

MINUTES
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

April 6, 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 April 6, 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.

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.; Mike Lucas of CML/WE Ltd.; Sharon Covan of Allen Boone Humphries Robinson LLP ("ABHR") and Roger Johnson of Waterford LT Partners, L.P. by conference call.

APPROVE MINUTES

The Board considered approving the minutes of the March 2, 2010, meeting. Ms. Covan said that Cathy Mitchell has noted two corrections to the minutes. After review and discussion, Director Taylor moved to approve the minutes of the March 2, 2010, meeting, as corrected. Director Ernst seconded the motion, which passed by unanimous vote.

ACCEPT CERTIFICATE DECLARING UNOPPOSED STATUS OF CANDIDATES FOR ELECTION TO THE BOARD OF DIRECTORS

The Board considered accepting a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors. Director Taylor moved to accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors and direct that the Certificate be filed appropriately and retained in the District's official records. Director Ernst seconded the motion, which passed by unanimous vote.

ORDER DECLARING UNOPPOSED CANDIDATES ELECTED TO OFFICE

The Board considered adopting an Order Declaring Unopposed Candidates Elected to Office. Ms. Covan stated that Harvey Reiter and Jerry McAhren are the unopposed candidates. Director Taylor moved to adopt an Order Declaring Unopposed Candidates Elected to Office 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.

ORDER OF CANCELLATION

The Board considered accepting a Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors. Director Taylor moved to accept the Certificate Declaring Unopposed Status of Candidates for Election to the Board of Directors and direct that the Certificate be filed appropriately and retained in the District's official records. Director Ernst seconded the motion, which passed by unanimous vote.

GARBAGE

There was no report on garbage collection services.

FINANCIAL AND BOOKKEEPING

Director Reiter reviewed the bookkeeper's report, a copy of which is attached, and the bills presented for payment. The Board reviewed a summary of the Series 2010 Bond disbursements and the remaining surplus funds. The Board discussed the budget and the anticipated operating costs for the remainder of 2010. Upon a motion made by Director Ernst and seconded by Director McAhren, the Board approved 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. Director Reiter said that the District's 2009 property taxes are 91.6% collected. Director Ernst moved to approve the tax assessor/collector's report. Director McAhren seconded the motion, which passed unanimously.

OPERATION OF DISTRICT FACILITIES

The Board reviewed the operator's report, a copy of which is attached. Mr. Lanham said that water accountability during February was 86%. Mr. Lanham discussed repairs to the water plant. He said that the booster pump motor that failed was rebuilt and installed and failed again. Mr. Lanham said that a new motor was purchased and installed. He said that the motor company is rebuilding the rebuilt motor at no charge. Mr. Lanham said that the 4" gate valve on the raw water line had to be replaced and the air relief valve on the raw water line that froze was also replaced. He said that the water system operational plan required by the Texas Commission on Environmental Quality (the "TCEQ") has been prepared and submitted to the TCEQ.

Mr. Lanham said that a water leak at 18105 Kingfisher was on the homeowner's side of the water line. He said that the water line leak at the marina has been repaired

and that the builder will be back charged for the repair. He said that a builder back charge report could be added to the operator's report.

Director Taylor said that the Board has previously discussed procedures for notifying a homeowner of a problem with a grinder pump, water or sewer lines that serve a home. The Board discussed a notification light that can be installed inside a home to alert the homeowner of a problem with a grinder pump or the water line. Mr. Lanham said that he will follow up on these matters.

Mr. Lanham said that an inoperable wastewater valve at 1829 Kingfisher was replaced. Mr. Lanham said that a new grinder pump was installed at 18217 Cedar Stage Ct. to service the new home.

Mr. Lanham said that pressure and flow data on the District's forty eight fire hydrants has been provided to North Lake Travis Fire & Rescue. He said that one fire hydrant required replacement and another was repaired. Mr. Lanham said that blue markers have been installed at each hydrant.

Mr. Lanham discussed a problem at lift station no. 1 that occurred last Friday. He said that the well level was high indicating a pump or control issue. He said that a compressor was utilized on the outfall line to blow out the clog.

Director Reiter asked about remote operations of the water plant. Mr. Lanham discussed the addition of controls at the water plant to remotely assist with operations. He said that he did not know the cost of the system at this time.

Ms. Johnson said that there were no delinquent accounts. After review and discussion, Director Taylor 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

The Board took no action on this matter.

ANNUAL REPORT ON IMPLEMENTATION OF WATER CONSERVATION PLAN

Ms. Covan said that Districts that have adopted a Water Conservation Plan (the "Plan") need to approve an annual report on implementation of the Plan by May 1. Mr. Lanham said that AWR will prepare the report for the next Board of Directors meeting.

ANNUAL REVIEW AND REPORT FROM OPERATOR ON IDENTITY THEFT PREVENTION PROGRAM

Ms. Covan said that the operator, as Program Administrator for the District's Identity Theft Prevention Program (the "Program"), is required to submit an annual written report evaluating the effectiveness of the Program in addressing identity theft risks and make recommendations on amending the Program. Mr. Lanham said that AWR will prepare the report for the next Board of Directors meeting.

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 last month Payton Construction, Inc. ("Payton") was awarded the contract in the amount of \$70,100.00 for the secondary raw water line. He said that the TCEQ has verbally approved the plans and the Notice to Proceed will be issued once the TCEQ approval letter is received. Mr. Bourgeois said that the Standard Form of Agreement has been prepared and the payment and performance bonds have been reviewed by Jones & Carter. Ms. Covan said that she received the payment and performance bonds this morning and will review them.

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 has installed the pumps and valves on the barge and the pump startup was conducted yesterday. He presented and recommended for approval Pay Estimate No. 7 from Payton in the amount of \$98,364.37.

Mr. Bourgeois presented and recommended for approval Change Order No. 3 in the amount of \$1,200 to add a second gate to the fencing around the raw water barge to improve access to the raw water pumps and for the additional cost of TEFC motors on the booster pumps in lieu of ODP motors. A copy of Change Order No. 3 is attached.

Mr. Johnson asked when the contingency costs in the contract for the water plant, phase 3 can be released. Mr. Bourgeois said that the contingency can be released upon completion of the project and acceptance by the District. He said that the final pay estimate is expected in June or July. Mr. Bourgeois said that a portion of the contingency has already been released and approximately \$100,000 remains. Mr. Johnson asked that the contingency funds be released at the earliest possible time.

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.

WATERFORD ON LAKE TRAVIS, SECTION 4B

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

SURPLUS FUNDS APPLICATION

The Board reviewed a summary of remaining reimbursements owed to developers, a copy of which is attached. Mr. Johnson asked that the summary of reimbursable costs be updated to include recent construction disbursements made by Waterford LT Partners and updated again upon completion of phase 3 of the water plant. Mr. Bourgeois said that he will update the summary of reimbursements owed to developers.

The Board discussed the use of surplus funds from the Series 2010 Bonds in the approximate amount of \$215,000. Mr. Johnson said that some of the surplus funds should be used to provide additional reimbursement to Waterford LT Partners for projects that have been completed. The Board reviewed a summary of the use of surplus funds prepared by Jones & Carter. Mr. Bourgeois said that the District previously expressed its intent to reimburse its operating account from surplus funds for the construction and engineering costs associated with the secondary raw water intake line in the approximate amount of \$110,000. Mr. Bourgeois said that surplus funds have also been designated to reimburse the operating account for costs associated with the water plant phase 3 upgrades and repairs in the approximate amount of \$19,600. Mr. Lanham recommended that the Board consider using surplus funds to purchase and install a portable building to house equipment. He said that the cost would be approximately \$5,000 to \$6,000. The Board discussed remote controls for monitoring the water plant facilities. After discussion, the Board requested that Jones & Carter prepare a list of projects that could be considered for the use of surplus funds for the next Board meeting.

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.

Mr. Bourgeois said that an inspection of ground storage tank no. 1 was performed last week. He said that the tank is in good condition, but several baffle supports need repair. Mr. Bourgeois recommended addressing the repairs to the baffle supports while the tank is out of service. He said that the cost will be approximately \$10,000 and requested authorization to solicit proposals.

Mr. Bourgeois said that several insulation products for the DIP portion of the raw waterline are being examined.

Mr. Bourgeois distributed a sketch of the proposed landscaping for the lift station serving the condominiums, a copy of which is attached.

Mr. Bourgeois said that Payton submitted an estimate of \$5,000 to sandblast and coat the interior of the 50-gallon per minute ("gpm") package plant. He requested authorization to permit Payton Construction to proceed with the work.

There were no further engineering matters for discussion. Director McMahon moved to: 1) approve Pay Estimate No. 7 from Payton in the amount of \$98,364.37 and Change Order No. 3 in the amount of \$1,200 for the water plant expansion, phase 3; 2) authorize Jones & Carter to solicit proposals for repairs to the baffle supports; 3) authorize Payton to proceed with sandblasting and painting of the 50 gpm package plant; and 4) approve the engineer's report. Director Ernst seconded the motion, which passed by unanimous vote.

REPORT ON DEVELOPMENT

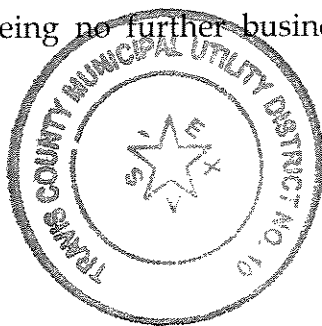
Mr. Johnson reported on development in the District. He said that lots in Section 4B are being marketed.

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.

(SEAL)



Vivian Vega
Secretary, Board of Directors

ACTION LIST

1. Jones & Carter will update the summary of reimbursables to developers.
2. Jones & Carter will prepare summary of projects proposed for use of surplus funds.
3. Operator will prepare annual report on the Identity Theft Prevention Program.
4. Operator will complete report on the Water Conservation Plan.
5. Operator will add builder back charge report to the monthly operator's report.
6. Operator will confirm procedures for notification of water line, sewer line or grinder pump problem to a homeowner.

ATTACHMENTS TO THE MINUTES

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