, which passed by unanimous vote. Director Reiter asked Director Taylor to provide him with the names of the property owners to be contacted. Mr. Lanham said that AWR will code the accounts not receiving garbage service and those accounts will only be charged the basic sewer rate. The Board agreed to amend the Rate Order at the next meeting.

The Board discussed the garbage service to serve the condominiums. Mr. Johnson said that there are two pads and that each pad will hold up to a four-yard dumpster. He said that initially, two three-yard dumpsters will be adequate to serve the condominiums. The Board agreed that the District will bill the condominium home owner association (the "HOA") for commercial garbage service to all of the condominium units.

Mr. Johnson discussed sanitary sewer service to the condominiums. He said that a decision has not yet been made as to whether the individual condominium owner will pay for sewer service or whether the HOA will pay for the service and charge the owner accordingly in the maintenance fee. He said that each condominium is 70% of a Living Unit Equivalent ("LUE"), and that the sewer rate should be reduced by 30%. The Board agreed to amend the Rate Order next month to reflect this sewer rate to the condominium units.

Director Reiter discussed the drainage ponds located at the condominiums and the responsibility for cleaning and maintaining the ponds.

#### BOOKKEEPER'S REPORT

The Board reviewed the bookkeeper's report and the bills presented for payment. The Board then discussed the three-month budget comparison. Director Reiter noted that the barge maintenance and repair costs are almost \$40,000. The Board discussed amending the budget to provide line items for garbage service to the condominiums and to separately account for water and sanitary sewer revenues for the single-family homes and the condominiums. Director Taylor recommended that an accounting be maintained of the revenues and expenses relating to the condominium water, sewer and garbage services to insure that all expenses are being adequately covered by revenues. Director Reiter said that he will contact the bookkeeper to discuss the most efficient accounting method.

The Board considered amending the budget to provide for garbage service related revenues and expenses, an increase in barge repair expenses and maintenance tax revenues.

Upon a motion made by Director Taylor and seconded by Director McMahon, the Board voted unanimously to approve the amended budget, the bookkeeper's report, and the checks presented for payment. A copy of the bookkeeper's report is attached.

## BOND APPLICATION

Mr. Rathmann joined the meeting by conference call to discuss bond application number two. He said that he is waiting for the January 1, 2009, estimate of value from the Travis Central Appraisal District in order to appropriately size the bond application. He discussed the District's tax rate, the debt service requirements and current market conditions. He said that the estimate of value is expected very soon and he will move forward with his analysis as soon as it is received. Ms. Mitchell said that a draft of the bond application report should be completed by the March Board meeting and that it may be possible to file an expedited application with the Texas Commission on Environmental Quality ("TCEQ").

The Board discussed the maintenance and operation tax rate and the debt service tax rate necessary to maintain the budget. Director Taylor said that he performed an evaluation of revenues and expenses based on the anticipated estimate of value and the current tax rate.

## TAX ASSESSOR/COLLECTOR'S REPORT

The Board received the tax assessor/collector's report. After review and discussion, Director Taylor moved to approve the tax assessor/collector's report and payment of the tax bills. Director Reiter seconded the motion, which passed unanimously. A copy of the tax assessor/collector's report is attached.

## OPERATOR'S REPORT

The Board reviewed the operator's report, a copy of which is attached. Mr. Lanham stated that water accountability was 89% during the month. He said that the electric motor on the barge pump burned out and has been removed and rebuilt. Mr. Lanham said that the pump repair company discovered that the pump casing was cracked and could not be repaired. He said that a new pump is being built by Peerless Pump at a cost of approximately \$5,000 and should be delivered in about two weeks.

Mr. Johnson said that water meters for each of the seventy-one condominiums have been set and he is being charged the minimum water usage fee of \$35.00 for 10,000 gallons for each meter. He said that none of the individual condominium units have closed. Mr. Johnson requested that the Board waive the \$35.00 minimum water usage fee for each condominium until ownership is transferred to the buyer and said that he is agreeable to paying only for actual water usage through each meter based on the temporary construction water usage rate of \$1.50 per 1,000 gallons as stated in the Rate Order. After discussion, Director Taylor moved to waive the \$35.00 per month minimum water usage fee to each of the condominiums until service is transferred to a buyer and to charge the temporary water rate of \$1.50 per 1,000 gallons for water usage at each of the seventy-one water meters. Director McAhren seconded the motion, which passed by unanimous vote. The Board then discussed disconnecting the water

service to each condominium after construction is complete and reconnecting service when a buyer closes and requests service. The Board agreed to discuss this further at the next Board of Directors meeting.

After review and discussion, Director McAhren moved to approve the operator's report. Director Reiter seconded the motion, which passed by unanimous vote.

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

Ms. Johnson said that there were no utility accounts for termination.

ENGINEER'S REPORT

Ms. Mitchell presented the engineering report, a copy of which is attached.

DEEDS AND EASEMENTS, UTILITY COMMITMENTS

Ms. Mitchell stated that work is ongoing to convey the condominium detention pond sites, lift stations 2 and 3 sites and additional land for the wastewater treatment plant site to the District.

WATERFORD ON LAKE TRAVIS, SECTION 7

Ms. Mitchell reported on the status of construction of the underground utilities to serve Waterford on Lake Travis, Section 7. She said that the contractor has completed the punch list. She presented and recommended for approval Pay Estimate No. 14 and Final in the amount of \$11,780.94, and recommended that the Board accept the project.

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

Ms. Mitchell said that work on Waterford on Lake Travis, Section 4A and lift station no. 3 has temporarily stopped. She had no pay estimates to present to the Board.

WASTEWATER TREATMENT PLANT, PHASE 2

Ms. Mitchell stated that the final inspection of the wastewater treatment plant, phase 2 was held on September 30, 2008, and the contractor has completed the punch list items. She said they are waiting for the Operation and Maintenance manuals before processing the final pay estimate.

### WATER PLANT, PHASE 3 EXPANSION

Ms. Mitchell said that a plan for the pilot program outlined by the TCEQ has been carried out by AWR. She said AWR and Jones & Carter met with the TCEQ to discuss the results of the study. Ms. Mitchell said that the TCEQ determined that no further testing is required and the report on the pilot study has been submitted to the TCEQ.

### WATERFORD ON LAKE TRAVIS, SECTION 3D AND ROAD EXTENSION

Ms. Mitchell stated that this project is complete and the final inspection is being scheduled. She said that Mike Lucas of CML/WE, Ltd., the developer, met with Jones & Carter to discuss the \$5,840 owed to Jones & Carter for engineering inspection fees and consultations with the contractor. Ms. Mitchell said that Mr. Lucas agreed to pay the \$5,840, but payment has not yet been received.

### WATERFORD ON LAKE TRAVIS, SECTION 5

Ms. Mitchell said that a letter was provided to the developer regarding the District's current water and sanitary sewer capacity. She said that advertising for bids for this project will take place upon receipt of all agency approvals.

### WATERFORD ON LAKE TRAVIS, SECTION 4B

Ms. Mitchell said that Waterford on Lake Travis, Section 4B is on hold.

### RAW WATER LINE REPAIR

Ms. Mitchell discussed the repairs to the raw water line. She said that Excel Construction Services, LLC completed the repairs on January 9, 2009.

### WASTEWATER TREATMENT PLANT PERMIT RENEWAL

Ms. Mitchell said that the permit for the wastewater treatment plant expires on December 1, 2009, and that an application for renewal must be filed by June 1, 2009. She requested authorization to prepare the permit renewal application. Ms. Mitchell said that the cost to prepare the application, including approximately \$3,000 for advertising, is estimated to be \$8,500.00.

### OTHER ENGINEERING MATTERS

Director Reiter said that the new trees at the wastewater treatment plant have turned brown and appear to be dying. Ms. Mitchell said that the trees are under a one year warranty and she will contact the tree company.

There were no further engineering matters for discussion. After review and discussion, Director McMahan moved to: 1) approve pay Estimate No. 14 and

Final in the amount of \$11,780.94 for Waterford on Lake Travis, Section 7 and accept the project; 2) authorize preparation of the wastewater treatment plant permit renewal; and 3) approve the engineer's report. Director Reiter seconded the motion, which passed by unanimous vote.

REPORT ON DEVELOPMENT

Mr. Johnson reported on development in the District. He said that a new construction loan is closing soon with American Bank of Texas. Mr. Johnson said that a Letter of Credit ("LOC") will be provided by the new bank identical to the existing LOC. The Board authorized ABHR to review the new LOC and release the prior LOC upon receipt of the LOC from American Bank of Texas.

Director Reiter said that a homeowner on the cliff built a boat dock that does not conform to the design of other docks in the District and is not in compliance with architectural guidelines.

Director Reiter said that the Waterford Property Owners Association asked if a trail could be constructed in Section 2B. Mr. Johnson said that he discussed this matter with his attorney and liability concerns were raised as well as issues regarding construction and maintenance of the trail. He said that there are no plans for a trail at this time.

WEBSITE

The Board discussed the web site. Director Reiter said that a new aerial map has been posted on the 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

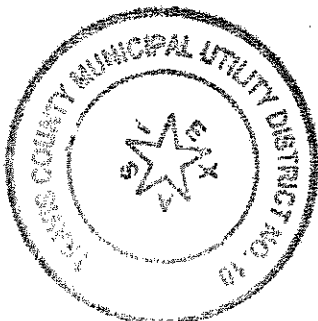
Upon a motion made by Director Reiter, and seconded by Director Taylor, the Board voted unanimously to convene in executive session to discuss pending litigation.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING CONTEMPLATED LITIGATION

The Board reconvened in open session and no action was taken by the Board.

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

(SEAL)



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Secretary, Board of Directors

ACTION LIST

- 1. Director Vance will contact homeowners who were not receiving garbage service.
- 2. Director Reiter will contact the bookkeeper regarding the budget.
- 3. Developer will provide new Letter of Credit.

ATTACHMENTS TO THE MINUTES

	<u>Page</u>
bookkeeper's report.....	2
tax assessor/collector's report .....	3
operator's report.....	3
engineering report .....	4