

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

November 1, 2011

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 November 1, 2011, 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
Robert Ernst	Vice President
Vance Taylor	Secretary
Robert Woolsey	Assistant Vice President
Raymond Archer	Assistant Secretary

and all of the above were present.

Also present at the meeting were Hal Lanham and Matt Martin of AWR Services, Inc. ("AWR"); Greg Bourgeois of Jones & Carter, Inc. ("Jones & Carter"); Mike Lucas of CML/WE Ltd.; Lori Clark with the Waterstone Property Owner's Association; Scott Rodgers for Hayman Woods, LLC; Roger Johnson of Waterford LT Partners, L.P. by conference call; and Sharon Covan of Allen Boone Humphries Robinson LLP ("ABHR") by conference call.

APPROVE MINUTES

The Board considered approving the minutes of the October 4, 2011, meeting. After review and discussion, Director Taylor moved to approve the minutes of the meeting. Director Archer seconded the motion, which passed by unanimous vote.

GARBAGE AND RECYCLING

There was no report on garbage and recycling.

FINANCIAL AND BOOKKEEPING

The Board reviewed the bookkeeper's report, a copy of which is attached, and the budget for the fiscal year ending September 30, 2012. After review and discussion, Director Reiter moved to approve the bookkeeper's report. Director Archer seconded the motion, which passed by unanimous vote.

TAX ASSESSMENT AND COLLECTION

The Board reviewed the tax assessor/collector's report, a copy of which is attached, and the delinquent list. After review and discussion, Director Taylor moved

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

CONDUCT PUBLIC HEARING REGARDING TAXATION OF GOODS-IN-TRANSIT AND ADOPT RESOLUTION TO TAX GOODS-IN-TRANSIT

Ms. Covan discussed a legislative update to the Tax Code, which affected taxation of Tangible Personal Property in Transit, and reviewed a memorandum prepared by ABHR regarding the tax exemption for goods-in-transit, a copy of which is attached.

Director Reiter opened the public hearing regarding the taxation of goods-in-transit and upon no comment from the public, the Board concurred to close the public hearing.

After review and discussion, Director Reiter moved to "opt out" of the exemption and continue to tax Tangible Personal Property in Transit and to adopt a Resolution to Tax Goods-in-Transit. Director Archer 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 said that water accountability was 89% during the month.

Mr. Lanham discussed a raw water use Pro Rata Curtailment Plan presented by the Lower Colorado River Authority (the "LCRA") at a recent meeting. He said that under the Plan, if the lake level exceeds the drought of record of 600,000 acre feet, the District's raw water allocation will be reduced by 20%. He said that the District will be required to notify the LCRA of its water usage between September 2010 and August 2011, the LCRA test period. Mr. Lanham said the LCRA will be informed that drought contingency measures have been in place during part of the test period. Director Ernst said that some District customers pump water directly from the lake and that this should also be taken into consideration.

Mr. Lanham said that unusable items in the old storage area outside the water plant are being removed and the new storage building is being stocked.

Mr. Lanham said bids are being obtained for tree trimming and the removal of grass and shrubbery to mitigate damage to the District's facilities in the event of a fire.

Director Ernst suggested that a notice be included on the water bills stating the cost of water per 1,000 gallons, per the Amended Rate Order. Mr. Lanham said that this can be done.

Mr. Lanham said lightening struck the water treatment plant on October 16, 2011. He said known damage is to the main 800 amp breaker to the water treatment plant and the processor in the plant control. He said that a new breaker has been installed. The Board requested that Ms. Covan work with AWR to file an insurance claim. Director Taylor asked if a lightening rod or grounding system can be installed. After discussion, the Board authorized AWR to obtain information regarding a grounding system for review by the Board at the next meeting.

Mr. Bourgeois distributed correspondence from Excel Construction Services, LLC ("Excel"), a copy of which is attached, regarding the underwater inspection of the floating raw water intake. He said the pump screens and newer South hose were inspected and found to be in good order. Mr. Bourgeois said the inspection revealed that the electrical cable between the North hose and a boulder is pinched and there is a potential for future damage and portions of the original North hose are damaged. Mr. Bourgeois said that Excel recommends taking corrective action to contain the damaged areas. After review and discussion, the Board agreed that the repairs need to be made and authorized Jones & Carter to work with AWR.

Mr. Lanham said Jones & Carter is reviewing TCEQ regulations to determine if disposal of water plant backwash pond water onto land is acceptable. He said that the cost of a new, larger pump, if needed, is approximately \$8,500-\$9,000. After review and discussion, the Board authorized the purchase of a new lift station pump at a cost not to exceed \$9,000.

Mr. Rodgers said that he is working with Hayman Woods to develop and market the Waterstone townhomes. He said all irrigation watering has been discontinued except for the area in front of the property. Mr. Rodgers agreed that the hook up to the lift station can be disconnected.

Mr. Lanham said that the Property Owner's Association is in the process of removing the Christmas materials stored in the building housing the water plant and various files in the office building.

The Board reviewed the delinquent accounts. Director Taylor noted that last month the report showed no delinquent accounts, and this month some accounts are 60-90 days delinquent. Mr. Lanham said that he will investigate the discrepancy.

Director Reiter said that there was a water line leak at 17817 Kingfisher Ridge, and the estate for the deceased homeowner contacted AWR requesting relief from the high water bill. Director Reiter abstained from the discussion. The remaining Board members agreed that because the leak was on the homeowner's side of the water meter, the water usage is the responsibility of the homeowner and the request for relief from the high water bill should be denied. The Board requested that AWR send a letter to the estate.

After discussion, Director Ernst 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 conducted a hearing on the termination of utility service to the delinquent accounts. Mr. Lanham informed the Board that the persons on the attached termination list were 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 residents on the attached list were 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 Archer seconded the motion, which passed by unanimous vote. A copy of the delinquent account list is attached.

AMENDED RATE ORDER

The Board took no action to amend the Rate Order.

WATER CONSERVATION AND DROUGHT CONTINGENCY MATTERS

Discussion ensued regarding drought conditions and the District's DCP.

ENGINEER'S REPORT

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

DEEDS AND EASEMENTS, UTILITY COMMITMENTS

There were no deeds, easements or utility commitments for consideration by the Board.

LOWER COLORADO RIVER AUTHORITY MAINTENANCE PERMIT APPLICATION FOR WATER QUALITY PONDS

Mr. Bourgeois said that Jones & Carter will work with ABHR to prepare the maintenance permit for the water quality ponds.

GROUND STORAGE TANK NO. 1 ROOF SUPPORT RECOATING

Mr. Bourgeois said that Jones & Carter will obtain proposals for the roof support recoating at ground storage tank no. 1.

OTHER ENGINEERING MATTERS

Mr. Bourgeois said the amount of surplus funds available in the capital projects account is approximately \$38,000 after all projects are accounted for. After review and discussion, Director Taylor moved to 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.

WEBSITE

There was no discussion on the web site.

Mr. Johnson, Mr. Rogers, Mr. Lucas and Ms. Clark then left the meeting.

AMENDMENT TO CONTRACT WITH AWR SERVICES


Discussion ensued regarding AWR's request for an amendment to their Professional Services Agreement with the District. Mr. Lanham distributed a memorandum regarding the proposed contract revisions, a copy of which is attached. He said that AWR's cost increases are in areas regarding billing and collection costs, information technology, the District's additional lift station and costs involved in weekend operations. Mr. Lanham said that AWR no longer utilizes the boat and is asking that the District maintain and insure it. He said that the boat is currently docked in a slip at the new marina.

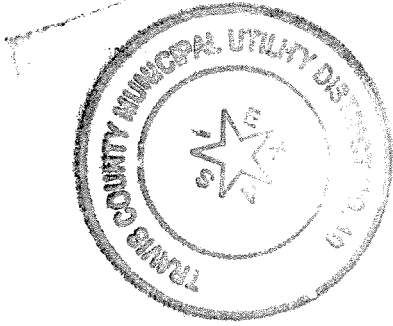
Discussion ensued regarding chemicals and supplies. The Board authorized Mr. Lanham to prepare a list of supplies and spare parts that AWR recommends the District keep on hand. The Board also agreed that invoices for chemicals and supplies should be sent directly by the supplier to the bookkeeper for payment with no markup by AWR.

After review and discussion, Director Taylor moved to approve an amendment to the contract with AWR effective December 1, 2011, providing for: 1) an increase in AWR's monthly operating fee from \$5,929 per month to \$6,619 per month; 2) a fee for billing and collections in the amount of \$7.40 per account per month; 3) maintenance and insurance on the boat to be provided by the District; 4) a new schedule of costs for repairs and special projects not covered under basic services. Director Ernst seconded the motion, which passed by unanimous vote.

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

(SEAL)


Secretary, Board of Directors



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