

MINUTES  
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

March 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 March 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:

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 and Cathy Mitchell of Jones & Carter, Inc. ("Jones & Carter"); Hal Lanham, Melanie Johnson and Matt Martin of AWR Services; 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 Taylor said that he notified the property owners that were not receiving garbage service from IESI prior to January 1, 2009, of the option to opt-out of the service if the District is notified by February 28, 2009. He said that the only response received was from the owners of property located at 1837 Kingfisher Ridge and they chose not to receive garbage service. After review and discussion, Director Taylor moved to approve discontinuing garbage service to 1837 Kingfisher Ridge Cove and issue a two-month credit to the property owner. Director Reiter seconded the motion, which passed by unanimous vote. Ms. Covan said that she will notify IESI. The Board requested that IESI notify the District prior to accepting termination of garbage service from a property owner.

The Board discussed garbage service to the Waterstone condominiums. Director Reiter said that one three cubic yard bin will cost \$76.00 per month and that the monthly sewer fee to the condominium owners association is \$97.00 including garbage. Mr. Hackley said that one three cubic yard bin will suffice to start and that the condominium owners association will notify the Board and IESI when to start the garbage service.

#### AMENDED RATE ORDER

The Board considered amending the Rate Order to provide for water, sewer and garbage service to multi-family users and the Waterstone Owner's Association including: 1) \$35.00 minimum monthly charge per multi-family residential user for water (includes first 10,000 gallons of water usage); 2) \$21.00 monthly for each multi-family residential user for sewer; 3) \$97.00 per month for sewer service to the Waterstone Owner's Association; 4) \$20.00 per month grinder pump maintenance fee to each single-family residential user and applies to the grinder pump serving the multi-family condominium pool, restroom and common area; and 5) each Single Family Residential User, other Users and each Owners Association shall receive monthly garbage service. After review and discussion, Director McAhren moved to adopt the Amended Rate Order and direct that the Amended Rate Order be posted on the District's web site and filed appropriately and retained in the District's official files. Director Reiter seconded the motion, which passed by unanimous vote. The Board members requested a copy of the Amended Rate Order.

#### BOOKKEEPER'S REPORT

The Board reviewed the bookkeeper's report and the bills presented for payment. The Board then discussed the budget comparison. Upon a motion made by Director Taylor and seconded by Director Ernst, the Board voted unanimously to approve the bookkeeper's report, and the checks presented for payment. A copy of the bookkeeper's report is attached.

Director McMahon discussed maintaining a separate accounting on the bookkeeper's report of water and sewer revenues and expenses relating to the condominiums. Mr. Lanham said that it would be possible for his office to code the condominiums separately to report on the water and sewer billings to each condominium. Director Reiter said that the condominiums are charged the same water rate as the single-family homes. After discussion, the Board took no action on this matter.

#### ADDENDUM TO CONTRACT WITH MYRTLE CRUZ, INC.

The Board considered a request from Myrtle Cruz, Inc. to amend their contract to provide for a monthly fee of \$50.00 for services related to investing District funds, preparation of the investment report, quarterly charting of investments, compliance letters, collateral pledge reports and investment transactions required during the

month. After discussion, Director Ernst moved to approve the Addendum to the Contract with Myrtle Cruz, Inc. Director Reiter seconded the motion, which passed by unanimous vote.

#### TAX ASSESSOR/COLLECTOR'S REPORT

The Board received the tax assessor/collector's report. Director Reiter said that the 2008 taxes are 86.6% collected. Director Reiter said that a request was received from the owner of property located at 1116 Watercliff requesting a waiver of the penalty for delinquent 2008 taxes, because the owner claims the tax statement was not received until February 2009. Director Reiter said that he was informed by the District's tax assessor that the name on the account was changed on December 1, 2008, and the tax statement was resent to 1116 Watercliff at that time.

After review and discussion, Director Reiter moved to deny the request for a waiver of the delinquent tax penalty for the property located at 1116 Watercliff, because there was no error made on the part of the District, and to approve the tax assessor/collector's report and payment of the tax bills. Director McAhren seconded the motion, which passed unanimously. A copy of the tax assessor/collector's report is attached.

#### RESOLUTION CONCERNING TAX COLLECTION PROCEDURES

The Board considered adopting a Resolution Concerning Tax Collection Procedures, which provides that the Board rejects the procedure permitting the District to refrain from sending tax bills for less than \$15.00, the procedure permitting the split payment of taxes, and the procedure concerning discounts for early payment of taxes. Upon a motion made by Director Reiter and seconded by Director Ernst, the Board voted unanimously to adopt the Resolution Concerning Tax Collection Procedures, and direct that the Resolution be filed appropriately and retained in the District's records.

#### RESOLUTION CONCERNING EXEMPTIONS FROM TAXATION

The Board considered adopting a Resolution Concerning Exemptions from Taxation that provides that the District exempts \$10,000 of the appraised value of residence homesteads of individuals who are disabled or are sixty-five years of age or older, rejects the general homestead exemption, the charitable organization exemption and the exemption for travel trailers from ad valorem taxation. Director Reiter moved to adopt the Resolution Concerning Exemptions from Taxation and direct that the Resolution be filed appropriately and retained in the District's official records. Director Ernst seconded the motion, which passed by unanimous vote.

## OPERATOR'S REPORT

The Board reviewed the operator's report, a copy of which is attached. Mr. Lanham stated that water accountability was 88% during the month. He said that the new barge pump has been installed with a rebuilt motor at a cost of \$5,322.55. The Board requested that AWR pay the contractor and invoice the District.

Mr. Lanham discussed Texas Commission on Environmental Quality ("TCEQ") emergency power requirements for wastewater treatment plants. He said that new wastewater treatment plant permits contain a provision for requiring emergency power and that some Districts in the Austin area have received a letter from the TCEQ regarding this matter. Mr. Lanham said that a generator company has been contacted to provide a cost estimate for installing a generator at the wastewater treatment plant.

Mr. Lanham said that some time ago, a letter was sent to the District's utility customers regarding the proper disposal of waste materials and grinder pump maintenance. He suggested that the letter be sent again and annually hereafter.

After review and discussion, Director Taylor moved to authorize the operator to send a letter to the District's utility customers regarding appropriate waste disposal and grinder pump maintenance and 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.

## BOND APPLICATION

Mr. Rathmann joined the meeting by conference call to discuss bond application number two. He said that the January 1, 2009, estimate of value has been received from the Travis Central Appraisal District in the amount of \$95,614,012. He discussed the District's tax rate, the debt service requirements and current market conditions. He said that the District could support a bond application in the approximate amount of \$3,000,000 based on no growth and no capitalized interest. After review and discussion, the Board authorized Jones & Carter to proceed with preparation of the second bond application.

## DROUGHT CONTINGENCY PLAN AND WATER CONSERVATION PLAN

Ms. Covan said that the TCEQ is requiring that Districts review and adopt a revised Drought Contingency Plan ("DCP") by May 1, 2009, and review the plan every

five years. She asked that the Board members, operator and engineer review the District's DCP and provide any comments to her.

Ms. Covan said that the District has a Water Conservation Plan ("WCP") adopted in 1999 and that the Plan is part of the Water Sale Contract between the District and the Lower Colorado River Authority. She said that a revised WCP that meets TCEQ and Texas Water Development Board requirements must be adopted by May 1, 2009. The Board authorized ABHR to prepare the revised Water Conservation Plan. Ms. Covan said that she will provide a copy of the DCP and WCP to Board members, the operator and engineer before the April Board meeting.

#### IDENTITY THEFT PREVENTION PROGRAM

Ms. Covan said that Districts with residential or commercial water and sewer customers must adopt an Identity Theft Prevention Program (the "Program") by May 1, 2009, in accordance with rules adopted by the Federal Trade Commission. She said that the rules require certain creditors to adopt and implement a theft prevention program to identify and detect practices or activities that could indicate identity theft. She stated that, because the District maintains accounts with utility service customers and for other purposes which involve multiple payments or transactions, the District is required to adopt a Program. Mr. Lanham explained various aspects of the program and said that AWR has prepared a program for some of their Districts that incorporates certain office procedures and security measures that AWR will implement. After review and discussion, Director Reiter authorized ABHR to prepare the Program. Director Taylor seconded the motion, which passed by unanimous vote. Ms. Covan said that a copy of the Program will be provided to the Board members and the operator for review prior to the next Board meeting.

#### ENGINEER'S REPORT

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

#### DEEDS AND EASEMENTS, UTILITY COMMITMENTS

Mr. Bourgeois 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. Ms. Covan said that the title work is being updated.

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

Mr. Bourgeois said that the contractor has resumed work on Waterford on Lake Travis, Section 4A and lift station no. 3. He had no pay estimates to present to the Board.

## WASTEWATER TREATMENT PLANT, PHASE 2

Mr. Bourgeois stated that the contractor has completed the punch list items and the operation and maintenance manuals have been received. Mr. Bourgeois presented and recommended for approval Pay Estimate No. 11 and Final in the amount of \$143,938.90 to Precision Commercial Plumbing and recommended that the Board accept the project. He said that the Contractor's Affidavit of Bills Paid, the Affidavit of Guarantee and the Certificate of Substantial Completion have been provided. After discussion, and based on the engineer's recommendation, Director Reiter moved to approve Pay Estimate No. 11 and Final in the amount of \$143,938.90 and accept the project. Director Ernst seconded the motion, which passed by unanimous vote.

## WATER PLANT, PHASE 3 EXPANSION

Mr. Bourgeois said that the TCEQ has granted the request for an expedited review of the pilot study report. He said that a response is expected by the end of March and the project is expected to be advertised for bids in June or July.

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

Mr. Bourgeois stated that this project is complete and the final inspection is being scheduled. He said that Mike Lucas agreed to pay the \$5,840 owed to Jones & Carter, but payment has not yet been received.

## WATERFORD ON LAKE TRAVIS, SECTION 5

Mr. Bourgeois said that Travis County has not yet signed off on the Waterford on Lake Travis, Section 5 project. He said that advertising for bids for this project will take place upon receipt of all agency approvals.

## 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 wastewater treatment plant permit renewal is being prepared.

OTHER ENGINEERING MATTERS

Ms. Mitchell said that they are seeking advice on a watering schedule for the trees at the wastewater treatment plant. She said that AWR has been asked to apply effluent from the wastewater treatment plant to the zones with new trees.

There were no further engineering matters for discussion. Director Reiter moved to approve the engineer's report. Director Ernst seconded the motion, which passed by unanimous vote.

REPORT ON DEVELOPMENT

Mr. Hackley reported on development in the District and the marina. He said that there has been some vandalism of equipment at the construction sites.

Director Reiter said that the Property Owners Association is interested in expanding the walking trail into Waterford on Lake Travis, Section 2 and has formed a committee to investigate this matter. He said that the POA would pay the cost of developing the trail and realizes that the trail would cease to exist when Section 2 is eventually developed.

WEBSITE

The Board discussed the web site. Mr. Hackley said that a new aerial photograph is being prepared for 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

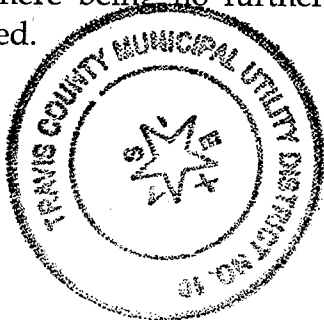
Upon a motion made by Director Reiter, and seconded by Director Taylor, the Board voted unanimously to convene in executive session to discuss pending litigation.

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)



  
Secretary Board of Directors

ACTION LIST

1. ABHR will prepare the DCP, WCP and Identity Theft Prevention Program.
2. ABHR will notify IESI of discontinuance of garbage service to a resident.

ATTACHMENTS TO THE MINUTES

	<u>Page</u>
bookkeeper's report.....	2
tax assessor/collector's report .....	3
operator's report.....	4
engineering report .....	5