

MINUTES
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

February 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 February 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
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, thus constituting a quorum.

Also present at the meeting were Hal Lanham of AWR Services, Inc. ("AWR"); Roger Johnson of Waterford LT Partners by conference call; L.P.; Cathy Mitchell of Jones & Carter, Inc. ("Jones & Carter"); and Sharon Covan of Allen Boone Humphries Robinson LLP ("ABHR") by conference call.

APPROVE MINUTES

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

GARBAGE

Director Taylor discussed the agreement with IESI for recycling services. He said that the agreement has been sent to IESI for execution. Mr. Taylor reported that the recycle bins have been distributed and recycling will occur every other Tuesday. He said that the response from property owners in the District to the recycling effort has been favorable.

FINANCIAL AND BOOKKEEPING

The Board reviewed the bookkeeper's report, a copy of which is attached, and the bills presented for payment. Director Reiter asked all consultants to review their expenditures and make every attempt to conserve costs. After review and discussion, Director Ernst moved to approve the bookkeeper's report and the checks presented for payment. Director Taylor 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 Ernst moved to approve the tax assessor/collector's report. Director Taylor 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 reported that water accountability was 97% during the month and that the new water facilities are on line and operating normally. He reported that TEI Controls is installing the new SCADA master control unit, and the remote monitoring software and hardware.

Mr. Lanham reported that AWR is completing the annual cross connection report required by the Texas Commission on Environmental Quality (the "TCEQ"). The Board discussed purchasing a permanent or portable storage building. After discussion, the Board determined to take no action to purchase a storage building. The Board requested that AWR compile a list of other improvements to the District's facilities that could be considered.

After discussion, Director McAhren 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

There were no delinquent accounts.

ENGINEER'S REPORT

Ms. Mitchell 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.

WATER PLANT, PHASE 3 EXPANSION

Ms. Mitchell reported on the water plant, phase 3 expansion. She said that the contractor has completed the punch list items. Ms. Mitchell presented and recommended for approval Pay Estimate No. 14 and Final from Payton Construction, Inc. ("Payton") in the amount of \$144,260.02. Ms. Mitchell

reported that the contractor's Affidavit of Bills Paid and Affidavit of Guarantee are attached as is the engineer's Certificate of Completion. She recommended that the Board accept the project.

REMOTE WATER PLANT CONTROLS

Ms. Mitchell stated that the contract with TEI for the remote water plant controls has been executed. She said that during TEI's site visit in January, TEI suggested replacing the controller at the booster pump facility to provide more complete data on the system. Ms. Mitchell reported that the existing controller does not have a communication port for the SCADA system. She said that the cost of a new controller with an additional port is \$1,400 including installation. Ms. Mitchell recommended replacement of the controller. Director Reiter asked AWR to insure that their employees are fully trained on the District's SCADA system.

Ms. Mitchell reported that TEI also audited some of the electrical systems that will impact their work. She said that a few discrepancies discovered are being addressed by Payton under the one-year warranty. Ms. Mitchell recommended that the Board consider a full electrical system audit on the plant to ensure that all components are fully integrated at a cost of approximately \$2,000.

Mr. Johnson asked if Jones & Carter had received a letter from the Lower Colorado River Authority accepting the detention ponds. Ms. Mitchell said that the letter has not yet been received.

SURPLUS FUNDS APPLICATION

Ms. Mitchell reported that the surplus funds application was declared administratively complete by the TCEQ on December 7, 2010. She said that Jones & Carter received a Notice of Deficiency and provided additional information on January 20, 2011.

BOND APPLICATION NO. 3

Ms. Mitchell reported on bond application no. 3. She said that the application was declared administratively complete by the TCEQ on January 4, 2011. She reported that the City of Austin will accept the bond package submittal for review upon receipt of the TCEQ Staff Memo.

OTHER ENGINEERING MATTERS

Ms. Mitchell reported that he reviewed the water plant construction contracts, completion and start-up dates for the various components and determined that the raw water barge and pumps became operational on April 5, 2010, the

hydrotank and booster pumps became operational on June 24, 2010, and the remaining systems became operational on November 18, 2010.

After review and discussion, and based on the engineer's recommendation, Director Taylor moved to: 1) approve Pay Estimate No. 14 and Final in the amount of \$144,260.02 and accept the water plant phase 3 project; 2) approve installation of a new controller at the booster pump facility at a cost of \$1,400; and 3) 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.

WEBSITE

There was no report on the web site.

MAINTENANCE AGREEMENT

There was no discussion on the maintenance agreement. Director Taylor discussed landscaping around the lift station. He suggested that adding a few trees would block the lift station without hindering access. The Board took no action on this matter.

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

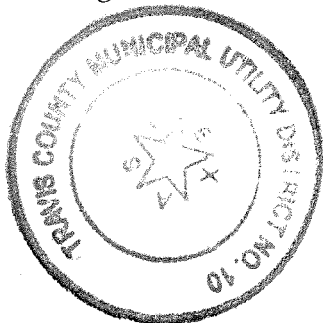
At 11:10 a.m. Director Reiter announced that the Board would convene in executive session to discuss pending litigation.

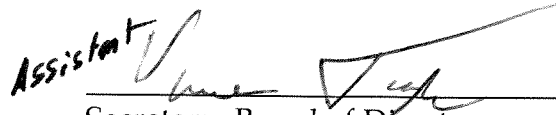
RECONVENE IN OPEN SESSION AND AUTHORIZE APPROPRIATE ACTION REGARDING PENDING OR CONTEMPLATED LITIGATION

At 11:15 a.m., Director Reiter announced that the Board would re-convene in open session. Director Reiter moved to accept the Easement Agreements for Access. 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)



Assistant Secretary

Secretary, Board of Directors

ATTACHMENTS TO THE MINUTES

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