

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

September 6, 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 September 6, 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
Vacant	Secretary
Robert Ernst	Assistant Vice President
Vance Taylor	Assistant Secretary

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

Also present at the meeting were Hal Lanham of AWR Services, Inc. ("AWR"); Roger Johnson of Waterford LT Partners, 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 August 2, 2011, meeting. Ms. Covan noted corrections to the minutes. After review and discussion, Director Ernst moved to approve the minutes of the meeting, as corrected. Director Taylor seconded the motion, which passed by unanimous vote.

GARBAGE AND RECYCLING

There was no report on garbage and recycling.

ENGAGE AUDITOR

Director Reiter said that the District has a three-year contract with McCall, Gibson, Swedlund, Barfoot, PLLC ("McCall Gibson") for preparation of the audit. After review and discussion, Director Reiter moved to authorize McCall Gibson to prepare the audit for the fiscal year end September 30, 2011. Director Ernst seconded the motion, which passed by unanimous vote.

FINANCIAL AND BOOKKEEPING

The Board reviewed the bookkeeper's report, a copy of which is attached, and the proposed budget for the fiscal year ending September 30, 2012. Ms. Mitchell

recommended that the budget reflect the following changes: 1) a decrease in the engineering consulting fee from \$25,000 to \$15,000; 2) a budget of \$1,000 for the barge inspection; 3) a budget of \$3,500 for the one year inspections; 4) a decrease of \$3,000 for the raw water line engineering; 5) a decrease of \$2,000 for engineering - surplus; and 6) an increase of \$15,000 for repairs and maintenance for the water plant recoating. After review and discussion, Director Taylor moved to adopt the budget, with the revisions recommended by the engineer and to approve the bookkeeper's report. Director Ernst seconded the motion, which passed by unanimous vote.

ANNUAL REVIEW OF INVESTMENT POLICY AND ADOPTION OF AMENDED INVESTMENT POLICY

Ms. Covan explained that the Texas Public Funds Investment Act requires the Board to annually review its Investment Policy and authorize any amendments. She said that two bills that passed this legislative session modified the Public Funds Investment Act, and reviewed an amended investment policy. After discussion, Director Reiter moved to adopt a Resolution Regarding Annual Review of Investment Policy and Adoption of Amended Investment Policy and direct that the Resolution be filed appropriately and retained in the District's official records. Director Taylor seconded the motion, which passed by unanimous vote.

RESOLUTION ESTABLISHING AUTHORIZED DEPOSITORY INSTITUTIONS AND ADOPTING LIST OF QUALIFIED BROKER/DEALERS

The Board considered adopting a Resolution Establishing the Authorized Depository Institutions and Adopting a List of Qualified Broker/Dealers with Whom the District May Engage in Investment Transactions incorporating an updated list of broker/dealers provided by the District's bookkeeper. After review and discussion, Director Reiter moved to adopt the Resolution and direct that the Resolution be filed appropriately and retained in the District's official records. 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 Taylor moved to approve the tax assessor/collector's report. Director Ernst seconded the motion, which passed unanimously.

2011 TAX RATE, SET PUBLIC HEARING DATE AND AUTHORIZE NOTICE OF PUBLIC HEARING REGARDING ADOPTION OF TAX RATE

Discussion ensued regarding the 2011 tax rate including the debt service and the maintenance tax rate. The Board considered approving the District's 2011 tax rate calculation, authorizing publication of same, and setting a public hearing date. The Board reviewed the 2011 debt service tax rate recommendation, prepared by Rathmann

& Associates, L.P., a copy of which is attached, of \$0.42 per \$100 of assessed value. The Board also discussed a maintenance and operations tax rate of \$0.327 per \$100 of valuation. Following review and discussion, Director Taylor moved to approve the District's 2011 tax rate calculation, including the proposed total tax rate of \$0.747 per \$100 of assessed valuation to provide for maintenance and operations and debt service, and that the Board authorize publication of the tax calculation and the notice of public hearing to be held at the District's October 4, 2011, meeting. Director Ernst 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 91% during the month. Mr. Lanham said that the annual Texas Commission on Environmental Quality ("TCEQ") annual inspection was conducted on June 16, 2011, and no violations were noted.

Mr. Lanham said that a notice was mailed to all customers that Stage 3 water restrictions are currently in place in accordance with the Lower Colorado River Authority's (the "LCRA") drought trigger conditions in the LCRA's Drought Contingency Plan ("DCP") and the Texas Commission on Environmental Quality has been notified, as required.

Mr. Lanham discussed a proposed amendment to the AWR contract with the District. He said that there have been cost increases in the area of TCEQ permit compliance, billing software increases and increases in the costs of internet technology. He said that AWR is hiring an individual to evaluate permit compliance issues. Mr. Lanham said that he would provide the proposed increase in AWR's fees to the Board at the next meeting and requested that an item be placed on the agenda.

Mr. Lanham said that the asphalt leading to the water plant was damaged when a track hoe was used to move the boulders to allow the Morgan building to be moved in. He said that AWR is responsible for having the paving repaired.

Director Taylor said that the condominiums continue to irrigate their property, although the District has been under Stage 2 water restrictions. He said that the Property Owner's Association ("POA") was granted permission to temporarily hook up to the lift station connection to irrigate, but the time allotted for this has passed. The Board requested that AWR contact the POA and authorized AWR to disconnect the connection.

After discussion, Director Ernst moved to approve the operator's report. Director Reiter 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.

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. The Board discussed the fact that the DCP provides for an allotment of water for residents of the Waterstone townhomes during Stages 2, 3 and 4 that is disproportionately high at 20,000 gallons, 15,000 gallons and 10,000 gallons of water per month, respectively, based on the fact that they do not have lawn or landscaping irrigation needs. The Board discussed amending the DCP to provide for a lower allotment of water for residents of the Waterstone townhomes of 12,000 gallons of water during Stage 2 drought conditions, 8,500 gallons of water during Stage 3, and 7,000 gallons of water during Stage 4. Director Taylor said that other changes to the DCP are forthcoming and recommended deferring an amendment to the DCP until the other changes can be incorporated and said that only one townhome will be affected by this change. Director Reiter moved to adopt an Amended and Restated DCP, lowering the allotment of water to the Waterstone townhomes, as stated. Director Ernst seconded the motion, which failed by a vote of two in favor and Director Taylor voting against.

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.

LOWER COLORADO RIVER AUTHORITY MAINTENANCE PERMIT APPLICATION FOR WATER QUALITY PONDS

Ms. Mitchell 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

Ms. Mitchell said that Jones & Carter will obtain proposals for the roof support recoating at ground storage tank no. 1 in the fall or winter.

OTHER ENGINEERING MATTERS

Ms. Mitchell said that the annual barge inspection is scheduled for September 22, 2011.

There were no further engineering matters for discussion. After review and discussion, Director Taylor moved to authorize Jones & Carter to prepare the LCRA maintenance permit application and to approve the engineer's report. Director Reiter 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.

APPOINTMENT OF NEW DIRECTOR

Director Reiter moved to accept the resignation of Director McAhren. Director Taylor seconded the motion, which passed by unanimous vote. Director Reiter said that two positions are now vacant, Jack McMahan whose term of office expires in May 2012, and Jerry McAhren, whose term of office expires in May 2014.

Director Reiter moved to appoint Ray Archer to fill the unexpired term of Jack McMahan. Director Taylor seconded the motion, which passed by unanimous vote. Director Reiter moved to appoint Bob Woolsey to fill the unexpired term of Director McAhren. Director Ernst seconded the motion, which passed by unanimous vote.

APPROVE SWORN STATEMENT, OFFICIAL BOND AND OATH OF OFFICE

Director Reiter moved to approve the Sworn Statement, Official Bond and Oath of Office executed by Directors Archer and Woolsey in conjunction with their election to the Board of Directors and direct that the documents be filed in the permanent records of the District and the Bonds and Oaths be filed with the Secretary of State as required by law. Director Ernst seconded the motion, which passed by unanimous vote.

REORGANIZE THE BOARD AND ELECT OFFICERS

The Board considered reorganizing the Board of Directors. After review and discussion, Director Taylor moved to appoint Director Ernst to the position of Vice President, Director Taylor to the position of Secretary, Director Woolsey to the position

of Assistant Vice President, and Director Archer to the position of Assistant Secretary. Director Ernst seconded the motion, which passed by unanimous vote.

The Board next considered approving the District Registration Form revised to reflect the appointment of Directors Archer and Woolsey. After review, Director Taylor 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 Ernst and carried by unanimous vote.

OPEN MEETINGS ACT TRAINING REQUIREMENTS

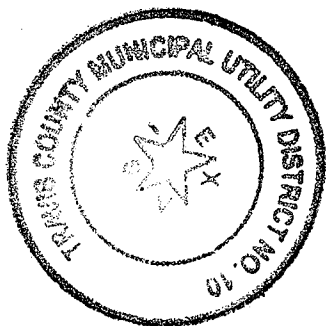
Ms. Covan said that the Texas Legislature requires each elected or appointed public official to complete a course of training regarding the responsibilities of the governmental body and its members under the Texas Open Meetings Act, Chapter 551. She said that she will provide the training information to Directors Archer and Woolsey.

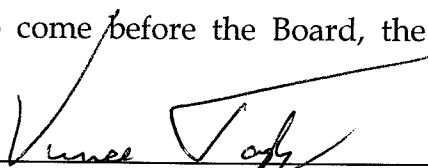
CONFLICT OF INTEREST DISCLOSURE

Ms. Covan said that she will provide to Directors Archer and Woolsey a memorandum from ABHR regarding Chapter 176 of the Texas Local Government Code, which requires directors and consultants to disclose certain conflicts of interest.

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

(SEAL)




Secretary, Board of Directors

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