

MINUTES
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

February 2, 2010

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 February 2, 2010, 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 McMahon, 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 of Jones & Carter, Inc. ("Jones & Carter"); Hal Lanham, Melanie Johnson and Matt Martin of AWR Services, Inc.; Roger Johnson of Waterford LT Partners, L.P.; Craig Rathmann of Rathmann & Associates; and Trey Lary and Sharon Covan of Allen Boone Humphries Robinson LLP ("ABHR") by conference call.

APPROVE MINUTES

The Board considered approving the minutes of the January 5, 2010, meeting. Ms. Covan said that Mr. Rathmann noted a correction to the minutes and asked that the minutes reflect that the developer's financial statements had not been received at the time of the January 5, 2010, meeting. After review and discussion, Director Taylor moved to approve the minutes of the January 5, 2010, meeting, as corrected. Director Ernst seconded the motion, which passed by unanimous vote.

AUDIT

The Board considered approving the audit for the fiscal year ended September 30, 2009. After review and discussion, Director Ernst moved to approve the audit. Director McMahon 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 said that the new turbidity meter has been installed and is operating normally. He said that the raw water line and treated water line rerouting was completed at night and during the early morning hours to avoid water service interruption. Mr. Lanham said that the interior of water plant no. 1 has been cleaned in preparation for painting. Mr. Martin said that he has not yet received cost estimates for painting water plant no.

1. Mr. Lanham said that the new motor was installed on the boat, but would not start. He said that the company that installed the motor discovered that the fuel line had not been hooked up properly and the starter motor went out. Mr. Lanham said that a new starter has been ordered.

Mr. Lanham said that the North Lake Fire Department has requested that the District provide pressure and flow data for all of the District's fire hydrants. He said that once the fire department has the data, the hydrants can be color coded to denote the maximum pressure for that hydrant. Mr. Lanham said that there are approximately fifty fire hydrants in the District.

Ms. Johnson said that there were no delinquent accounts. She said that she will investigate the townhomes that have been sold to ensure that water and sewer service is transferred to the new owner's name. After review and discussion, Director Ernst moved to authorize AWR to test the District's fire hydrants and provide the pressure data to the fire department and to approve the operator's report. Director McMahon 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 took no action on this matter.

DROUGHT CONTINGENCY PLAN

Director Taylor discussed the revisions to the Drought Contingency Plan (the "Plan"). He said that comments received from ABHR are being addressed. He said that the following issues need to be addressed including: 1) clarification of notification procedures when a trigger condition ends; 2) procedures for enforcement of a violation when several trigger conditions and drought stages are initiated during a single billing cycle; 3) clarification of communications with property owners; and 4) verification of lake levels. The Board took no action to adopt the Third Amended Drought Contingency Plan. Director Taylor will provide all of the recommended changes to the Plan to ABHR so that ABHR can revise and submit the Plan for approval at the next Board meeting.

AMEND RATE ORDER

The Board discussed amending the Rate Order to provide for an increase in the irrigation rates to users of public spaces. The Board requested additional information regarding irrigation water usage and costs. Mr. Bourgeois said that he can provide this information next month. The Board took no action to adopt an Amended Rate Order.

FINANCIAL AND BOOKKEEPING

The Board reviewed the bookkeeper's report, a copy of which is attached, and the bills presented for payment. The Board considered approving the budget amended to provide for the increase in the garbage expense, an increase in repairs and maintenance, and an increase in the grinder pump maintenance fee. Upon a motion made by Director Ernst and seconded by Director Taylor, the Board voted unanimously to adopt the amended budget and 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 and the delinquent tax report, a copy of which is attached. Discussion ensued regarding a homestead exemption. Mr. Johnson noted that this exemption would not be available to property owners whose property in the District is a second home and not homesteaded. He said that the District has an obligation to reimburse the developer for costs associated with constructing water, sewer and drainage facilities to serve the District. The Board acknowledged thus adding that the next bond sale was predicated on the District achieving a taxable value of \$123 million.

Director Ernst moved to approve the tax assessor/collector's report. Director Taylor seconded the motion, which passed unanimously.

GARBAGE SERVICES

Mr. Lanham said that IESI agreed to bill the six homeowners annually for the additional cost of a second garbage bin that they are provided.

BOND SALE AND CITY OF AUSTIN CONSENT

Mr. Rathmann discussed the bond sale. He said that consent for the bond sale has been received from the City of Austin (the "City").

PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE

Mr. Rathmann reviewed the Preliminary Official Statement and Official Notice of Sale and responded to questions from Board members. After review and discussion, Director Taylor moved to approve the Preliminary Official Statement and Notice of Sale. Director McMahon seconded the motion, which passed by unanimous vote.

AUTHORIZE ADVERTISEMENT FOR SALE OF THE SERIES 2010 BONDS AND SCHEDULE BOND SALE

Mr. Rathmann discussed advertising for the sale of the Series 2010 Bonds. He said that the advertisement would be placed in the Austin American Statesman and in

the Texas Bond Reporter. He then discussed the process for receiving the bids and awarding the sale of the bonds to the low bidder. The Board discussed scheduling a date for the bond sale. The Board agreed to schedule the bond sale at its regular monthly meeting on March 2, 2010. Mr. Rathmann said that delivery of the bonds and funding would occur on March 24, 2010. After review and discussion, Director Taylor moved to authorize advertising for the sale of the Series 2010 Bonds. Director McMahon seconded the motion, which passed by unanimous vote.

APPOINT PAYING AGENT/REGISTRAR

Director Taylor moved to appoint The Bank of New York Mellon as the Paying Agent/Registrar for the Series 2010 Bonds. Director McMahon seconded the motion, which passed by unanimous vote.

ENGAGEMENT LETTER WITH DISCLOSURE COUNSEL

Mr. Rathmann recommended engaging McCall, Parkhurst & Horton L.L.P. as disclosure counsel for the District's Series 2010 Bonds. After review and discussion, Director Taylor moved to engage McCall, Parkhurst & Horton L.L.P. as disclosure counsel and to authorize execution of the engagement letter. Director McMahon seconded the motion, which passed by unanimous vote.

ANNUAL DISCLOSURE STATEMENTS

Ms. Covan explained that the annual disclosure statement discloses relationships of the bookkeeper and investment officer with entities or individuals who are offering, have offered, or may offer to engage in an investment transaction with the District. After review and discussion, Director Reiter moved to accept the disclosure statements of the District's bookkeeper and investment officer and authorize filing the disclosure statements with the Texas Ethics Commission. Director Taylor seconded the motion, which passed unanimously.

AMENDMENT TO CONTINUING DISCLOSURE AGREEMENT TO COMPLY WITH SEC RULE 15C2-12

Mr. Lary explained that in connection with the issuance of the District's bonds, the District agreed (the "Continuing Disclosure Undertaking") to provide updated annual financial information and operating data and audited financial statements (the "Annual Reports") and certain material event notices ("Material Event Notices") to certain nationally recognized municipal securities information repositories ("NRMSIRs") and the appropriate state information depository ("SID") in accordance with United States Securities and Exchange Commission (the "SEC") Rule 15c2-12 (the "Rule"). He added that the SEC has amended the Rule (the "Amendment") to provide that filing of annual financial and operating information, audited financial statements and material event notices shall only be filed through an electronic system administered by the Municipal Securities Rulemaking Board ("MSRB"). The MSRB, in accordance

with the Amendment, has established the Electronic Municipal Market Access System ("EMMA") to receive annual financial information and operating data, audited financial statements and certain material event notices. He added that when the District issued its bonds, the District reserved the right to amend the Continuing Disclosure Undertaking in the event that the SEC amended the Rule. After discussion, Director Ernst moved to approve the Amendment to Continuing Disclosure Agreement. Director Reiter seconded the motion, which passed unanimously.

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 consideration by the Board.

SECONDARY RAW WATER LINE

Mr. Bourgeois discussed the secondary raw water line. He said that advertising for bids will begin this week and will be received on February 25, 2010. He said that prices for clearing were solicited and Payton Construction, Inc. ("Payton") submitted a price of \$7,500. He said that the clearing needs to be completed by March 1, 2010. Mr. Bourgeois recommended that the Board award the clearing contract to Payton.

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

Mr. Bourgeois said that the contractor and the developer are negotiating a price to complete the punch list items.

WATER PLANT, PHASE 3 EXPANSION

Mr. Bourgeois said that the contractor rerouted the existing distribution line and replaced the clogged raw water line. He said that the contractor continues to work on the plant piping and electrical conduits and the barge components are being assembled at the Lake Travis marina. Mr. Bourgeois said that the barge is expected to be anchored next week.

Mr. Bourgeois presented and recommended for approval Pay Estimate No. 5 from Payton in the amount of \$113,482.40.

WATERFORD ON LAKE TRAVIS, SECTION 5

Mr. Bourgeois said that comments from reviewing entities on the plans for Waterford on Lake Travis, Section 5 are being addressed. He said that advertising for this project should begin in February or March.

WATERFORD ON LAKE TRAVIS, SECTION 4B

Mr. Bourgeois said that Waterford on Lake Travis, Section 4B is on hold.

OTHER ENGINEERING MATTERS

Mr. Bourgeois said that Jones & Carter is working with various contractors on the one-year punch lists for Waterford on Lake Travis, Section 6 and the wastewater treatment plant, phase 2. He said that the punch list items for Waterford on Lake Travis, Section 7 have been completed.

Mr. Bourgeois said that the TCEQ has performed the pre-purchase inspection for the projects in the bond application and no deficiencies were noted.

There were no further engineering matters for discussion. Director Taylor moved to: 1) approve Pay Estimate No. 5 in the amount of 113,482.40 for the water plant, phase 3 expansion; 2) authorize Payton to perform the clearing associated with the secondary raw water line at a cost of \$7,500; and 3) approve the engineer's report. Director Ernst seconded the motion, which passed by unanimous vote.

REPORT ON DEVELOPMENT

Mr. Johnson had no report on development in the District.

MAINTENANCE AGREEMENT FOR WATERSTONE DETENTION PONDS

Ms. Covan said that the maintenance agreement for the Waterstone detention ponds is being reviewed by ABHR.

RESOLUTION EXPRESSING INTENT TO REIMBURSE OPERATING ACCOUNT

Director Taylor moved to adopt a Resolution Expressing Intent to Reimburse Operating Account for the costs associated with the secondary raw water line, replacement of the clogged water line, and additional components to enhance the water plant 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.

WEBSITE

There was no discussion regarding 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

At 1:45 p.m., Director Reiter announced that the Board would meet in executive session to discuss pending litigation.

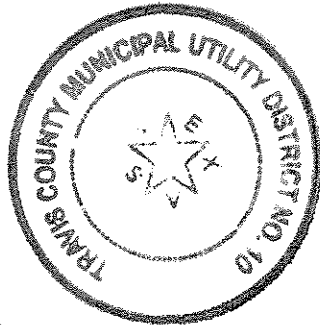
RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PENDING OR CONTEMPLATED LITIGATION

At 1:55 p.m., Director Reiter announced that the Board would re-convene in open session. No action was taken by the Board.

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


Secretary, Board of Directors

(SEAL)



ATTACHMENTS TO THE MINUTES

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