

MINUTES
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

August 4, 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 August 4, 2009, at 1325 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 Reiter, thus constituting a quorum.

Also present at the meeting were Greg Bourgeois of Jones & Carter, Inc. ("Jones & Carter"); Melanie Johnson of AWR Services; 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 July 7, 2009, meeting. Ms. Covan said that the engineer noted a correction to the minutes. After review and discussion, Director Taylor moved to approve the minutes of the July 7, 2009, meeting, as corrected. Director McMahan seconded the motion, which passed by unanimous vote.

GARBAGE SERVICES

Discussion ensued regarding garbage service to 1312 Watercliff Drive. Director Taylor said that the property owners, Vicki and Ken Daraie, have owned the property for two years and had not been receiving garbage service. He said we did not have their name at the time the letter regarding opting out of garbage service was mailed. He said that the Daraie's are requesting to opt-out of the garbage service. Director Taylor said that since they were not notified of the opportunity to opt out of the garbage service, he recommended that the Daraie's be allowed to opt-out of the service at this time and refunded the portion of their sewer payment that is attributable to garbage service. After review and discussion, Director Ernst moved to allow the Daraie's to opt-out of garbage service and to refund their garbage service payments to date. Director McMahan seconded the motion, which passed by unanimous vote. Director Taylor said that he will notify the homeowner of the Board's action. Ms. Covan said that she will notify the garbage company.

Discussion ensued regarding garbage service to the Waterstone Condominiums. Ms. Johnson said that at a previous Board meeting, it was decided that the Waterstone Property Owner's Association would contract directly with IESI for their garbage service. She said that each condominium is charged for sewer service only in accordance with the Amended Rate Order at a rate that is 30% less than the single-family homes because each condominium is 70% of a Living Unit Equivalent. Ms. Johnson said that the dumpsters can be ordered directly from IESI. She said that she would forward the IESI contact information to Mr. Johnson.

FINANCIAL AND BOOKKEEPING

The Board reviewed the bookkeeper's report, a copy of which is attached, and the bills presented for payment. The Board requested that the bookkeeper hold the check to Watt Beckworth Thompson & Henneman L.L.P. until Director Reiter returns and can discuss the bill with Theresa Sandoval. The Board then discussed the budget comparison and reviewed a draft of the budget for the fiscal year ending September 30, 2010. Upon a motion made by Director Ernst and seconded by Director Taylor, 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. Director McAhren said that the 2008 taxes are 99.8% collected. The Board reviewed the delinquent tax report. Director McAhren moved to approve the tax assessor/collector's report. Director Ernst seconded the motion, which passed unanimously.

DEPOSITORY PLEDGE AGREEMENT

Director Ernst moved to approve the Depository Pledge Agreement with Wells Fargo Bank for the tax account and direct that the Agreement be filed appropriately and retained in the District's records. Director McAhren seconded the motion, which passed by unanimous vote.

OPERATOR'S REPORT

The Board reviewed the operator's report, a copy of which is attached. Ms. Johnson said that the annual barge inspection has been held and repairs were made to the intake raw water line. She said that after the inspection, one pump began to produce approximately 30% less water than was previously pumped and the second pump is producing at approximately 60%. Ms. Johnson said that additional cable has been added to the intake barge to allow for the low water level.

Ms. Johnson said that water demand has been heavy due to the lack of rain and stage two water conditions have been put into place in accordance with the District's Drought Contingency Plan. She said that notices were posted in the District and a

notice was mailed and e-mailed to property owners. Ms. Johnson requested authorization to order six water conservation signs. The Board authorized Director Vance to be the contact person regarding drought condition matters and authorized AWR to order six water conservation signs.

Discussion ensued regarding the recent failure of the pumps. Mr. Bourgeois said that one of the pumps was pumping only thirty to forty gallons per minute two weeks ago. He said that the pump was inspected and determined that it was clogged. Ms. Johnson said that this pump is being reinstalled today. She said that pump number two was also pumping only thirty gallons per minute beginning yesterday afternoon and will be pulled for inspection when the first pump is reinstalled.

Ms. Johnson said that Fluid Meters has been contacted regarding inspecting the clay valves to see if they are the cause of the pump problems. The Board authorized replacement of the clay valves if the new valves can be utilized on the new barge.

Ms. Johnson said that there was a two inch main line water leak on Osprey Ridge. She said that the leak was repaired quickly, but there was significant water loss.

Mr. Bourgeois said that due to the water leak and the pump failures, the District's customers are at stage two drought conditions until the first pump is stabilized and may continue to be on water restrictions until the second pump is reinstalled on Friday.

Ms. Johnson said that there were no delinquent accounts this month. After review and discussion, Director McMahon moved 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.

AMENDED RATE ORDER

The Board took no action to amend the Rate Order.

ENGINEER'S REPORT

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

DEEDS AND EASEMENTS, UTILITY COMMITMENTS

There were no deeds or easements for approval by the Board. Mr. Bourgeois said that the Bank of the Ozarks, the lender for Waterford on Lake Travis, Section

5, has requested a letter clarifying the water and sewer capacity for the thirty-one proposed lots in Section 5. He requested that the Board approve the utility capacity letter. After review and discussion, Director McMahon moved to approve the water and sewer capacity letter to Bank of the Ozarks. Director Ernst seconded the motion, which passed by unanimous vote.

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 presented and recommended for approval Pay Estimate No. 10 from Nelson Lewis, Inc. in the amount of \$12,285.00. After review and discussion, and based on the engineer's recommendation, Director Taylor moved to approve Pay Estimate No. 10. Director McAhren seconded the motion, which passed by unanimous vote.

WATER PLANT, PHASE 3 EXPANSION

Mr. Bourgeois said that construction plans for the water plant, phase 3 expansion were approved by the Texas Commission on Environmental Quality (the "TCEQ") on July 31, 2009. He said that nine bids were received on July 29, 2009. He recommended that the contract be awarded to the low bidder, Payton Construction, Inc., in the amount of \$1,364,000. After review and discussion, and based on the engineer's recommendation and because the contract would be the most advantageous to the District and result in the best and most economical completion of the District's facilities, Director Taylor moved to: 1) award the contract in the amount of \$1,364,000 to Payton Construction, Inc.; 2) approve the letter financing agreement; and 3) authorize the engineer to circulate the contracts for signature, subject to review and approval of the payment and performance bonds and insurance by ABHR. Director Ernst seconded the motion, which passed by unanimous vote. A copy of the bid tabulation is attached.

Mr. Bourgeois discussed the Letter of Credit (the "LOC") provided to the District by Waterford LT Partners. He said that the developer has requested a reduction in the LOC from \$2,028,180 to \$1,575,000 based on the bid amount for the water plant phase 3 expansion. Mr. Bourgeois said that the \$1,575,000 includes engineering and contingencies. After review and discussion, Director Ernst moved to approve the reduction in the LOC to \$1,575,000. Director McAhren 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 the contractor has corrected all of the deficiencies. Mr. Bourgeois recommended that the Board accept the project without the standard one-year warranty. Mr. Bourgeois said that the project is over a year old, this was not a District project and is not reimbursable to Mike

Lucas. He said that although Jones & Carter did not administer the contract, they did inspect the project and insure that testing had been completed. After review and discussion, and based on the engineer's recommendation, Director Ernst moved to accept the Waterford on Lake Travis, Section 3D and road extension project without the one-year warranty. Director Taylor seconded the motion, which passed by unanimous vote.

WATERFORD ON LAKE TRAVIS, SECTION 5

Mr. Bourgeois said that Bank of the Ozarks requested an updated commitment letter, which was presented to the Board for signature.

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 that the application is in the technical review and public comment phase.

BOND APPLICATION

Mr. Bourgeois reported on the bond application. He said that the bond application report was filed with the TCEQ for expedited review on July 2, 2009. He said that the application has been declared administratively complete.

OTHER ENGINEERING MATTERS

Mr. Bourgeois said that the annual barge inspection was performed on July 16, 2009, by Excel Construction. He said that a copy of their report will be presented at the next meeting. Mr. Bourgeois said that repairs were made to the raw water line and the cables anchoring the barge to the shore were extended by twenty-five feet so that the barge can remain properly positioned as the Lake Travis water level continues to drop.

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

REPORT ON DEVELOPMENT

Mr. Johnson reported on development in the District. Discussion ensued regarding construction of the Jackson home on Ivean Pearson Road and whether the home meets the aesthetic qualities of other homes in the District. The Board requested

that ABHR prepare a letter to the Jacksons requesting a copy of the construction plans. Director McAhren said that he will review the letter before sending it to the Jacksons.

MAINTENANCE AGREEMENT FOR WATERSTONE DETENTION PONDS

Ms. Covan said that she is working with Jones & Carter to finalize the maintenance agreement.

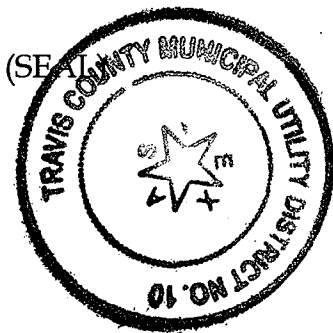
WEBSITE

The Board discussed the District's website. The Board requested that a notice regarding the drought conservation measures be posted on the web site. Ms. Johnson said that she will provide the notice to Ms. Covan.

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

The Board did not convene in Executive Session.

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



[Handwritten Signature]
Secretary, Board of Directors

ACTION LIST

1. ABHR will provide the water conservation letter to the web master for posting.
2. ABHR will prepare a letter to Douglas Jackson.
3. Operator will order six water conservation signs.
4. ABHR will review the payment and performance bonds and insurance for the water plant phase 3 expansion contract.
5. Engineer will provide the utility letter to Bank of the Ozarks.
6. Operator will provide IESI contact information to Roger Johnson.
7. ABHR will notify IESI regarding termination of garbage service to 1312 Watercliff Drive.

ATTACHMENTS TO THE MINUTES

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