

MINUTES
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

January 5, 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 January 5, 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 McMahan, Jr.	Secretary
Robert Ernst	Assistant Vice President
Vance Taylor	Assistant Secretary

and all of the above were present except for Director McAhren, thus constituting a quorum.

Also present at the meeting were Bryan Jordan and Cathy Mitchell 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 by conference call; 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 December 1, 2010, meeting. After review and discussion, Director Reiter moved to approve the minutes of the December 1, 2010, meeting. Director Taylor seconded the motion, which passed by unanimous vote.

BOND SALE AND CITY OF AUSTIN CONSENT

Mr. Rathmann discussed the bond sale. He said that consent for the bond sale has been requested from the City of Austin (the "City"). Mr. Rathmann said that the Preliminary Official Statement has been prepared and several sections will be updated with current financial and development information including the house count and the condominium auction results. He said that the developer's December 31, 2008, and December 31, 2009, financial statements have not yet been received and asked Mr. Johnson to let him know as soon as the financial statements have been completed.

Mr. Rathmann said that the developer has provided all information requested to date. Mr. Rathmann said that additional work that needs to be completed includes: 1) review of certain developer financial records by disclosure council, Alan Raynor; 2) approval and execution of representation letters by the developer; 3) review and approval of

offering documents by ABHR, disclosure council and the developer; 4) confirmation that the 2009 taxes have been paid on the developer's property in the District.

The Board discussed calling a special meeting in January to authorize advertising for the sale of the bonds or waiting until the February 2, 2010, regular meeting. Mr. Rathmann said that advertising for the sale of the bonds would not proceed until bond approval is received from the City. He said that consent to the District's bonds is expected to be on the January 28, 2010, City Council meeting agenda. Mr. Rathmann said that the Board members would be provided a copy of the updated Preliminary Official Statement for review a week prior to the meeting to authorize advertising for the sale of the bonds. The Board members said that they would prefer to authorize advertising for the bond sale at the February 2, 2010, regular meeting. Mr. Rathmann proposed a bond sale date of February 24, 2010, with the closing on March 23 or 24, 2010.

PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL NOTICE OF SALE

The Board took no action to approve the Preliminary Official Statement.

AUTHORIZE ADVERTISEMENT FOR SALE OF THE SERIES 2010 BONDS

The Board took no action on this matter.

APPOINT PAYING AGENT/REGISTRAR

The Board took no action on this matter.

AUDIT FOR THE FISCAL YEAR END SEPTEMBER 30, 2009

The Board took no action to approve the audit.

GARBAGE SERVICES

The Board reviewed a letter from IESI requesting a rate increase, a copy of which is attached. Director Reiter said that the fuel costs have decreased resulting in a decrease in the fuel surcharge. He said that the base rate for garbage service will increase from \$18.70 per month to \$19.62 per month per household due to an increase in IESI's disposal costs. After discussion, the Board determined to approve the rate increase and to make no changes to the sewer rate.

Director Reiter said that six residents currently receive a second garbage bin at a cost of \$7.50 per month. He said that the District has been absorbing this cost that equals approximately \$90.00 per home per year, although customers were initially notified that they would be billed for the cost of a second bin. Ms. Covan said that she contacted IESI to ask if they would bill the six customers for the second bin plus the applicable tax. She said that she has not yet received a response. Mr. Lanham said that

AWR could bill the six customers annually for the second bin. Ms. Covan said that the sales tax would have to be collected, reported and paid to the State of Texas and the bookkeeper should be asked if he can prepare the sales tax report and make the payment to the State. After discussion, the Board authorized AWR to annually bill the six customers for the second garbage bin, if it is determined that IESI will not provide this service.

FINANCIAL AND BOOKKEEPING

The Board reviewed the bookkeeper's report, a copy of which is attached, and the bills presented for payment. 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.

ANNUAL DISCLOSURE STATEMENTS

The Board took no action on this matter.

TAX ASSESSMENT AND COLLECTION

The Board received the tax assessor/collector's report, a copy of which is attached. The Board reviewed the delinquent tax report. Director Ernst moved to approve the tax assessor/collector's report. Director Taylor seconded the motion, which passed unanimously.

OPERATOR'S REPORT

The Board reviewed the operator's report, a copy of which is attached. Mr. Lanham said that water accountability was 93% during December. Mr. Lanham said that the turbidity meter failed twice and has been repaired, but is not operating properly. He recommended that the meter be replaced at a cost of approximately \$1,065.

Mr. Lanham said that the interior cleaning of the original water plant has been completed in preparation for painting. Ms. Mitchell said that the cost to recoat the original water plant is \$4,000.

Mr. Lanham discussed the new motor for the boat. He said that a 90 horsepower motor has been ordered. Mr. Lanham said that the cost estimate for repairs to the motor harness control cables, wiring harness and installation of the propeller assembly is \$1,191.00.

Discussion ensued regarding the grinder pump repair expenses and monthly grinder pump fees. Mr. Lanham said that in 2009, the cost of grinder pump repairs was \$22,194 and revenues from the District's \$20.00 per month grinder pump fee were \$12,596.

The Board discussed amending the budget to provide for the increase in the grinder pump fee and to add a line item for recoating the water plant at a cost of \$4,000. The Board agreed that the bookkeeper should prepare an amended budget to provide for these items.

Ms. Johnson said that there was one delinquent account this month. After review and discussion, Director Reiter moved to: 1) authorize replacement of the turbidity meter; 2) authorize the repairs to the boat; 3) increase the monthly grinder pump fee from \$20.00 to \$30.00; and 4) approve the operator's report. Director Ernst seconded the motion, which passed by unanimous vote.

DROUGHT CONTINGENCY PLAN

Director McMahon said that the revisions to the Drought Contingency Plan are being finalized. The Board took no action to adopt the Amended Drought Contingency Plan.

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 account. Ms. Johnson informed the Board that the person on the attached termination list was 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 Reiter moved that, because the resident on the attached list was 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 Ernst seconded the motion, which passed by unanimous vote. A copy of the delinquent account list is attached.

AMEND RATE ORDER

The Board discussed amending the Rate Order to provide for the increase in the grinder pump fee from \$20.00 to \$30.00 per month. After review and discussion, Director Reiter moved to adopt the Amended Rate Order and direct that the Amended Rate Order be filed appropriately and retained in the District's official records. Director Ernst seconded the motion, which passed by unanimous vote.

ENGINEER'S REPORT

Ms. Mitchell 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.

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

Ms. Mitchell said that the final inspection of the facilities for Waterford on Lake Travis, Section 4 was held on July 21, 2009, and the contractor and the developer are negotiating a price to complete the punch list items.

WATER PLANT, PHASE 3 EXPANSION

Ms. Mitchell said that the contractor has erected the metal plant building and the masonry disinfection building. She said that the barge structural plans have been approved and the barge components are being fabricated. Ms. Mitchell said that the contractor expects to have the barge assembled and in the water this month. She presented and recommended for approval Pay Estimate No. 4 from Payton Construction, Inc. in the amount of \$102,005.60.

The Board discussed additional components to enhance the water plant. Ms. Mitchell said that a Change Order in the amount of \$17,600 includes cans for the barge pumps and an ultrasonic flow meter. The Board determined that the \$17,600 would be paid from the operating account.

The Board discussed authorizing a Change Order for two piping modifications at the water plant site. Ms. Mitchell said that the cost of rerouting an existing distribution line would be \$1,500 to be paid by the developer and the cost of replacing a clogged raw water line would be \$2,500 to be paid by the District from the operating account, if the developer and the Board approve.

The Board then discussed adding a second raw water line from the lake shore to the barge. Ms. Mitchell said that the cost of the second raw water line is approximately \$70,000. Mr. Johnson said that he would not consider funding this additional expense until after the bond sale. The Board agreed that it is prudent to move forward with the second raw water line and to use operating funds or surplus bond funds after the bonds are sold. Mr. Jordan said that the Board could reimburse its operating account with surplus bond funds and that he would investigate whether Texas Commission on Environmental Quality ("TCEQ") approval is required. Ms. Mitchell requested authorization to advertise for bids for the second raw water line.

WATERFORD ON LAKE TRAVIS, SECTION 5

Ms. Mitchell said that Jones & Carter is the engineer for Hunt Properties, the group that purchased Waterford on Lake Travis, Section 5. She said that the construction plans have been submitted to the City of Lago Vista, Travis County, the Lower Colorado River Authority and the Fire Marshall for review. Ms. Mitchell requested authorization to advertise for bids for clearing only the

proposed right of way and easements in order to meet the March 1, 2010, clearing deadline.

WATERFORD ON LAKE TRAVIS, SECTION 4B

Ms. Mitchell said that Waterford on Lake Travis, Section 4B is on hold.

WASTEWATER TREATMENT PLANT PERMIT RENEWAL

Ms. Mitchell said that the final wastewater permit has been received from the TCEQ and the permit expires on December 1, 2014.

OTHER ENGINEERING MATTERS

Ms. Mitchell said that Jones & Carter is working with various contractors on the one-year punch lists for Waterford on Lake Travis, Section 6, Section 7, and the wastewater treatment plant, phase 2.

Ms. Mitchell said that the TCEQ pre-purchase inspection for the projects in the bond application was held on November 4, 2009. She said that the developer's contractor has addressed the TCEQ maintenance issues around the storm sewer pipe at the Waterford on Lake Travis, Section 3 entrance. Ms. Mitchell said that a re-inspection by the TCEQ will be requested.

Mr. Martin said that the water plant would be shut down on Monday and Tuesday of the following week to replace the clogged raw water line. He said that the ground storage tanks would be filled to capacity on Sunday so that the community would have plenty of water. After discussion, the Board agreed to the water plant shut down to make the necessary repairs.

There were no further engineering matters for discussion. Director Taylor moved to: 1) approve Pay Estimate No. 4 from Payton Construction, Inc. in the amount of \$102,005.60 for the water plant, phase 3 expansion; 2) approve a Change Order in the amount of \$17,600 for enhancements to the water plant; 3) approve a Change Order in the amount of \$3,500 for piping modifications at the water plant site; 4) authorize the engineer to solicit bids for the Waterford on Lake Travis, Section 5 clearing; 5) approve the plans and specifications and authorize the engineer to advertise for bids for the second raw water line after the bond sale; and 6) 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.

MAINTENANCE AGREEMENT FOR WATERSTONE DETENTION PONDS

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

WEBSITE

There was no discussion on 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 12:02 p.m., Director Reiter announced that the Board would meet in executive session to discuss pending litigation.

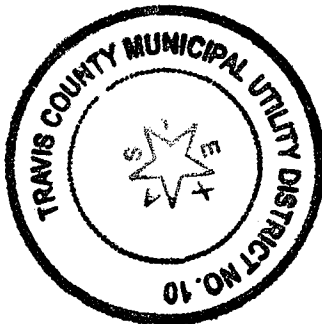
RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PENDING OR CONTEMPLATED LITIGATION

At 12:15 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

Page

letter from IESI 2
bookkeeper's report..... 3
tax assessor/collector's report 3
operator's report..... 3
delinquent account list 4
engineering report 4