

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE
HELD ON THE 24TH DAY OF OCTOBER, 1967 AT 2:30 P. M.

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The call of the roll disclosed the presence or absence of
Directors as follows:

| <u>PRESENT</u> | <u>ABSENT</u> |
|------------------|-----------------|
| Joe B. Hogsett | Lacy Boggess |
| Clyde A. Penry | Wayne E. Newton |
| Edward R. Hudson | |

Also present were Messrs. John M. Scott General Counsel for the
District, Ben Hickey General Manager of the District and Marvin C.
Nichols Consulting Engineer for the District.

Director Hogsett acted in his capacity as President and
Director Penry acted as Secretary, whereupon proceedings were had
and done as follows:

1.

President Hogsett stated that the purpose of this special
meeting was to study and approve a proposed letter to the Directors
of the Water Department of the City of Fort Worth, and following a
thorough discussion of the matter, the following letter was unanimously
approved by all Directors, to wit:

*Mr. Ralph Hardy, Director
Water Department
City of Fort Worth
City Hall
Fort Worth, Texas*

Dear Mr. Hardy:

*The construction of the Regional Airport in the immediate
future leads to a consideration of an adequate supply of filtered
water to the airport. In that connection our Board has asked the*

9

Consulting Engineers, Freese, Nichols and Endress, to advise the Board concerning the Board's cooperation with the City to the end that an adequate supply of water will be available to the Regional Airport.

This Board at the request of the City Council of Fort Worth undertook in 1956 to supply raw water to Fort Worth and Tarrant County, and pursuant thereto did construct the Cedar Creek Reservoir. The agreement which we will refer to as the Cedar Creek Contract was approved by the voters of the District and the voters of the City of Fort Worth, and raw water is presently supplied to the City of Fort Worth at the prices and under the terms of the contract, and all sums so received by the District to be applied to the cost of the Cedar Creek Project.

The contract requires the City of Fort Worth to include in the price for filtered water sold for use outside the boundaries of the District twice the price of raw water filtered and used inside the boundaries of the District twice the price of raw water filtered and used inside the boundaries of the District, and to pay to the District the double price collected from users outside the District boundaries.

In studying the problem of the Regional Airport, Freese, Nichols and Endress addressed a letter to our Board dated October 16, 1967 and a copy of the letter is enclosed.

This letter reflects that the total use of water in Tarrant County is considerably less than the projected use on which the Cedar Creek bond financing was predicated. In brief, it was contemplated that the Cedar Creek bonds of the District would be serviced and paid entirely from the proceeds of the sale of raw water by the District. If the actual use is less than the projected use then the taxpayers of the District will be called upon to fund the deficiency by ad valorem taxes. Freese, Nichols and Endress, on finding that the total usage in Tarrant County is less than the projected usage, have made certain recommendations contained in the enclosed letter and our Board has reviewed them.

At a recent meeting the Board concluded that it was willing to reduce the price the City pays to the District for raw water to be filtered and used outside the boundaries of the District. It was the opinion of our Board that the reduction in the raw water price would materially aid the City in meeting the needs of the Regional Airport, would increase the use of the water outside District boundaries, and would result in an increase of revenues to the District caused by greater consumption which would materially reduce the probability of an ad valorem tax on property lying within the City of Fort Worth and within the District.

Accordingly, our Board has directed me to offer to the City

an amendment to the contract between the City of Fort Worth and the District to reduce the prices in accordance with the following schedules for the various users:

GROUP I.

TARRANT COUNTY MUNICIPALITIES OUTSIDE THE BOUNDARIES OF THE DISTRICT WITH LONG TERM CONTRACTS TO USE FILTERED WATER SUPPLIED BY THE CITY OF FORT WORTH

These municipalities are as follows: Benbrook, Burleson, Haltom City, Richland Hills, and North Richland Hills. The following suggestions are applicable to them and to other municipalities with whom Fort Worth may conclude similar arrangements.

The Board proposes that the City pay to the District a base rate of 4¢ per thousand gallons for raw water filtered and used by these municipalities until bonds for the Cedar Creek pipe line are sold as defined in the contract between the District and the City, and that thereafter the City pay to the District a base rate of 8¢ per thousand gallons for such water. In addition to the respective base rates the City shall pay to District 1¢ per 1,000 gallons as a charge for an availability adjustment for the raw water supply to users outside the District.

The 1¢ availability adjustment charge to be collected from users outside the City and District is for the purpose of causing such users to meet their fair share of the basic cost of providing a long range water supply for the County.

The City of Fort Worth and the District contracted and agreed that in the event revenues from the sale of water were insufficient to meet the bond obligations and operating expenses of the Cedar Creek Project, ad valorem taxes would be levied upon property lying within the City and District to meet the deficiency. If this event occurs then users outside the City and the District should pay an additional charge for raw water equivalent to their proportion of the deficiency as measured by their water usage, and an appropriate clause in contracts for the above users should be included as an amendment if necessary.

The contract between the City and the District provides for an adjustment in the raw water charge to be negotiated between the City of Fort Worth and the District in the event that acquisition of an additional raw water supply is required in the future. A similar clause should be inserted in contracts under which the City of Fort Worth undertakes to supply filtered water to the users named above.

GROUP II.

TARRANT COUNTY MUNICIPALITIES HAVING FILTERED WATER CONNECTIONS WITH THE CITY OF FORT WORTH BUT WITHOUT LONG TERM CONTRACTS

#81

These municipalities are: Westworth Village, Arlington, Forest Hills, Lake Worth Village, and White Settlement.

Our Board feels that no change in the present raw water pricing arrangements should be made for this group of municipalities, unless they and the City of Fort Worth elect to make long term contracts similar to those of Group I.

GROUP III.

THE REGIONAL AIRPORT AUTHORITY AND WATER USERS LOCATED ON LAND OWNED AND CONTROLLED BY THE REGIONAL AIRPORT BOARD

For water used by the Regional Airport Board, the City shall pay to the District the same price for raw water as the City pays to the District for water used by the City of Fort Worth as set forth under Group I. In addition the contract should provide for additional payments by the City to the District equivalent to future pro rata tax levies, as discussed under Group I, if such levies are required in the future.

It is the opinion of the Consulting Engineers and of our Board that changes proposed in the pricing of raw water herein will substantially increase the revenues attributable to the use of water outside the District and City as was intended by the original contract. Such increased usage will materially reduce the probability of an increase of ad valorem taxes on property lying within the City of Fort Worth and the District. Likewise it is their opinion that such usage will promote the development of the airport and of the industrial economy of the City and County.

We would thank you to advise us whether the governing authorities of the City of Fort Worth agree with this suggestion and feel that an amendment to the existing contract should be executed. We will then cause an appropriate amendment to be prepared for the consideration of the respective parties and their Counsel. We are advised that an amendment to the contract for this purpose can be executed by the governing bodies of the two agencies and will not require an election either in the District or in the City.

Yours very truly,

TARRANT COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NUMBER ONE

By /s/ Ben Hickey
Ben Hickey, General Manager

BH:bj

Following a lengthy discussion of the above letter and upon recommendation of Counsel and Consulting Engineers for the District,

Director Hudson made the motion, seconded by Director Penry, that the letter as now presented be forwarded to the City of Fort Worth and if acceptable by the governing body of the City that District Counsel be authorized to prepare the necessary amendment to the existing Contract with the City of Fort Worth for consideration of the respective parties; upon a vote taken all Directors voted aye and it was so ordered.

2.

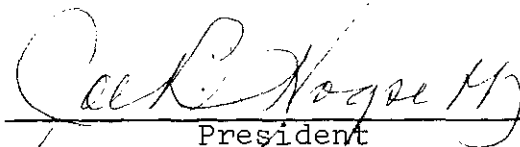
A letter requesting permission to appear before the Directors was presented from the Phillips Petroleum Company to discuss a newly developed non-dynamite charge used in seismic survey work proposed to be used on the Cedar Creek Reservoir. It was the unanimous opinion of all Directors that representatives of the Phillips Petroleum Company be invited to appear before the Directors at their regular meeting to be held on October 31, 1967 at 1:30 P. M.

3.

There being no further business before the Board of Directors, the meeting adjourned.



Acting Secretary



President