

November 1, 2012

Mr. Brandon E. Wade, P. E.  
City Manager  
City of Pflugerville, Texas  
100 East Main Street  
Suite 300  
Pflugerville, Texas 78691

Re: Status Report  
October 2012

Dear Mr. Wade:

I am pleased to submit this "Status Report" for the month of October 2012.

On October 23, 2012, the City of Pflugerville ("City") approved a contract for professional services ("Contract") with Oradat & Associates, P. C. (File No. 2012-1476). Prior to that date, all activity for the City of Pflugerville was reported as part of invoices submitted by Lockwood, Andrews & Newnam, Inc. ("LAN").

Since the approval of the Contract, Oradat & Associates, P. C. ("OA") has been in conversation with representatives of LAN (Tony Boyd and Tom Ray) regarding the following: (1) completion of an application for funding from the Texas Water Development Board ("TWDB") for the preparation of a strategic planning report for the development of water resources in accordance with the City's stated desire to be a Regional Water Provider ("RWP"); (2) preparation of a proposal for LAN to evaluate construction documents related to the 30" groundwater transmission pipeline currently owned by Cross County WSC ("CCWSC"); (3) preparation of a proposal for LAN to coordinate with the City and OA regarding the implementation of reuse of the City's return flows; and (4) preparation of a proposal for LAN to prepare amendments to the Region K "Regional Water Plan, the 2012 State Water Plan, and the Region G "Regional Water Plan".

In addition, OA assisted the City in the evaluation of a proposal by BlueWater Systems for the purchase of the CCWSC pipeline by the City. The issues included, but were not limited to, the City's ownership of easements, existing infrastructure, a future pipeline within the existing easement, as well as maintenance of the infrastructure. It is anticipated that this effort will continue for some time.

Looking ahead, the TWDB application is due in December 2012. Accordingly, OA will work with LAN to complete the application and submit to the City for review, comment and approval by the City Manager. OA will also work with LAN to complete the proposals described above. In addition, OA will (1) work directly with the City Manager and staff in the evaluation of all proposals by BlueWater Systems; (2) work with the City Manager's staff to formalize your nomination/appointment to the Region K Water

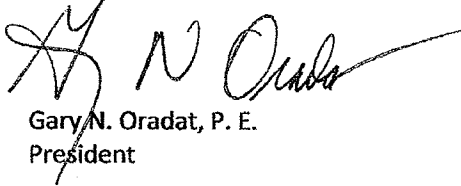
Letter to Mr. Brandon E. Wade, P. E  
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Planning Group to represent "small cities" within the region; and (3) discuss various options with legal counsel regarding the unallocated groundwater in the Carrizo-Wilcox aquifer.

I trust this information is of use. Should you have any questions or desire additional information, please let me know.

Sincerely,

Oradat & Associates, P. C.

A handwritten signature in black ink, appearing to read "Gary N. Oradat", with a long horizontal flourish extending to the right.

Gary N. Oradat, P. E.  
President

Attachment: October 2012 Invoice

December 1, 2012

Mr. Brandon E. Wade, P. E.  
City Manager  
City of Pflugerville, Texas  
100 East Main Street  
Suite 300  
Pflugerville, Texas 78691

Re: Status Report & Invoice  
November 2012

Dear Mr. Wade:

I am pleased to submit this "Status Report" for the month of November 2012.

The focus of this month was the finalization of Pflugerville's application to the Texas Water Development Board (TWDB) for a Regional Facility Planning grant. Oradat & Associates, P. C. ("OA") worked with LAN to complete a "draft" of the application for review by the City. OA also worked with the City Manager's office in the review of three (3) agreements related to Pflugerville's possible purchase of 280,000 LF of 30" pipeline owned by the Cross County Water Supply Corporation (CCWSC): (1) CCWSC/Pflugerville Water Asset Sale Agreement; (2) BW 130/Pflugerville Water Asset Sale Agreement; and (3) Blue Water/Pflugerville Water Supply Agreement. OA presented a briefing on these proposed Agreements to the City Manager's office. OA also attended a briefing to select legislators regarding proposed legislation to be pursued by the City during the 2013 Legislative Session.

OA also worked with LAN to complete their proposal for the following proposed tasks: (1) preparation of a proposal for LAN to evaluate construction documents related to the 30" CCWSC groundwater transmission pipeline; (2) preparation of a proposal for LAN to coordinate with the City and OA regarding the implementation of reuse of the City's return flows; and (3) preparation of a proposal for LAN to prepare amendments to the Region K "Regional Water Plan, the 2012 State Water Plan, and the Region G "Regional Water Plan". That proposal is nearing completion and will be submitted the City Manager's office for review.

OA also worked with LAN to identify a valuation consultant in relation to Pflugerville's purchase of the CCWSC pipeline. That consultant has been identified (Jack Stowe) and approved by the City.

Looking ahead, the TWDB application is due December 20, 2012. Once the application is approved by the City, OA/LAN will submit the application to the TWDB. Once the above-referenced proposal is approved and funding allocated, OA will act as the City's Project Manager to complete those tasks. Lastly, OA will continue to work with the City Manager's office on the following: (1) development of

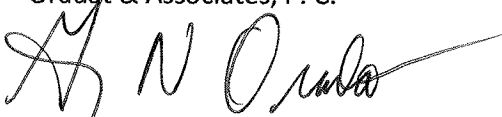
Mr. Brandon E. Wade, P. E.  
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acceptable BW 130/CCWSC/Pflugerville agreements; (2) completing an application for you to be named to the Region K Planning Group to represent (small) municipalities within the Region; and (3) development of various options regarding the unallocated groundwater in the Carrizo-Wilcox aquifer; specifically, whether or not the City should pursue its own permit(s) with either the Post Oak-Savannah GMD or the Lost Pines GMD.

I trust this information is of use. Should you have any questions or desire additional information, please let me know.

Sincerely,

Oradat & Associates, P. C.

A handwritten signature in black ink, appearing to read "G. N. Oradat", with a long horizontal flourish extending to the right.

Gary N. Oradat, P. E.  
President

Attachment: November 2012 Invoice

January 1, 2013

Mr. Brandon E. Wade, P. E.  
City Manager  
City of Pflugerville, Texas  
100 East Main Street  
Suite 300  
Pflugerville, Texas 78691

Re: Status Report & Invoice  
December 2012

Dear Mr. Wade:

I am pleased to submit this "Status Report" for the month of December 2012.

The focus of this month was four-fold: (1) finalize Pflugerville's application to the Texas Water Development Board (TWDB) for a Regional Facility Planning grant; (2) finalize your application to Region K; (3) further the negotiations with Blue Water on the Cross County System and water supply; and (4) convene a meeting with Southwest Water executives to discuss Windermere.

First, the completed application was delivered to the TWDB. By letter dated December 20, Mr. David Carter (TWDB) notified your office that the application is complete and funding recommendations will be presented to the Board at their February 2013 meeting. Secondly, your application to Region K was submitted by your office. Region K has given no indication as to when a decision will be made. Third, another round of revised agreements (dated December 12) was received from Blue Water. These latest agreements reflect significant improvement; although there are many issues to be resolved. Oradat & Associates, P. C. ("OA") conducted detailed briefings with Blue Water representatives (Pat Reilly and Ross Cummings) and Mike Albach (Laguna Water) on December 6<sup>th</sup>. Also in attendance on the 6<sup>th</sup> were Tom Ray (LAN), Julie Hastings (LAN) and Jack Stowe. A follow-up meeting was held on December 19<sup>th</sup> with Tom Ray, George Hyde, Pat Reilly, Mike Albach, and Ron Freeman (attorney for Blue Water). OAPC will continue to work with LAN and the City towards a final decision regarding this project. Fourth, the request for a meeting with Southwest Water was rejected. The City was directed to continue discussions with Mr. Proffitt and his staff.

On a parallel track with the TWDB grant effort, LAN was authorized to begin Phase I of an "options analysis" to determine if there are viable alternatives to the acquisition of the Blue Water/Cross County WSC infrastructure. This effort will not compromise the City's application to the TWDB. Funding for Phase II of the "options analysis" will be requested at the January 8, 2013 City Council meeting.

OAPC continues to work with LAN to complete their proposal for the following proposed tasks: (1) preparation of a proposal for LAN to evaluate construction documents related to the 30" CCWSC

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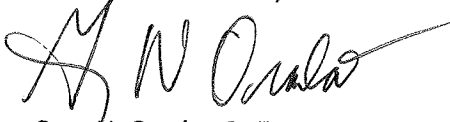
groundwater transmission pipeline; (2) preparation of a proposal for LAN to coordinate with the City and OA regarding the implementation of reuse of the City's return flows; and (3) preparation of a proposal for LAN to prepare amendments to the Region K "Regional Water Plan", the 2012 State Water Plan (Water for Texas), and the Region G "Regional Water Plan". That proposal is nearing completion and will be submitted the City Manager's office for review. It is hoped that this proposal can be approved by City Council on January 8.

Looking ahead, OAPC will oversee LAN's effort on the "options analysis", will assist the City in its discussions with Southwest Water regarding the Windermere issues, and will continue to coordinate with Blue Water on the Cross County System. As of this writing, the outstanding issues to be resolved with Blue Water are: (1) obtain description of all easements; (2) resolve the breakdown of the \$2.00/1,000 gallons and determine if (a) said amount is subject to a rate protest before the TCEQ, and (b) the breakdown can be exempted from any Open Records request; (3) resolve the verbiage dealing with the option for the 2<sup>nd</sup> pipeline; (4) discuss the possibility of TWDB financial participation for any "excess capacity" should Pflugerville request that Blue Water over-size the second pipeline to accommodate additional demand for the City; (5) resolve the permitting of an additional 11,000 AF/year for Pflugerville; (6) finalize the verbiage for "cure" or remedy by Pflugerville; and (7) finalize all financial aspects (i.e., project cost, payment schedule, and drawdown of 20,000 AF/yr). It is hoped that all outstanding issues can be resolved and agreements finalized for presentation to City Council at the April 9, 2013 Council meeting.

I trust this information is of use. Should you have any questions or desire additional information, please let me know.

Sincerely,

Oradat & Associates, P. C.



Gary N. Oradat, P. E.  
President

Attachment: December 2012 Invoice

Cc: Ms. Laurie Gillam  
w/ attachment

February 1, 2013

Mr. Brandon E. Wade, P. E.  
City Manager  
City of Pflugerville, Texas  
100 East Main Street, Suite 300  
Pflugerville, Texas 78691

Re: Status Report & Invoice – January 2013

Dear Mr. Wade:

I am pleased to submit this "Status Report" for the month of January 2013.

The focus of this month was on the following: (1) discussions with Southwest Water (Windermere); (2) your application to Region K; (3) continued negotiations with Blue Water on the Cross County System; (4) completion of the various proposals by LAN; and (5) acquisition of portions of the Manville CCN.

First, on January 9, Region K approved your appointment to the Regional Water Planning Group to represent municipalities. We were also informed by Mr. David Meesey (TWDB) that the City's application for a Regional Facility Planning grant was being viewed favorably and a recommendation is scheduled to be presented to the TWDB at their February 28 Board meeting.

Secondly, as part of the "due diligence" effort for the potential acquisition of the Cross County System ("System"), OAPC and LAN met with the Lost Pines and Post Oak-Savannah Groundwater Conservation Districts to discuss possible options for the City. On January 18, we met with Mr. Gary Westbrook (General Manager for Post Oak Savannah) and Mr. Joe Cooper (General Manager for Lost Pines). Both meetings went very well and no barriers were identified should the City opt to apply for a permit in either of those Districts.

Third, OAPC worked with LAN to complete their proposal for the following proposed tasks: (1) perform Phase B of the Water Supply Assessment; (2) evaluate the construction documents related to the 30" CCWSC groundwater transmission pipeline; (3) complete the valuation of the non-structural elements of the Cross County System; (4) update the City's reuse plan for its wastewater effluent; and (5) initiate the assessment of the Manville WSC system for possible acquisition by the City. On January 22, Pflugerville's City Council approved a Supplemental Appropriation to fund these tasks.

When appropriate, LAN will submit a proposal for (1) the preparation of a "Preliminary Engineering Report" related to the design and construction of a "connector" pipeline between the Cross County System and the Pflugerville Water Plant; and (2) the preparation and submittal of amendments to the Region K "Regional Water Plan", the 2012 State Water Plan (Water for Texas), and the Region G "Regional Water Plan".

Regarding Manville, your office confirmed to Mr. Donald Cannon, President of the Manville WSC Board

Mr. Brandon E. Wade, P. E.

February 1, 2013

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of Directors, the City's intent and identified certain members of the City's team. As of this writing, a team meeting has been scheduled to discuss strategy. Following that meeting, OAPC will schedule a "kick off" meeting with the team and Manville representatives.

Looking ahead, OAPC will continue to manage LAN's effort on the "options analysis", will assist the City in its discussions with Southwest Water regarding the Windermere issues, will take the lead on the Manville acquisition, and will continue to coordinate with Blue Water. As stated in last month's Status Report, the outstanding issues to be resolved with Blue Water were: (1) obtain description of all easements; (2) resolve the breakdown of the \$2.00/1,000 gallons and determine if (a) said amount is subject to a rate protest before the TCEQ, and (b) the breakdown can be exempted from any Open Records request; (3) resolve the verbiage dealing with the option for the 2<sup>nd</sup> pipeline; (4) discuss the possibility of TWDB financial participation for any "excess capacity" should Pflugerville request that Blue Water over-size the second pipeline to accommodate additional demand for the City; (5) resolve the permitting of an additional 11,000 AF/year for Pflugerville; (6) finalize the verbiage for "cure" or remedy by Pflugerville; and (7) finalize all financial aspects (i.e., project cost, payment schedule, and drawdown of 20,000 AF/yr).

Of these issues, Blue Water has submitted the description of the various easements. However, they await a letter from Mr. Hyde before they will submit the breakdown of the \$2.00/1,000 gallons. Regarding possible TWDB financial participation, I had the opportunity to discuss this issue with Mr. Meesey at the January 9<sup>th</sup> Region K meeting. He referred me to proposed legislation introduced by Representative Allan Ritter (House Bills 4 and 11) which would provide \$2.0 billion from the State's Rainy Day Fund to finance projects in the State Water Plan. Mr. Meesey stated that Pflugerville acquisition of the Cross County System would be an ideal candidate for that program. Following the Region K meeting, I discussed various options with Mr. Brandon Aghamalian. Lastly, the permitting of an additional 11,000 AF/year (Item #5 above) was discussed briefly in our meetings with the Groundwater Conservation Districts.

I trust this information is of use. Should you have any questions or desire additional information, please let me know.

Sincerely,

Oradat & Associates, P. C.



Gary N. Oradat, P. E.

President

Attachment: January 2013 Invoice

Cc: Ms. Lauri Gillam  
w/attachment



March 1, 2013

Mr. Brandon E. Wade, P. E.  
City Manager  
City of Pflugerville, Texas  
100 East Main Street, Suite 300  
Pflugerville, Texas 78691

Re: Status Report & Invoice – February 2013

Dear Mr. Wade:

I am pleased to submit this "Status Report" for the month of February 2013.

The focus of this month was on the following: (1) discussions with the Texas Water Development Board ("TWDB") regarding possible State participation for the acquisition of the Cross County System; (2) continued discussions with Manville WSC regarding the acquisitions of portions of the Manville CCN; (3) TWDB approval of Pflugerville's application for a Regional Facility Planning grant; (4) LAN's progress on the tasks funded by the Supplemental Appropriation approved by the City on January 22; (5) continued discussions with Southwest Water (Windermere); and (6) continued discussions with Blue Water on the Cross County System.

First, on February 1, a meeting was conducted with Ms. Carolyn Brittin, TWDB's Deputy Executive Administrator for Water Resources Planning and Information. Also in attendance were Mr. Tom Ray (LAN) and Mr. John E. Burke. Ms. Brittin was very clear that unless a project is part of the adopted State Water Plan, it will not be eligible for funding from the proposed \$2.0 billion transfer from the State's Rainy Day Fund to fund projects from the State Water Plan. As you are aware, Representative Allan Ritter has filed House Bills 4 and 11 for this transfer.

Based on Ms. Brittin's comments and our subsequent discussion, a proposal was requested from LAN to amend the Region K Water Plan. On February 11, we also discussed the possible authorization of Mr. Brandon Aghamalian to initiate discussions with various legislators regarding how the \$2.0 billion will be administered. However, based on developments with Blue Water and other "water marketers", as well as direction provided by Pflugerville's City Council, this entire effort may not be needed as the City's water strategy is re-examined.

Secondly, regarding Manville, on February 4, I visited the Manville WSC offices to review various documents in connection with an Open Records Request from the City. The City also submitted a request to the TCEQ for documents pertaining to Manville WSC (i.e., notices of violations, etc.). The Manville documents were received by OAPC on February 11 and delivered to the City. On February 27, OAPC reviewed those documents made available by the TCEQ and provided copies of certain documents to the City Manager's office. Lastly, by e-mail dated February 13, OAPC also requested a "kick off" meeting with Manville representatives. Unfortunately, they declined the request and stated that they would contact OAPC when they were ready to meet.

Mr. Brandon E. Wade, P. E.  
March 1 2013  
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Third, Pflugerville's application for a Regional Facility Planning grant was approved by the TWDB on February 28.

Fourth, OAPC continues to provide oversight of LAN's efforts. LAN completed their proposal for the following tasks: (1) perform Phase B of the Water Supply Assessment; (2) evaluate the construction documents related to the 30" CCWSC groundwater transmission pipeline; (3) complete the valuation of the non-structural elements of the Cross County System; (4) update the City's reuse plan for its wastewater effluent; and (5) initiate the assessment of the Marville WSC system for possible acquisition by the City. On January 22, Pflugerville's City Council approved a Supplemental Appropriation to fund these tasks; although the evaluation of the Cross County System has been placed on "hold". The "draft" report regarding Phases A and B of the Water Supply Assessment is on schedule to be submitted by March 15.

Fifth, discussions with Southwest Water continue. The latest conversations imply that a "leasing" arrangement might be possible. Earlier this month, Mr. George Hyde distributed a court case (*Quick v City of Austin*) for review by City personnel and consultants.

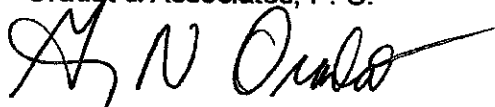
Sixth, regarding Blue Water and the possible acquisition of the Cross County system, that effort has been terminated by the City. Based on direction given by City Council to the City Manager, OAPC informed Mr. Ross Cummings on February 27 that the City no longer wishes to pursue acquisition of water supply or infrastructure. This development will be reflected in the "Options Analysis" which is being finalized by LAN and OAPC for submittal to the City on March 15. LAN and OAPC will continue the evaluation of other options; including discussions with other "water marketers" such as Forestar and End-Op.

Lastly, per your request, OAPC has submitted a proposal to assist the City in its efforts regarding (1) possible power generation at the City's wastewater treatment plant; and (2) possible receipt of bids for electrical power. However, the proposal is being held in abeyance by your office pending additional evaluation.

Should you have any questions or desire additional information, please let me know.

Sincerely,

Oradat & Associates, P. C.



Gary N. Oradat, P. E.  
President

attachment: February 2013 Invoice

Cc: Ms. Lauri Gillam  
w/attachment

April 1, 2013

Mr. Brandon E. Wade, P. E.  
City Manager  
City of Pflugerville, Texas  
100 East Main Street, Suite 300  
Pflugerville, Texas 78691

Re: Status Report & Invoice – March 2013

Dear Mr. Wade:

I am pleased to submit this "Status Report" for the month of March 2013.

The focus of this month was on the following: (1) follow-up with the Texas Water Development Board ("TWDB") following approval of the City's application for a Regional Facility Planning grant ("Grant") on February 28; (2) continued discussions with Manville WSC regarding the acquisitions of portions of the Manville CCN; (3) completion of LAN's "Options Analysis for Water Supply" ("Analysis") for submittal to the City by March 15; and (4) continued discussions with Southwest Water Company ("SWWC") regarding Windermere.

First, Mr. David Meesey (TWDB) is preparing the contract for the Grant. Although it will be 90-120 days before the contract is approved, LAN and OAPC can commence work on the Grant, effective February 28. Ms. Gillam will be preparing the necessary documentation for Pflugerville City Council to appropriate the matching \$50,000 from the City. LAN has been requested to formally submit a "Request for Authorization" to your office.

Secondly, regarding Manville, the City and Manville have reached an agreement to proceed with the various tasks related to the acquisition of certain portions of the Manville CCN. On March 12, City Council adopted a Resolution confirming the City's commitment to providing an "urban" level of potable water service to identified areas of Manville's CCN. In similar fashion, Manville WSC passed a Resolution on March 14.

It also appears that Manville has agreed to surrender Sorento to the City; although details are forthcoming.

Third, LAN submitted the initial "draft" of the Analysis on March 15. It is hoped that comments can be received to enable a final "draft" to be delivered before the April 9 Council meeting.

Mr. Brandon E. Wade, P. E.  
April 1, 2013  
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In support of the Analysis, OAPC attended the March 20 meeting of the Lost Pines Groundwater Conservation District ("District") to observe the District's action on Forestar's application for 45,000 AF/year from the Carrizo-Wilcox/Simsboro aquifer. Also in attendance were Tom Ray, Mike Thornhill, and John Burke.

Due to the significant opposition expressed by those who addressed the District's Board, Forestar's application was tabled until the District's April 17 meeting. In addition, the application by the Lower Colorado River Authority ("LCRA") for 10,000 AF/year was also tabled until the April 17 meeting. It should be noted that End-Op's application for 56,000 AF/year is also scheduled for its first consideration at that time.

Prior to the meeting of the District's Board, OAPC and LAN were able to have a brief conversation with LCRA representatives (Karen Bondy, James Kowis, and Greg Grami). We discussed the availability of surface water for the City and the current language contained in the LCRA's new water supply contracts. We also discussed the current annual rates, or fees, for diversion (\$151.00 per acre-foot) and reservation (\$75.50 per acre-foot).

As a follow-up to that March 20 conversation, OAPC and LAN met with LCRA representatives on March 28. In attendance were Tom Ray, John Burke, Karen Bondy, Greg Grami, Kyle Jensen and Anissa Menefee. The topics discussed focused on the availability of water, contractual requirements, and the likelihood of gaining LCRA approval of new water supply contracts given current drought conditions.

Based on the comments from LCRA, should the City opt to acquire 10,000 AF/year (diverted) and an additional 10,000 AF/year (reserved), it is recommended that the application be submitted as soon as practicable. The LCRA Board is unlikely to act on the City's application before the end of the calendar year. However, the application needs to be submitted within the next 60-90 days.

Regarding LAN's activities which have been funded by the City either by your office (2 - \$50,000 authorizations) or City Council (\$ 205,000), the following status is provided:

Task 1 (Windermere Evaluation): Task completed.

Task 2 (Options Analysis for Water Supply): Task completed once Analysis is accepted.

Task 3 (Structural/Dynamic Evaluation of Cross County System): Evaluation placed on "hold".

Task 4 (Economic Valuation of Cross County System): Task completed by Jack Stowe.

Task 5 (Chapter 210 Notification): In progress.

Task 6 (Assessment of Manville System, Phase 1): In progress.

Mr. Brandon E. Wade, P. E.  
April 1, 2013  
Page 3

Task 7 (PER for Connector Pipeline to Cross County System): Task not funded.  
Task 8 (Revision of Regional K Water Plan): Task not funded.

Regarding Blue Water Systems ("BWS"), even though BWS was informed that the City no longer wished to continue discussions, BWS representatives have met with the City and/or OAPC in an effort to revive discussions. At the direction of your office, OAPC and LAN met with BWS representatives and conveyed the City's latest thoughts on a possible arrangement with BWS.

Lastly, regarding Windermere, the City is in conversation with SWWC regarding a possible reverse private-public partnership. Those negotiations are ongoing.

Should you have any questions or desire additional information, please let me know.

Sincerely,

Oradat & Associates, P. C.

A handwritten signature in black ink, appearing to read "G M Oradat", with a long horizontal flourish extending to the right.

Gary M. Oradat, P. E.  
President

attachment: March 2013 Invoice

Cc: Ms. Lauri Gillam  
w/attachment

May 1, 2013

Mr. Brandon E. Wade, P. E.  
City Manager  
City of Pflugerville, Texas  
100 East Main Street, Suite 300  
Pflugerville, Texas 78691

Re: Status Report & Invoice – April 2013

Dear Mr. Wade:

I am pleased to submit this "Status Report" for the month of April 2013.

The focus of this month was on the following: (1) follow-up with the Texas Water Development Board ("TWDB") following approval of the City's application for a Regional Facility Planning grant ("Grant") on February 28; (2) continued discussions with Manville WSC regarding the acquisitions of portions of the Manville CCN; (3) completion of LAN's "Options Analysis for Water Supply" ("Analysis"); (4) discussions with Blue Water Systems ("BWS"); and (5) continued discussions with Southwest Water Company ("SWWC") regarding Windermere.

First, on March 15, Mr. David Meesey (TWDB) transmitted a draft of the contract for the Grant. The "target" execution deadline for both the City and TWDB is June 20. Mr. Hyde has reviewed the contract and recommends execution by your office. No action by City Council is required. Ms. Gillam and Mr. Hyde are confirming whether or not any action by City Council is required for the \$50,000 "match" from the City. LAN has submitted a "Request for Authorization" to your office.

Secondly, regarding Manville, discussion continues in a positive direction with Manville WSC agreeing to relinquish the proposed Sorrento development; as well as North Travis County MUD #5. In addition, your office has identified additional (undeveloped) areas which Manville is agreeing to relinquish.

Third, LAN submitted the initial "draft" of the Analysis on March 15. A second "draft" was submitted on April 9. This draft reflected a meeting on March 28 with LCRA staff (Karen Bondy, Greg Grami, Kyle Jensen, and Anissa Menefee). Also in attendance were John Burke and Tom Ray.

Mr. Brandon E. Wade, P. E.

May 1, 2013

Page 2

Based on the comments from LCRA, should the City opt to acquire 10,000 AF/year (diverted) and an additional 10,000 AF/year (reserved), it is recommended that the application be submitted as soon as practicable. The LCRA Board is unlikely to act on the City's application before the end of the calendar year. However, the application needs to be submitted within the next 60-90 days.

On April 17, LAN and John Burke attended the meeting of the Lost Pines Groundwater Conservation District ("District") to observe the District's action on Forestar's tabled application (from the March meeting) for 45,000 AF/year from the Carrizo-Wilcox/Simsboro aquifer, and End-Op's application (first consideration) for 56,000 AF/year from the same aquifer. No action was taken.

On April 29, a Special Called Board Meeting of the District was held to consider the applications for End-Op, Forestar and LCRA. The Board met in Executive Session for two (2) hours. When they reconvened in Open Session, they announced that no action was taken and then adjourned the meeting. The next meeting is scheduled for May 15.

Regarding the Options Analysis, on April 23, your office gave further direction regarding the proposed Service Area which Pflugerville could serve. This new direction, which involves a reduced Service Area from the originally proposed Pflugerville Regional Water System (PRWS) will be reflected in the next "draft" to be submitted to your office no later than June 1. However, the PRWS will still be the focus of the Grant.

On a parallel track, OAPC and LAN are reviewing the proposed population projections for Pflugerville which are shown in the "draft" 2016 Region K Water Plan. These proposed projections present a dramatic increase in population. The consultant team is scheduling a meeting with the TWDB to discuss the rationale behind the proposed numbers. The growth rate will have a significant impact on the Options Analysis and any timetable for the acquisition of additional water supply.

Fourth, regarding BWS, acting on direction from your office, LAN and OAPC conducted an April 3<sup>rd</sup> teleconference with Pat Reilly and Ross Cummings to further explore a possible scenario which would utilize BW 130's groundwater supply as an "on demand" source in the event of curtailment from the LCRA; assuming the City consummates an agreement with LCRA.

The conversation was positive, although BWS expressed concern over a possible loss of current revenues to fund the City's incurred costs to operate and maintain the Cross County System, as

Mr. Brandon E. Wade, P. E.  
May 1, 2013  
Page 3

well as the debt service to design, construct, operate, and maintain the "connector" pipeline (and all other associated infrastructure) between the City's Water Treatment Plant ("WTP") and the Cross County System. It was suggested by BWS that "future" revenues be examined instead. BWS also expressed a concern regarding an "on demand" contract with the City, rather than a "take or pay" or some form of a commitment to utilize groundwater supply at some point in time.

The teleconference ended with a stated desire to determine the "all in" cost for additional LCRA supply (i.e, diversion and/or reservation fees, raw water pumping and transmission, WTP expansion capital costs, treatment costs, O&M, etc.) and then compare to the "all in" cost for groundwater supply from BWS.

It also appears that BWS wishes to meet with City Council Members to discuss any role BWS could play in the future water supply for the City.

Lastly, regarding Windermere, the City is in conversation with SWWC regarding a possible reverse private-public partnership. Those negotiations are ongoing.

Should you have any questions or desire additional information, please let me know.

Sincerely,

Oradat & Associates, P. C.

A handwritten signature in black ink, appearing to read "Gary N. Oradat", with a long horizontal flourish extending to the right.

Gary N. Oradat, P. E.  
President

attachment: April 2013 Invoice

Cc: Ms. Lauri Gillam  
w/attachment



June 1, 2013

Mr. Brandon E. Wade, P. E.  
City Manager  
City of Pflugerville, Texas  
100 East Main Street, Suite 300  
Pflugerville, Texas 78691

Re: Status Report & Invoice – May 2013

Dear Mr. Wade:

I am pleased to submit this "Status Report" for the month of May 2013.

The focus of this month was on the following: (1) follow-up with the Texas Water Development Board ("TWDB") following approval of the City's application for a Regional Facility Planning grant ("Grant") on February 28; (2) continued discussions with Manville WSC regarding the acquisitions of portions of the Manville CCN; (3) completion of LAN's "Options Analysis for Water Supply" ("Analysis"); (4) discussions with Blue Water Systems ("BWS"); and (5) continued discussions with Southwest Water Company ("SWWC") regarding Windermere.

First, Mr. David Meesey (TWDB) submitted two (2) hard copies of the Grant contract to your office. Those contracts were signed and returned to Mr. Meesey. The TWDB is expected to approve the contracts at their June meeting. Ms. Gillam is confirming that Council has already approved the \$50,000 "match" from the City. LAN has submitted a "Request for Authorization" to your office. We will need to confirm whether or not a separate contract, between LAN and the City, will be needed to satisfy TWDB requirements.

Secondly, regarding Manville, discussion continues in a positive direction with Manville WSC agreeing to relinquish the proposed Sorento development; as well as North Travis County MUD #5. In addition, your office has identified additional (undeveloped) areas which Manville is agreeing to relinquish.

Third, LAN completed a final "draft" of the Options Analysis (Version 1) which reflected the Pflugerville Regional Water System ("PRWS"). On April 23, your office gave further direction regarding the proposed Service Area which Pflugerville could serve. This new direction, which involves a significantly reduced Service Area from the originally proposed PRWS, will be reflected in the next version (Version 2) to be submitted to your office in June. It appears that

Mr. Brandon E. Wade, P. E.

June 1, 2013

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the City may only need to secure an additional 6,000 AF/year in new supply to meet the future demands of the Pflugerville Expanded Water System ("PEWS") through 2060. The PRWS and PEWS will be examined as part of the TWDB's Regional Facility Planning grant.

On April 17, LAN and John Burke attended the meeting of the Lost Pines Groundwater Conservation District ("District") to observe the District's action on Forestar's tabled application (from the March meeting) for 45,000 AF/year from the Carrizo-Wilcox/Simsboro aquifer, and End-Op's application (first consideration) for 56,000 AF/year from the same aquifer. No action was taken.

On April 29, a Special Called Board Meeting of the District was held to consider the applications for End-Op, Forestar and LCRA. The Board met in Executive Session for two (2) hours. When they reconvened in Open Session, they announced that no action was taken and then adjourned the meeting. The next meeting was scheduled for May 15.

On May 13, OAPC and John Burke attended a Special Meeting of the Lost Pines GCD. No action was taken. On May 15, the LPGCD met at 5:00 pm and denied a request by Aqua WSC for "standing" in order to have a contested hearing on the Forestar and LCRA applications. Their request for a contested hearing on End-Op's application was approved. The LPGCD met again at 7:00 and approved LCRA's application for 10,000 AF/year; although there were stipulations related to declaration of drought. Forestar's application was approved for only 12,000 AF/year; a significant reduction from the requested 45,000 AF/year.

On a parallel track, OAPC and LAN reviewed the proposed population projections for Pflugerville which are shown in the "draft" 2016 Region K Water Plan. These proposed projections presented a dramatic increase in population. On May 9, the consultant team met with the TWDB (David Meeseey, Kevin Kluge and Yun Cho). Mr. Fletcher participated via teleconference. The population projections for the City and Manville were discussed, as was the methodology. Subsequently, it has been recommended that the City not object to the higher projections. However, the Options Analysis will reflect what is believed to be more accurate projections.

Fourth, at the May 15 LPGCD meeting, I had the opportunity to discuss Pflugerville's water needs with Ross Cummings and Pat Reilly (Blue Water Systems). I informed them that your office would be contacting them in a few weeks to further discuss any role BWS could play in the City's strategy for water supply. This was the first interaction OAPC has had with BWS since an April 3<sup>rd</sup> teleconference with Pat Reilly and Ross Cummings to further explore a possible

Mr. Brandon E. Wade, P. E  
June 1, 2013  
Page 3

scenario which would utilize BW 130's groundwater supply as an "on demand" source in the event of curtailment from the LCRA; assuming the City consummates an agreement with LCRA.

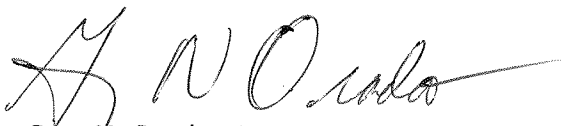
On May 28, OAPC, John Burke and Tom Ray met with Ross Cummings and Pat Reilly to further discuss a proposed takedown schedule for 12,000 AF/year, as well as pricing. We were informed that the current wholesale price for imported groundwater is \$3.85/1,000 gallons with a CPI adjustment to be applied in July. The price would escalate to \$3.96/1,000 gallons or \$1285/AF. BWS was emphatic that some form of CPI adjustment would be required in any wholesale agreement. Following your briefing with Council, I spoke with Mr. Cummings. It appears that further discussion might yield a lower price; although the price will probably be in the range of \$3.00/1,000 gallons or \$975/AF. We are currently scheduled to meet with BWS on June 4. LAN continues to calculate an accurate "all in" cost for the City to deliver treated surface water from the LCRA. This figure will be referenced in negotiations with BWS.

Lastly, regarding Windermere, the City is in conversation with SWWC regarding a possible reverse private-public partnership. Those negotiations are ongoing.

Should you have any questions or desire additional information, please let me know.

Sincerely,

Oradat & Associates, P. C.



Gary N. Oradat, P. E.  
President

attachment: May 2013 Invoice

Cc: Ms. Lauri Gillam  
w/attachment

July 1, 2013

Mr. Brandon E. Wade, P. E.  
City Manager  
City of Pflugerville, Texas  
100 East Main Street, Suite 300  
Pflugerville, Texas 78691

Re: Status Report & Invoice – June 2013

Dear Mr. Wade:

I am pleased to submit this "Status Report" for the month of June 2013.

The focus of this month was on the following: (1) approval of the Contract between the City and the Texas Water Development Board ("TWDB") for a Regional Facility Planning grant ("Grant") on February 28; (2) continued discussions with Manville WSC regarding the acquisitions of portions of the Manville CCN; (3) completion of Version 2 of LAN's "Options Analysis for Water Supply" ("Analysis"); (4) discussions with Blue Water Systems ("BWS"); and (5) continued discussions with Southwest Water Company ("SWWC") regarding Windermere.

First, the contract between the City and the TWDB was received by Mr. David Meesey (TWDB). The only outstanding item is a contract between LAN and the City. Mr. Hyde has reviewed the draft contract and recommends execution by the City Manager. No action by the TWDB is required. The City and its consultant team are released, if you will, to begin work on the Regional Facilities Planning Grant.

Secondly, regarding Manville, discussion continues in a positive direction with Manville WSC agreeing to relinquish the proposed Sorento development; as well as North Travis County MUD #5. In addition, your office has identified additional (undeveloped) areas which Manville is agreeing to relinquish. On June 18, the City met with Mr. Stowe regarding the valuations for NTCMUD #5. However, Manville WSC did not wish for Mr. Stowe to meet with their valuation consultant.

Third, LAN completed its initial "draft" of the Options Analysis (Version 2). Three (3) copies of the Analysis were delivered to your office on June 23. LAN and OAPC will continue to work on the PEWS and the PRWS service areas as part of the TWDB grant.

Mr. Brandon E. Wade, P. E.  
July 1, 2013  
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On a related review, OAPC and LAN reviewed the proposed population projections for Pflugerville which are shown in the "draft" 2016 Region K Water Plan. These proposed projections presented a dramatic increase in population. On May 9, the consultant team met with the TWDB (David Meeseey, Kevin Kluge and Yun Cho). Mr. Fletcher participated via teleconference. The population projections for the City and Manville were discussed, as was the methodology. Subsequently, it has been recommended that the City not object to the higher projections. However, the Options Analysis will reflect what are believed to be more accurate projections. On June 11, OAPC notified Ms. Jamie Burke, AECOM Project Manager and the TWDB's consultant, that the City had no objection to the population and demand projections.

Fourth, on June 4, your office met with Ross Cummings and Pat Reilly on a possible role for Blue Water Systems. Pricing continues to be an issue. On June 12, per the City's direction, OAPC informed Mr. Cummings that the City no longer wished to continue discussions with BWS. Subsequent to that conversation, OAPC was contacted by Mr. Reilly who stated that BWS would be interested in an "emergency interconnect" scenario.

Lastly, regarding Windermere, the discussions with Southwest Water are ongoing; although the 2013 Legislative Session may have had an impact.

Should you have any questions or desire additional information, please let me know.

Sincerely,

Oradat & Associates, P. C.

A handwritten signature in black ink, appearing to read "Gary N. Oradat", with a long horizontal flourish extending to the right.

Gary N. Oradat, P. E.  
President

attachment: June 2013 Invoice

Cc: Ms. Lauri Gillam  
w/attachment

August 1, 2013

Mr. Brandon E. Wade, P. E.  
City Manager  
City of Pflugerville, Texas  
100 East Main Street, Suite 300  
Pflugerville, Texas 78691

Re: Status Report & Invoice – July 2013

Dear Mr. Wade:

I am pleased to submit this “Status Report” for the month of July 2013.

The focus of this month was on the following: (1) progress on the Texas Water Development Board (“TWDB”) Regional Facility Planning grant (“Grant”); (2) continued discussions with Manville WSC regarding the acquisitions of portions of the Manville CCN; (3) receipt of comments on Version 2 of LAN’s “Options Analysis for Water Supply” (“Analysis”); (4) progress on the authorization to find additional groundwater sources for the City; and (5) continued discussions with Southwest Water Company (“SWWC”) regarding Windermere.

First, the “kick-off” meeting for the Grant was held on July 2. It was agreed that the required Public Meeting would be held on August 6 at 7:00 pm. The speakers will be Gary N. Oradat, J. Tom Ray (LAN), David Meesey (TWDB), and Trey Fletcher. The meeting will be held at the Pflugerville Library.

Secondly, regarding Manville WSC, discussions continue. On July 23, Mr. David Reichel, President of Manville’s Board, addressed City Council regarding the valuation for NTCMUD #5. It is hoped that Manville will approve their valuation no later than their September meeting. The City’s valuation consultant, Mr. Jack Stowe, will be able to review the valuation and make a recommendation to the City within 24 hours. The valuations for the remaining “designated areas” will require additional investigation. No schedule has been established for those valuations. Discussions also continue on the mutual cancelations of the water supply contracts between the City and Manville WSC.

Third, LAN completed the corrections to their “draft” of the Options Analysis (Version 2). Three (3) copies of the corrected Analysis were delivered to your office on July 23. LAN and OAPC will

Mr. Brandon E. Wade, P. E.

August 1, 2013

Page 2

continue to work on the PEWS and the PRWS service areas as part of the TWDB grant as mentioned above.

On a related review, OAPC and LAN reviewed the proposed population projections for Pflugerville which are shown in the "draft" 2016 Region K Water Plan. These proposed projections presented a dramatic increase in population. On May 9, the consultant team met with the TWDB (David Meeseey, Kevin Kluge and Yun Cho). Mr. Fletcher participated via teleconference. The population projections for the City and Manville were discussed, as was the methodology. Subsequently, it has been recommended that the City not object to the higher projections. However, the Options Analysis will reflect what are believed to be more accurate projections. On June 11, OAPC notified Ms. Jamie Burke, AECOM Project Manager and the TWDB's consultant, that the City had no objection to the population and demand projections.

On July 10, Region K convened its quarterly meeting. The main topics were the projected water and population numbers for the various Water User Groups (WUG's). The City of Austin made a detailed presentation and has requested that their population projection be increased. Their request will be reviewed by the State.

Fourth, regarding additional water sources for the City, a meeting was held on July 19 with Mr. Mike Thornhill regarding a proposal to drill test wells to determine if additional groundwater sources can be located near the City's water treatment plant. Mr. Thornhill will also evaluate the City's existing wells to determine if they can be maximized to offset any curtailment imposed by the LCRA. Mr. Thornhill submitted his revised proposal on July 24. It is currently scheduled to present Mr. Thornhill's contract to City Council on August 13.

It should also be noted that OAPC attended the July 17 meeting of the Lost Pines GCD. At this meeting, the Board re-affirmed its earlier action on the application by Forestar. Accordingly, it is not recommended that the City consider an application to Lost Pines GCD for the exportation of groundwater from Bastrop County to the City.

On July 18, OAPC contacted Mr. Ross Cummings, Blue Water Systems, per your request. In that conversation, Mr. Cummings was presented with the City's counter-proposal for "emergency, on demand" water supply. Mr. Cummings was not receptive to the City's counter. However, Mr. Cummings did state that a price lower than \$2.75/1,000 gallons is possible if the City is willing to construct the connector pipeline from the Cross County pipeline to the City's water treatment plant. Mr. Cummings also stated that BWS had recently negotiated a contract for

Mr. Brandon E. Wade, P. E.  
August 1, 2013  
Page 3

the sale of 1.0 MGD to Manville WSC for \$2.90/1,000 gallons.

Lastly, regarding Windermere, the discussions with Southwest Water are "ongoing"; although the conclusion of the 2013 Legislative Session may have an adverse impact.

Should you have any questions or desire additional information, please let me know.

Sincerely,

Oradat & Associates, P. C.

A handwritten signature in black ink, appearing to read "G. N. Oradat", written in a cursive style.

Gary N. Oradat, P. E.  
President

attachment: July 2013 Invoice

Cc: Ms. Lauri Gillam  
w/attachment



September 1, 2013

Mr. Brandon E. Wade, P. E.  
City Manager  
City of Pflugerville, Texas  
100 East Main Street, Suite 300  
Pflugerville, Texas 78691

Re: Status Report & Invoice – August 2013

Dear Mr. Wade:

I am pleased to submit this "Status Report" for the month of August 2013.

The focus of this month was on the following: (1) progress on the Texas Water Development Board ("TWDB") Regional Facility Planning grant ("Grant"); (2) continued discussions with Manville WSC regarding the acquisitions of portions of the Manville CCN; (3) completion of Version 2 of LAN's "Options Analysis for Water Supply" ("Analysis"); (4) the proposed contract with Mike Thornhill related to additional groundwater sources for the City; (5) coordination with LAN and DCS Engineering regarding a Reuse Master Plan for the City; (6) discussions with the City of Hutto regarding possible water supply; and (7) continued discussions with Southwest Water Company ("SWWC") regarding Windermere.

First, the required Public Meeting was held on August 6 at the Pflugerville Library, at 7:00 pm. The speakers were Gary N. Oradat, J. Tom Ray (LAN), David Meesey (TWDB), and Tom Word. The meeting was well attended, with Manville WSC, Blue Water, Manor, and Hutto being the main attendees. Mr. Word described a proposed Technical Review Committee to be comprised of various interested parties. Mr. Word will chair the Committee and determine its membership. The initial meeting will probably be held in October.

LAN continues to work on the Grant, although their effort to date has been somewhat limited pending approval of their contract with the City which occurred on August 27.

Secondly, regarding Manville WSC, discussions continue. On July 23, Mr. David Reichel, President of Manville's Board, addressed City Council regarding the valuation for NTCMUD #5. Since that address, the City has opted for a different approach which is currently under review by the City. It now appears that the City is no longer pursuing the acquisition of NTCMUD#5 infrastructure.

Mr. Brandon E. Wade, P. E.  
September 1, 2013  
Page 2

The valuations for the remaining "designated areas" require additional investigation and no schedule has been established for those valuations. Discussions also continue on the mutual cancelations of the water supply contracts between the City and Manville WSC.

Third, LAN completed the "draft" of the Options Analysis (Version 2). The latest revisions were related to the City's current 210 authorization from the TCEQ and a User Agreement with Travis County.

Fourth, regarding additional water sources for the City, the City's contract with The Thornhill Group was approved on August 13. Mr. Thornhill has submitted a 30-day plan for upcoming activities.

Fifth, on August 14, OAPC attended a meeting with the City and DCS Engineering regarding the City's Reuse Master Plan. The meeting adjourned with DCS to prepare a proposal to determine any limitation on discharges to Lake Pflugerville due to constraints imposed by the current treatment process at the City's Water Treatment Plant. A tentative meeting with LAN and DCS has been scheduled for September 11.

Sixth, on August 19, OAPC attended a meeting with the City and Hutto regarding possible water supply. Hutto is reviewing Pflugerville's proposed schedule for additional water supply and will provide additional information.

Lastly, regarding Windermere, the discussions with Southwest Water are "ongoing"; although the conclusion of the 2013 Legislative Session may have an adverse impact.

Should you have any questions or desire additional information, please let me know.

Sincerely,

Oradat & Associates, P. C.

A handwritten signature in black ink, appearing to read "G. N. Oradat", written over a horizontal line.

Gary N. Oradat, P. E.  
President

attachment: August 2013 Invoice

Cc: Ms. Lauri Gillam  
w/attachment