

Minutes of the Southside Steering Committee  
Regional Water Supply Facilities Project  
Thursday June 19, 2014 10:00 A.M.

The Lake O' the Pines Southside Steering Committee met in an open meeting on Thursday, June 19, 2014 at 10:00 a.m. The meeting was held at the Northeast Texas Municipal Water District's Executive Office located at 4180 Farm Road 250, Hughes Springs, Texas. Notice of the meeting was legally posted. A quorum was present.

The meeting was called to order by Jack Salmon, Jr. Chairman Salmon gave the invocation.

The following steering committee voting delegates were present:

Jack Salmon, Jr.	-	NETMWD
Susan Whitfield	-	Diana SUD
Frank Perkins	-	Tryon Road SUD

The following additional persons participated in the steering committee:

Lee Pigeon	-	Tryon Road SUD
Fred Thomas	-	Diana SUD
Greg Price	-	Diana SUD
Joncie Young	-	KSA Engineering, Inc.
Walt Sears	-	NETMWD
Pete Wright	-	NETMWD
Lou Richards	-	NETMWD

On a motion by Frank Perkins and a second by Susan Whitfield, the minutes of the May 14, 2014 meeting were approved. Motion carried, all voting aye.

During the Operations Report by Pete Wright, motion was made by Susan Whitfield and seconded by Frank Perkins to approve the bid from Robert Crawford for sludge removal from the Tanner WTP. Motion carried, all voting aye. It was noted that the cost of the sludge removal would be about \$24,000 for the volume anticipated to be removed. Mr. Wright also reported that Mike Parvino had passed his "C" water license test and he was awaiting results for Eric Madewell's "D" water license test. Mr. Wright said that the water quality at Tanner was good. He also said that would meet next week with KSA and participating entities to continue the discussion of pipeline pressure control.

Walt Sears discussed the cost allocation of leak repairs of the LOPSS pipeline system near Little Cypress Creek and near the Traywick property. He reviewed the draft First Amendment to the Standard Form of Agreement between NETMWD and KSA Engineers, reminding the committee that the accounts receivable in the amount of \$139,174.10 would be held by the District until KSA Engineering extinguishes this debt by work performed. He also reminded the committee that Tryon Road SUD and Diana SUD's credit should be exhausted during the fiscal year, but the District's portion would likely take longer.

Mr. Sears informed the committee that the next fiscal year budget work had begun and that the entities could possibly see a modest decrease in their expenses due to salary and related expenses because of employee changes. Mr. Sears discussed the future utility and chemical expenses, noting that the changes from EPA for AEP/SWEPCO coal plants might trigger an

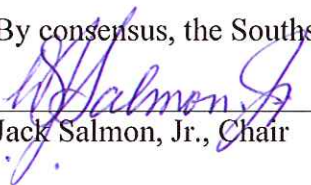
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increase in their rates and this increase would be ultimately be passed on to the electric retail customers.

Susan Whitfield made a motion to approve the May 2014 Southside financial report. Frank Perkins seconded the motion. Motion carried, all voting aye.

On a motion by Susan Whitfield and a second by Frank Perkins, the next regular meeting for the Southside Committee was set for July 16, 2014. Motion carried, all voting aye.

By consensus, the Southside meeting for June 19, 2014 was adjourned at 10:49 a.m.

  
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Jack Salmon, Jr., Chair