

MINUTES  
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

June 2, 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 June 2, 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 McMahan, thus constituting a quorum.

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

INSURANCE

Mr. Walker addressed the Board to discuss the District's insurance policies. He discussed the Directors and Officers liability insurance and the optional Chubb insurance coverage. He also discussed the supplemental sewage backup insurance and the TML consulting fee. Director McAhren asked about TML's rating and for a copy of TML's annual report. Mr. Walker said that TML has an A rating and that he would mail the annual report to ABHR for distribution to the Board members. Mr. Walker then left the conference call.

The Board discussed ways to prevent sewer backups. Mr. Martin said that a pop-off valve could be installed near the clean-out line when sewer lines are being connected. Mr. Martin suggested amending the plumbing code in the Rate Order to provide for installation of this valve on all new construction. The Board asked AWR to determine how many existing homes would benefit from the addition of this valve and the cost of installation. The Board requested that AWR prepare a letter to the District's customers reminding them of the items that are not appropriate for disposal and suggesting that a sewer backup endorsement be added to their homeowner's insurance policy if they don't already have such coverage.

## APPROVE MINUTES

The Board considered approving the minutes of the May 5, 2009, meeting. After review and discussion, Director Ernst moved to approve the minutes of the May 5, 2009, meeting. Director Taylor seconded the motion, which passed by unanimous vote.

## GARBAGE SERVICES

There was no report on garbage services.

## BOOKKEEPER'S REPORT

The Board reviewed the bookkeeper's report and the bills presented for payment. The Board then discussed the budget comparison. The Board requested that the bookkeeper prepare a draft budget for the fiscal year ending September 30, 2010, for review at the next Board meeting. Upon a motion made by Director Taylor 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. The Board considered a request from the owner of property located at 1601 Osprey Ridge Loop for a waiver of the penalty and interest in the amount of \$72.00. Director Reiter said that in his letter, the property owner indicates that he did not receive his tax statement. He said that the District's tax assessor confirmed that the tax bill was sent to the address provided by the Travis Central Appraisal District.

Mr. Reiter said that 33% of the revenue generated from taxes is derived from the developer and one property owner. He said that the District's financial advisor advised him that this would put the District in a difficult position if the two largest tax payers were to have difficulty paying their property taxes. After review and discussion, Director Taylor moved to deny the request for a waiver of the penalty and interest, because there was no indication of an error made on the part of the District, and to approve the tax assessor/collector's report. Director Ernst 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. Martin said that the new barge pump is operating normally. Director Reiter noted that AWR charged the District \$124.00 for cleaning the water plant and said this should be included in AWR's base charge. He asked AWR to review their contract and report to the Board next month. The Board discussed the townhomes and asked Mr. Hackley to work with Ms. Johnson to determine which townhomes have closed to ensure that the

new owner signs a utility service agreement and that the utility account is transferred from the developer to the new owner.

The Board reviewed the utility delinquent list and noted that Verabella Homes owes approximately \$500.00. The Board discussed amending the Rate Order to increase the builder utility deposit to \$750.00 and the residential utility deposit to \$250.00. Ms. Johnson discussed the Consumer Confidence Report ("CCR") After review and discussion, Director Taylor moved to approve the Consumer Confidence Report, authorize the operator to mail the CCR and file the certificate of mailing with the Texas Commission on Environmental Quality (the "TCEQ"), and to approve the operator's report. Director Ernst seconded the motion, which passed by unanimous vote.

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

There were no delinquent utility accounts.

ENGINEER'S REPORT

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

DEEDS AND EASEMENTS, UTILITY COMMITMENTS

Mr. Hackley said that the deeds to convey the Waterstone detention pond sites to the District have been signed. After review and discussion, Director Ernst moved to accept the Special Warranty Deeds. Director Taylor 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 is completing lift station no. 3. He had no pay estimates to present to the Board.

WATER PLANT, PHASE 3 EXPANSION

Mr. Bourgeois said that construction plans for the water plant, phase 3 expansion are being updated based on the initial review by AWR and the TCEQ. Mr. Bourgeois said that the TCEQ had not completed its review, but he did not think that any material changes would be required on the project. The Board agreed that a change order could be prepared if additional material items are necessary for the project. Mr. Bourgeois said that plan approval is expected by the end of July. After review and discussion, Director Taylor moved to authorize the engineer to advertise for bids for construction of the water plant, phase 3 expansion upon approval of the plans and specifications by governmental agencies. Director Ernst seconded the motion, which passed by unanimous vote.

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

Mr. Bourgeois stated that this project is complete and the final inspection was held on May 18, 2009. He said that a deficiency letter was sent to Mike Lucas and that no connections would be allowed until the deficient items are corrected.

### 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 application was submitted to the TCEQ and declared administratively complete on May 21, 2009. He said that the application is in the technical review and public comment phase.

### BOND APPLICATION

Mr. Bourgeois reported on the bond application. He said that after consulting with ABHR, it was determined that all land costs for facilities that support the assessed value of the District must be included in the bond application. Mr. Bourgeois said that work is ongoing to determine the per acreage basis for the land costs based on the available documentation. He noted that if the land costs are confirmed at approximately \$2,000,000, an additional project can be added to the bond application. Ms. Covan said that McCall Gibson & Company may be able to provide assistance with determining the land costs. Mr. Bourgeois presented a revised Summary of Costs in the amount of \$3,510,000 that includes additional land sites. Mr. Hackley said that this is the amount of the bonds that Waterford LT Partners believes is appropriate. After review and discussion, the Board authorized the engineer to proceed with the bond application report including the additional land sites.

### OTHER ENGINEERING MATTERS

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

REPORT ON DEVELOPMENT

Mr. Hackley reported on development in the District. He said that the meter for the lift station will be set next week and that the marina has power.

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

At 12:10 p.m., Director Reiter announced that the Board would meet in Executive Session to discuss pending litigation.

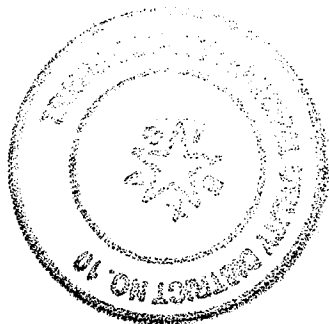
RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PENDING OR CONTEMPLATED LITIGATION

At 12:30 p.m., Director Reiter announced that the Board would re-convene in Open Session. Director Taylor moved to authorize Watt Beckworth Thompson and Henneman to research and prepare a third party petition and advise the Board members of the estimated cost of this work.

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

  
Secretary, Board of Directors

(SEAL)



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