

MINUTES  
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

June 1, 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 June 1, 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 and Bryan Jordon of Jones & Carter, Inc. ("Jones & Carter"); Hal Lanham, Melanie Johnson and Matt Martin of AWR Services, Inc.; Matt Hackley of Waterford LT Partners, L.P., 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 May 4, 2010, meeting. After review and discussion, Director Taylor moved to approve the minutes of the May 4, 2010, meeting. Director Ernst seconded the motion, which passed by unanimous vote.

CERTIFICATE OF ELECTION

The Board considered (i) approving the Certificate of Election certifying that pursuant to an election cancelled pursuant to Chapter 2, Subchapter C of the Texas Election Code, Harvey Reiter and Jerry McAhren have been elected to the Board of Directors of the District for a four-year term from June 1, 2010, to May 10, 2014, or until a successor has been elected or appointed and has qualified, and (ii) authorizing distribution of the Certificate of Election to the newly elected Board members. After review, Director Reiter moved to approve the Certificate of Election and authorize distribution of the Certificate of Election to the newly elected Board members. The motion was seconded by Director McMahan and carried by unanimous vote.

DIRECTORS' SWORN STATEMENTS, OFFICIAL BONDS AND OATHS OF OFFICE

The Board considered approving the Sworn Statements, Official Bonds and Oaths of Office executed by Directors Reiter and McAhren in conjunction with their election to the Board of Directors. Following discussion, Director Reiter moved to approve the Sworn Statements, Official Bonds and Oaths of Office and direct that the documents be filed in the permanent records of the District and the Oaths of Office be

filed with the Secretary of State as required by law. Director McMahon seconded the motion, which carried unanimously.

#### REORGANIZE THE BOARD AND ELECT OFFICERS

The Board considered reorganizing the Board and electing officers. After discussion, Director Reiter moved that the Board members retain their current positions. Director McMahon seconded the motion, which passed by unanimous vote.

#### DISTRICT REGISTRATION FORM

The Board next considered approving the District Registration Form for Board members of Water Districts and Authorities in Texas, revised to reflect the election of the Board members and their respective terms. After review, Director Reiter moved to authorize the execution and filing of the District Registration Form with the Texas Commission on Environmental Quality (the "TCEQ"). The motion was seconded by Director McMahon and carried by unanimous vote.

#### GARBAGE

There was no report on garbage services.

#### 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 Taylor and seconded by Director Ernst, 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 99% collected. Director Taylor moved to approve the tax assessor/collector's report. Director McAhren seconded the motion, which passed unanimously.

The Board discussed granting a general homestead exemption. Director Reiter recommended a 5% general homestead exemption. Mr. Hackley discussed the impact on the developer. Director Reiter discussed amending the developer's reimbursement agreement to reduce the taxable value requirement at the \$0.46 debt service tax rate from \$123,000,000 to \$121,000,000.

Director Taylor suggested granting a 2.5% homestead exemption in 2010 and increasing it to 5% in 2011. Director Reiter said that there is a \$5,000 minimum exemption that would be covered by the 5% exemption. After review and discussion, Director Taylor moved to grant a 5% general homestead exemption, adopt a Resolution Concerning Exemptions from Taxation and direct that the Resolution be filed

appropriately and retained in the District's official records. Director McMahon seconded the motion, which passed by unanimous vote.

#### OPERATION OF DISTRICT FACILITIES

The Board reviewed the operator's report, a copy of which is attached. Mr. Lanham discussed a grinder pump warning system for homes in the District. He said that GP Equipment has quoted \$2,800 for a wireless system and a hardwire system for \$600 to \$800. The Board determined that both options could be offered to homeowners. Mr. Lanham said that the District's Amended Rate Order and the Customer Service Agreement should be amended to provide for installation of this equipment in new homes. He said that he would contact McComis Inspections regarding including a grinder pump warning system in their inspections and determine if there would be an additional inspection fee.

Mr. Lanham said that the new power hook-up was installed at the new water treatment plant. He said that a proposal has been requested from TEI Controls for installation of hardware and software to allow remote plant operations and monitoring.

The Board discussed security precautions during the July Aquapalooza music festival on Lake Travis to protect the District's barge and other areas near District facilities where the public may obtain access. Mr. Hackley said that over 2,000 boats are expected on the lake. Mr. Bourgeois said that Jones & Carter has been in contact with the Lower Colorado River Authority police, the Travis County Sheriff's office and event organizers to discuss security. Mr. Hackley suggested hiring police or a security service to guard the barge. The Board determined that security would be required all day on the Saturday of the festival. After discussion, the Board authorized Mr. Lanham to contact security providers, including the Travis County sheriff's office, Jonestown and Lago Vista police departments and private security companies regarding engaging one or more security officers during the festival and determine the cost.

Ms. Johnson said that there were no delinquent accounts. She said that according to her records, seventeen of the Waterstone condominiums are sold and there have been eleven requests for connections. Director Taylor requested that Ms. Johnson confirm that the final inspection has been performed on the Jackson home. After review and discussion, Director McAhren moved to approve the operator's report. Director Taylor 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.

## CONSUMER CONFIDENCE REPORT

The Board reviewed the Consumer Confidence Report, a copy of which is attached. 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 TCEQ. Director Ernst seconded the motion, which passed by unanimous vote.

## AMEND RATE ORDER

The Board considered adopting an Amended Rate Order to provide for requiring the installation of a wireless or hardwired grinder pump warning system in newly constructed homes. Ms. Covan reviewed the proposed language for the Amended Rate Order. After review and discussion, Director McAhren moved to adopt the Amended Rate Order and direct that the Rate Order be filed appropriately and retained in the District's official records. Director Taylor seconded the motion, which passed by unanimous vote.

## 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 the new hose is being fabricated and is expected to arrive the week of June 7.

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

Mr. Bourgeois said that the contractor has one punch list item to complete. He said that the final pay estimate will be presented next month.

## WATER PLANT, PHASE 3 EXPANSION

Mr. Bourgeois said that the package plant was delivered on May 10 and the contractor is working on the piping and electrical connections. He said that Pay Estimate No. 9 from Payton Construction, Inc. ("Payton") was approved last month. Mr. Bourgeois said that a group of TCEQ reviewers visited the site of the new package plant on May 12 and were pleased with what they saw.

Mr. Bourgeois asked if Board members would be interested in touring the plant. The Board agreed to tour the plant following the July 6, 2010, Board of Directors meeting.

## WATERFORD ON LAKE TRAVIS, SECTION 5

Mr. Bourgeois discussed Waterford on Lake Travis, Section 5. He said that advertising for bids will begin sometime this summer.

## LIFT STATION NO. 2 LANDSCAPING

Mr. Bourgeois said that Advance Landscape Designs revised their proposal to include fewer and smaller plants for landscaping at lift station no. 2. He said that the cost estimate has been reduced to \$1,818.00. Mr. Bourgeois said that the price includes labor, the plants and irrigation, but not electrical work. He recommended battery operated controls. Mr. Bourgeois said that a water line is in place and a water meter would be installed. After review and discussion, Director Ernst moved to authorize engaging Advance Landscape Designs to provide the landscaping at lift station no. 2 at a cost of \$1,818.00. Director Taylor seconded the motion, which passed by unanimous vote.

## REMOTE WATER PLANT CONTROLS

Mr. Bourgeois said that they are working on cost estimates for different remote water plant control options.

## PACKAGE PLANT RECOATING

Mr. Bourgeois said that Payton has been authorized to perform the coating work on the 50 gallon per minute plant. He said that the work is expected to be completed by the end of the month.

## SURPLUS FUNDS APPLICATION; RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR CHANGE IN SCOPE AND USE OF SURPLUS FUNDS

There was no discussion on the surplus funds application.

## OTHER ENGINEERING MATTERS

Mr. Bourgeois said that proposals were solicited for the ground storage tank no. 1 baffle support repairs. He said that Central Texas Water Maintenance submitted the lowest proposal in the amount of \$12,832.94. After review and discussion, and based on the engineer's recommendation, Director Ernst moved to award the contract for the baffle support repairs to Central Texas Water Maintenance. Director Taylor seconded the motion, which passed by unanimous vote.

The Board discussed preparations for a third bond application report. After review and discussion, the Board authorized Jones & Carter and Rathmann & Associates to work on sizing the next bond application.

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 discussed development in the District. The Board discussed the appearance of the boat docks.

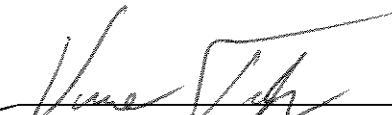
CONVENE IN EXECUTIVE SESSION PURSUANT TO CHAPTER 551.071, TEXAS GOVERNMENT CODE, TO CONDUCT A PRIVATE CONSULTATION WITH ATTORNEY TO DISCUSS PENDING OR CONTEMPLATED LITIGATION

At 11:44 a.m., Director Reiter announced that the Board would meet in executive session to discuss pending litigation.

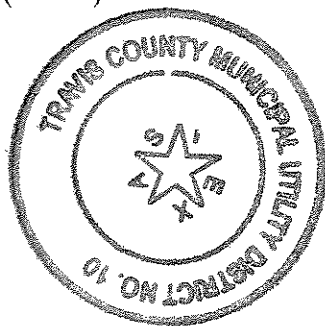
RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PENDING OR CONTEMPLATED LITIGATION

At 11:46 a.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.

*Assistant*   
Secretary, Board of Directors

(SEAL)



ACTION LIST

1. Operator will determine if final inspection has been performed on the Jackson home.
2. ABHR will file the Oaths of Office with the Secretary of State and the Registration From with the TCEQ.
3. Operator will contact McComis Inspections
4. Operator will follow up on security during the music festival.
5. Operator will file the CCR.

ATTACHMENTS TO THE MINUTES

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