

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE
HELD ON THE 13TH DAY OF JULY, 1983 AT 9:30 A. M.

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

<u>PRESENT</u>	<u>ABSENT</u>
Wayne E. Newton	Preston M. Geren
Robert D. Alexander	
C. Victor Thornton	
Burford I. King	

Also present were Messrs. Ben Hickey, General Manager; Bill Hilliard, Assistant General Manager; James Strawn, Manager of Planning and Development; Robert Doby, Manager of Fiscal Affairs and Robert Hardwicke.

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

1.

On motion made and seconded, and with assurance from management that all requirements of law relating to the "open meeting" law had been met, the minutes of the meeting held June 22, 1983 were read and approved by the Directors and it was accordingly ordered that such minutes be placed in the permanent files of the District.

2.

Mr. Ben Hickey presented to the Directors Freese and Nichols, Incs'. letter of recommendation concerning the purchase

of instrumentation for the Richland Creek Project - Contract I to
wit:

Freese and Nichols, Inc.

June 21, 1983

Tarrant County Water Control and
Improvement District Number One
P. O. Box 4508
Fort Worth, Texas 76106

Attn: Ben F. Hickey, General Manager

Re: Richland Creek Project-Contract 1
Bids for Instrumentation

Gentlemen:

At the request of the Water District and with the technical assistance of Mason-Johnston and Associates bid documents were prepared and sent to prospective suppliers for the furnishing of instrumentation for the Richland Dam. Bids were received from three suppliers on June 9, 1983.

Attached is an evaluation of the bids by Mason-Johnston and their recommendation that Items 1 and 3 be awarded to E. B. Hall, Inc., and Item 2 be awarded to Slope Indicator Co. We concur with this recommendation and make the following comment.

Terra Technical Corp. did not submit a bid on Items 1 and 3. Slope Indicator Co. took numerous exceptions to the specifications for Items 1 and 3 which prevented direct cost comparison of the instruments being considered, for example, plastic tips vs. stainless steel tips specified. Finally, the control panels proposed by E. B. Hall are individually valued which allows faster reading of the instruments. We consider this an important feature during operation of the spillway.

Please advise if you require further information.

Very truly yours,

FREESE AND NICHOLS, INC.

/s/ R. A. Thompson, III, P.E.

The bid items are tabulated as follows:

1. Embankment Piezometers.
2. Inclinometers.
3. Spillway Piezometers.

<u>VENDOR</u>	<u>ITEM NO. 1</u>	<u>ITEM NO. 2</u>	<u>ITEM NO. 3</u>
Earl B. Hall, Inc.	\$25,250.00	\$18,233.00	\$62,835.00
Terra Technology Corp.	---	13,679.00	---
Slope Indicator Company	11,994.40	14,006.30	49,252.00

Following discussion and with the recommendation of management, Director Thornton moved, Director King seconded and all Directors present voted aye to authorize the District to purchase items one (1) and three (3) from Earl B. Hall, Inc. and item two (2) from Slope Indicator Company.

3.

The Directors reviewed a revised format for a computer generated budget report for the Richland Creek Project. The financial status portion of the report will be included with next month's report of project progress. All Directors present approved of the recommended format.

4.

Mr. Robert Hardwicke, Attorney for the District, reviewed for the Directors his letter of July 12, 1983 recommending settlement of action No. 141-457-877 Tarrant County Water Control and Improvement District Number One vs. Mitchell Energy Corporation to wit:

Dear Ben:

We have previously sent to you a copy of my letter of June 15, 1983, to T. Tabor Chamberlain, Jr., representing Mitchell Energy Corporation (Mitchell), outlining claims of the District against Mitchell and suggesting to Mitchell that we would recommend to the Board of Directors of the District a settlement of all claims for \$100,000.00. You also have a copy of a letter to me dated July 6, 1983, from Thomas P. Battle, General Counsel/Energy for Mitchell, outlining the legal problems that the District would encounter and offering to settle for \$50,000.00.

I have this afternoon just finished talking by telephone to Messrs. Battle and George W. Lederer, Jr., General Counsel of Mitchell, and have obtained from those gentlemen a firm offer of settlement of \$79,990.19, which in essence is \$75,000.00 for all claims except the windfall profits tax, plus \$4,990.19 for the windfall profits tax withheld.

I told Messrs. Battle and Lederer that I would recommend to the Directors of the District at their meeting tomorrow that the offer be accepted, and that I would notify them by letter of the Board's decision.

The decisions of the Texas Supreme Court of Appeals for the 5th Circuit, applying Texas law, all of which have been handed down since the suit against Mitchell was filed, and, in fact, since the settlement was made with Enserch, have in substance wiped out the District's cause of action. Because of those decisions, we feel that the proposed settlement is more than fair to the District and that the net return through such a settlement is considerably more than could reasonably be expected through litigation.

We therefore recommend that the offer of settlement be accepted by the Board and that the Board authorize us to so notify Mitchell.

Very truly yours,

/s/ Robert E. Hardwicke, Jr.

Mr. Hardwicke further stated that because of the change of the law since 1977 this settlement is a better resolution than we could possibly expect to achieve. The General Manager recommended settlement as proposed by Mr. Hardwicke. Director King moved to settle the suit as proposed. Director Thornton seconded the motion and with the approval of all Directors present it was so ordered.

5.

Mr. Bill Hilliard presented an oil and gas lease submitted by Kelly Buster Oil and Gas, Inc. to the Directors for 668.20 acres located at the upper end of Eagle Mountain Lake in Wise County. He stated that the lease had been approved by both

counsel and Director King. The primary term of the lease is two years and calls for an eighteen (18) percent royalty for the District with a \$30.00 per acre bonus. Directors were assured that all legal requirements for leasing the properties have been met. Mr. Hilliard recommended, with the concurrence of the General Manager, that the District accept the proposed lease of Kelly Buster Oil and Gas, Inc. as presented. Director King so moved with Director Alexander seconding the motion. With all Directors present voting aye it was so ordered. An original copy of said lease will be placed in the permanent records of the District.

6.

Mr. James Strawn presented and reviewed letters from Freese and Nichols, Inc. and Black and Veatch concerning deferral of construction of the first raw water pipeline from Richland/Chambers Reservoir. There are many considerations which must be analyzed thoroughly before the District commits to a schedule and policy. Therefore, management recommended that the District engage Black and Veatch to study and make recommendations based on possible alternatives to be experienced.

Following discussion, Director Thornton moved and Director Alexander seconded the motion to engage Black and Veatch for services on the basis of their letter of July 11, 1983. All Directors present voted aye and it was so ordered.


7.

Mr. Hickey presented a revised construction schedule for the H. B. Zachry Company for Contract No. 1 - Richland Creek

Project. It was noted that the revised construction schedule now will show the original schedule, in addition to revised scheduling, for comparison of progress.

8.

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


Secretary


Vice - President