

MINUTES
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

April 7, 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 April 7, 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; 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 March 3, 2009, meeting. Director Taylor noted a correction to the minutes. After review and discussion, Director Taylor moved to approve the minutes of the March 3, 2009, meeting, as corrected. Director McAhren seconded the motion, which passed by unanimous vote.

GARBAGE SERVICES

There was no report on garbage services. Director McMahan asked if revenues and expenses related to garbage service provided to the condominiums and the single family homes would be accounted for separately. Mr. Lanham said that the Waterstone Owner's Association (the "Association") will be billed for a common dumpster or dumpsters for use by all of the condominiums and that the Association will be responsible for billing the individual condominium owners for a share of the garbage service. He said that with this billing system, it would not be necessary to maintain a breakdown of revenues and expenses associated with garbage service. Director McMahan agreed that this system is acceptable.

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 Ernst and seconded by Director Reiter, 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.

TAX ASSESSOR/COLLECTOR'S REPORT

The Board received the tax assessor/collector's report. Director Reiter said that the 2008 taxes are 90% collected. The Board reviewed the delinquent tax report. Ms. Covan said that the next delinquent statements will be mailed on May 1, 2009, and an additional 20% penalty will be applied to property taxes delinquent on July 1, 2009.

After review and discussion, Director Ernst 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 said that the new barge pump is operating normally. He stated that water loss was not calculated because the raw water meter was clogged and not registering the water going through it. Mr. Lanham said that a letter has been sent to all customers reminding them of the types of materials and products that can and cannot be put in the wastewater system. Director Reiter said that he talked to the Texas Commission on Environmental Quality (the "TCEQ") and requested that notices regarding chemical analysis be directed to Matt Martin instead of Dick Kingsbury. Mr. Lanham said that AWR is completing the Utility Profile Questionnaire that is an exhibit to the Water Conservation Plan.

Mr. Lanham said that a few customers have asked the District to consider accepting credit cards for utility payments. He said that the service would cost \$350.00 per month plus a 3% or 5% transaction fee that would either be paid by the customer or absorbed by the District. The Board members agreed that the cost of providing the service is high considering that, of the District's 61 customers, only a few would avail themselves of the credit card service. Director Reiter said that individual banks offer a direct payment service to their customers. After discussion, the Board took no action to institute a program to accept credit cards.

Director Taylor asked if a water line broke. Mr. Martin said that a 2" line broke and has been repaired. Mr. Martin said that one of the wastewater treatment plants would be taken off-line for cleaning and that the alternate plant would provide uninterrupted service to the community. After review and discussion, Director Taylor 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

The Board conducted a hearing on the termination of utility service to the delinquent accounts. Ms. Johnson informed the Board that the persons on the attached termination list were mailed written notice prior to this meeting in accordance with the Rate Order, notifying them of the opportunity to appear before the Board of Directors to explain, contest, or correct the utility service bill and show reason why utility service should not be terminated for reason of nonpayment. After discussion, Director Taylor moved that, because the residents on the attached list were neither present at the meeting, nor had presented any statement on the matter, utility service should be terminated in accordance with the District's Rate Order. Director Reiter seconded the motion, which passed by unanimous vote. A copy of the delinquent account list is attached.

AMENDED RATE ORDER

The Board took no action to amend the Rate Order.

WATER CONSERVATION PLAN

Ms. Covan said that the District has a Water Conservation Plan ("WCP") adopted in 1999 and that the Plan is part of the wholesale Water Sale Contract between the District and the Lower Colorado River Authority (the "LCRA"). She said that a revised WCP that meets TCEQ and Texas Water Development Board requirements must be adopted by May 1, 2009. Ms. Covan said that the operator is the administrator of the WCP and that the WCP provides a schedule for implementation of procedures to achieve the District's water conservation goals. She said that by May 1, 2010, the District must have: 1) a system in place to determine unaccounted for water; 2) an educational program; 3) a master meter to account for water produced or received; and 4) a program for meter testing and repair. Ms. Covan said that a copy of the WCP and the Utility Profile Questionnaire will be provided to each Board member. After review and discussion, Director McAhren moved to adopt the Order Adopting Water Conservation Plan, direct that the WCP be filed with the TCEQ and the LCRA and filed appropriately and retained in the District's official records. Director Taylor seconded the motion, which passed by unanimous vote.

DROUGHT CONTINGENCY PLAN

Ms. Covan said that the TCEQ is requiring that Districts review and adopt an Amended and Restated Drought Contingency Plan ("DCP") by May 1, 2009. She said that the draft of the DCP provided to each Board member to review has been revised to include the names of new streets in the Emergency Management Program section. After review and discussion, Director McAhren moved to adopt the Order Adopting the Amended and Restated Drought Contingency Plan and direct that the Order be filed appropriately and retained in the District's official records. Director McMahon seconded the motion, which passed by unanimous vote.

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 said that based on discussions with the engineer and the developer, and stipulations in the financing agreement between the District and the developer, the District could support a bond application in the amount of \$3,590,000, including two years of capitalized interest, and a debt service tax rate of \$0.44 per \$100 of assessed valuation. He said that the \$0.44 debt service rate and the two years of capitalized interest would provide acceptable and sustainable coverage for the District for the repayment of the bonds.

The Board discussed the effect of increasing the debt service rate from the previously considered \$0.41 to \$0.44 and decreasing the maintenance tax by \$0.03 to maintain the current overall tax rate. Mr. Rathmann said that providing for capitalized interest will help to reduce a shortfall that might occur in the operating account over the next two years. The Board discussed future development in the District and projected taxable valuation. Mr. Johnson said that the condominiums have been assessed by the appraisal district at only one-third of their projected value based on what has been completed to date. He said that homes are being completed in Section 1, two of the Mike Lucas lots have been sold and building permits have been applied for, and contracts are being prepared for one home in Section 6 and one in Section 4.

Mr. Johnson said that the \$3,590,000 bond amount and the \$0.44 debt service tax rate is acceptable to the developer and that the net amount that the developer will receive from the bonds, after the deductions for bond issuance costs, in the approximate amount of \$2,713,056, is also acceptable. Mr. Rathmann said that revised debt service and cash flow schedules will be provided to the engineer and that the engineer will revise the Summary of Costs. Mr. Johnson and the Board members asked that a copy of the final bond application report be provided to them for review prior to submission to the TCEQ. Mr. Rathmann said that ABHR will also review the application prior to submission to the TCEQ for approval.

After review and discussion, Director Reiter moved to adopt the Resolution Authorizing Application to the TCEQ for Approval of Project and Bonds, subject to review of the bond application report by the developer, Board members and ABHR. Director McMahan seconded the motion, which passed by unanimous vote.

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. Mr. Lanham explained various aspects of the program and said that AWR has implemented internal procedures to identify identity theft. After review and discussion, Director Taylor moved to adopt the Order Adopting Identity Theft Prevention Program and Providing for Implementation and Enforcement Thereof and direct that the Order be filed appropriately and retained in the District's official records. Director Ernst seconded the motion, which passed by unanimous vote. Ms. Covan said that a copy of the Program will be provided to each Board member.

INSURANCE

The Board considered requesting proposals for the District's insurance. After discussion, the Board authorized ABHR to request an insurance proposal from AquaSurance and from Anco-McDonald Waterworks Insurance for review at the June Board meeting. Ms. Covan said that there is an independent insurance agent that has been engaged by other Districts to review and compare insurance policies. After discussion, the Board members agreed to consider engaging an independent agent to review the proposals after the proposals have been received.

ENGINEER'S REPORT

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

DEEDS AND EASEMENTS, UTILITY COMMITMENTS

Mr. Bourgeois said that the deeds to convey the lift station site and the additional land for the wastewater treatment plant site have been forwarded to the developer for execution. After review and discussion, Director Taylor moved to accept the Special Warranty Deeds to convey the site, upon receipt from the developer. Director McAhren seconded the motion, which passed by unanimous vote.

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.

WATER PLANT, PHASE 3 EXPANSION

Mr. Bourgeois said that the TCEQ has approved the exception request. He said that updated construction plans will be submitted to the TCEQ.

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 has paid the \$5,840 owed to Jones & Carter.

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. He said that the permit renewal application is due June 1, 2009.

BOND APPLICATION

Mr. Bourgeois requested that the developer provide the letter of acceptance for the Section 6 paving and the cover sheet for the lift station. He also requested that the operator provide the operator's certification letter. He said that these items, along with the recorded deeds for the land sites, are exhibits for the bond application report.

OTHER ENGINEERING MATTERS

Mr. Bourgeois said that the trees at the wastewater treatment plant are showing signs of greening. He said that the contractor will talk to the supplier to obtain more information on the condition of the trees.

Mr. Bourgeois said that permit coverage under the TCEQ's Storm Water General Permit can be terminated for the wastewater treatment plant phase 2 project, because sufficient vegetation has been established in the areas disturbed during construction. He said that a Notice of Termination form is presented for execution.

There were no further engineering matters for discussion. Director McMahon moved 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. He said that they are still waiting for Perdenales Electric to pull the wires to provide electricity to the lift station. He said that a grand opening for the condominiums is scheduled in May. Mr. Johnson said that a company is being engaged to manage the marina and common areas and will be available to provide other services to residents and users of the marina facilities.

WEBSITE

There was no report on the website.

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

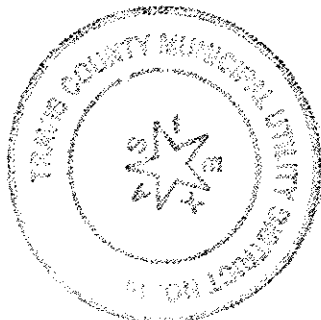
Upon a motion made by Director Reiter, and seconded by Director Taylor, the Board voted unanimously to convene in executive session to discuss pending litigation.

RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING CONTEMPLATED LITIGATION

The Board reconvened in open session and directed the engineer to update the summary of developer reimbursables.

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

(SEAL)




Secretary, Board of Directors

ACTION LIST

1. ABHR will provide a copy of the final DCP, WCP and Identity Theft Prevention Program to the Board members, engineer and operator.
2. Operator will complete the Utility Profile Questionnaire.
3. ABHR will file the Water Conservation Plan with the TCEQ and the LCRA.
4. Engineer will provide a copy of the revised bond application report to the Board members, the developer and ABHR for review.
5. ABHR will request insurance proposals.
6. Operator will provide the certification to the engineer for the bond application report.
7. Developer will provide documentation to the engineer for the bond application report.

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