

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF  
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE  
HELD ON THE 28TH DAY OF SEPTEMBER, 1983 AT 9:30 A. M.

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

PRESENT

Wayne E. Newton  
C. Victor Thornton  
Robert D. Alexander  
Preston M. Geren, Jr.  
Burford I. King

Mr. Geren arrived at the meeting during discussion of  
item 4b.

Also present were Messrs. Ben Hickey, General Manager; and Bill  
Hilliard, Assistant General Manager, Harold Johnson, Woody  
Frossard and Charles Whylen.

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 August  
24, 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.

Director King moved and the motion was seconded by  
Director Thornton and unanimously approved that the following list  
of vouchers be approved and paid:

GENERAL FUND: Voucher-checks #3786 thru #3952 inclusive, in the amount of \$674,181.66.

DEBT SERVICE: Voucher-checks #249 thru #254 inclusive, in the amount of \$6,247.91.

REVENUE FUND: Voucher-checks #2014 thru #2097 inclusive, in the amount of \$3,551,668.53.

RICHLAND CHAMBERS PROJECT - CONSTRUCTION FUND: Voucher-checks #2438 thru #2534 inclusive, in the amount of \$4,008,188.02.

CEDAR CREEK PROJECT - CONSTRUCTION FUND: Voucher-checks #151 thru #154 inclusive, in the amount of \$386,020.52.

CAPITAL PROJECTS - CAPITAL PROJECTS: Voucher-check #125 in the amount of \$100,000.00.

3.

(a) Mr. Charles Whylen informed the Directors that the District's Workmans Compensation Insurance will expire on September 30, 1983. The agent of record designation of Mr. Gene Smyers of Alexander and Alexander of Texas was for health insurance only and any change or expansion of his responsibilities would require Board action. It was Mr. Whylen's recommendation to engage Alexander and Alexander to assist the staff in securing workman's compensation coverage. Director Thornton so moved, Director Alexander seconded the motion and with the approval of all Directors present it was so ordered.

(b) Mr. Ben Hickey briefed the Directors on industrial development bonds being used as collateral for deposits of District funds. The District's depository contract does not exclude industrial bonds specifically and they have been approved by statute and by bond counsel as being eligible for use as collateral. No action was recommended or taken by the Board.

(c) Mr. Hickey presented for consideration and action a settlement agreement to the suit of American State Bank; et al vs. City of Fort Worth, Texas; et al (including the Water District and all taxing entities in the county). Counsel has approved and recommended approval of the agreement. It has provisions to upgrade the terms and conditions of the agreement if any entity negotiates a superior agreement with the plaintiff. During discussion the question was raised whether members of the District Board, who also are directors of banks named in suit, would have a conflict of interest in voting on the agreement. The staff will seek a legal opinion on that question. Following the discussion, and with recommendation for approval by the General Manager, Director Alexander moved and Director Newton seconded the motion to approve the settlement agreement in the case of American State Bank; et al vs. City of Fort Worth, Texas; et al as presented. All Directors present voted aye and it was so ordered conditioned that counsel determine that no conflict of interest exists for those Board members holding directorships in plaintiff banks. That opinion will be made a part of the minutes of this meeting.

The Opinion of Counsel is attached to wit:

Pope, Hardwicke, Christie & Kelly  
Fort Worth Club Building  
Fort Worth, Texas 76102

October 18, 1983

Mr. Ben F. Hickey, General Manager  
Tarrant County Water Control and  
Improvement District Number One  
P. O. Box Box 4508  
Fort Worth, Texas 76106

Re: American State Bank, et al. v.  
City of Fort Worth, Texas et al.

Dear Ben:

You have requested from us an opinion as to whether or not the proposed settlement agreement in the above styled cause can be validly approved by your Board of Directors because three of the directors also serve as members of the Board of Directors of certain banks that would be affected by the settlement agreement.

Under Texas law, these interlocking directors do not have a conflict of interest which would prevent them from voting to approve or disapprove the settlement agreement, whether voting as a member of the Board of Directors of the Water District or voting as a member of the Board of Directors of the bank upon which the interlocking director serves.

In order to set the approval of the settlement agreement aside, it must be shown that the agreement was not fair. Such approvals by interlocking directors, needless to say, are subjected to close judicial scrutiny if attached, but will be set aside only upon a showing of unfairness. We submit that the proposed settlement agreement between the banks and the District is imminently fair for both the banks involved and Tarrant County Water Control and Improvement District Number One. We therefore recommend that all directors vote on the question of whether or not to approve the settlement.

As an abundance of precaution, we would suggest that you also have a separate second vote of the two non-bank directors on approving the settlement, with the three interlocking bank directors abstaining. We think the minutes should reflect this in order to show that the non-bank directors were not influenced by the bank directors, who abstained entirely on the second vote.

With best regards, I am

Very truly yours,

/s/ George F. Christie

(d) Mr. Bill Hilliard presented to the Board the results of bids taken for the sale of surplus equipment to wit:

TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. ONE  
INTER-OFFICE CORRESPONDENCE

DATE: September 27, 1983

TO: Mr. Ben Hickey

FROM: Mr. R. M. Doby

SUBJECT: HIGH BID RECEIVED FOR SURPLUS EQUIPMENT

1979 Ford LTD Sedan	Johnny Winneweather	\$ 1,900.00
1979 Chev. Impala Station Wagon	Amer. Mach. & Equip.	2,256.75
1971 Chev. C60 Cab & Chassis	Amer. Mach. & Equip.	1,756.22
Caterpillar Cable Operated Scraper	Freeman Salvage	361.00
1957 Ford 640 Tractor	Benjamin C. Wireman	2,126.00
1967 Englander 15' Mower	Elmo Spindor	375.00
1971 Model 533 Terrain King 15' Mowall	Elmo Spindor	450.00
1970 Chev. Cab & Chassis	Amer. Mach. & Equip.	1,756.22
1970 Chev. Cab & Chassis	Amer. Mach. & Equip.	1,259.83
Omaha Standard Belly Dump	Freeman Salvage	361.00
1965 Terrain King 15' Mowall	Elmo Spindor	675.00
1954 500 HP Engine	Amer. Mach. & Equip.	201.90
1971 Caterpillar D-5 LGP Tractor	Amer. Mach. & Equip.	12,112.12

A tabulation of all bids received was offered for review. The Directors were assured legal requirements had been met and that the staff is satisfied with the high bids. Following discussion and with recommendation for acceptance from the General Manager, Director King moved to accept the high bids submitted and sell said surplus equipment to the high bidders as proposed. Director Thornton seconded the motion and with the approval of all Directors present was so ordered.

(e) Mr. Hilliard presented to the Directors a letter from Neville and Company, Inc. District pension managers, to wit:

Mr. Robert M. Doby  
Manager of Fiscal Affairs  
Tarrant County Water Board  
P. O. Box 4508  
Fort Worth, Texas 76106

Dear Mr. Doby:

As per your request, we have calculated the amount of additional reserves necessary to increase the Retired Participants monthly pension by five percent.

As of October 1, 1983, the total reserves for the Retired Participants is equal to \$480,194.00. This is the amount of money necessary at that date to pay the current pensions. To raise the monthly pensions five percent, we will need an additional five percent of the reserves. The additional money necessary is \$24,010.00.

To fund this increase, we will use the excess earnings for the year. This will reduce the favorable experience of the Plan which will increase the future level costs to the Active Participants. In other words, we will fund the Retired Participants immediately using the excess earnings. These excess earnings used to fund the Retired Participants will not be available to reduce the level costs to the Active Participants.

If you need any other information, please let us know.

Sincerely yours,

NEVILLE & COMPANY, INC.

/s/ John D. Cole  
Account Executive

It has been over two years since any adjustment in benefits for retired participants in the District retirement program. Management recommends a 5% increase be made effective October 1, 1983. Director Thornton moved to increase monthly pension benefits by 5% as proposed. Director Alexander seconded the motion and following discussion, the motion was approved by all Directors present.

4.

(a) Mr. Harold Johnson reviewed for the Directors his visit to South Korea to inspect the Richland-Chambers spillway gates being built by Dae Woo. He reported that all work appears

to be superior in quality and is proceeding on schedule. The items to be imbedded in the spillway structure are scheduled to be delivered in February, 1984. Mr. Johnson had several photographs of the gates for the Directors perusal. Mr. Johnson will report again at a later date following an X-ray and welding inspection.

(b) Mr. Woody Frossard reported to the Board on oil and gas conflicts at the Richland-Chambers Project. Progress has been made with the Texas Railroad Commission to bring operations into compliance with law and regulations. Mr. Frossard stated that the R.R.C. is assigning an engineer to the project to assist their field inspector for the area. Several violations have been documented by the R.R.C. and there is evidence of action being taken. Some operators are contacting the District to discuss the issue. Mr. Frossard will regularly report progress to management and Board.

(c) Mr. Alan Thomas presented proforma financial statements and Richland Project Reports for Board consideration. All Directors were satisfied with form and content but asked that a column be added to various reports to reflect totals from the proceeding year.

(d) Mr. Hilliard told the Directors that interest in the leasing of gravel in Wise County at the upper end of Eagle Mountain Lake is renewed. The staff asked to be allowed to advertising for lease bids again. By advertising the District is

not obligating itself to accept and lease the tracts.

(e) Mr. Ben Hickey presented the following letter from the Fort Worth District, Army Corps of Engineers concerning the Overton Woods Area.

DEPARTMENT OF THE ARMY

September 21, 1983

Hydrology & Hydraulics Branch  
Engineering Division

Mr. Ben Hickey  
General Manager  
Tarrant County Water Control  
and Improvement District #1  
Post Office Box 4508  
Fort Worth, Texas 76106

Dear Mr. Hickey:

Thank you for your letter of July 8, 1983 on the subject of the Clear Fork Floodway, requesting a study concerning flood protection for the Overton Woods area upstream of Hulen Street. To provide leveed protection for the subject area would require that a levee be constructed from the Tanglewood diversion channel to Bryant-Irvin Road along the Clear Fork, with tie-back levees to high ground along the diversion channel on the downstream end and either along Bryant-Irvin Road on the upstream end or across the road along the General Dynamics Recreation Area to high ground. The levee heights for this reach would vary from six to ten feet for most of the area, based on available topography.

We have conducted an economic review of existing development in this area. Based on the information gathered during this review, there is not sufficient economic justification to warrant further studies at the present time. Most of the homes located in the area are constructed with floor elevations at one foot above the 100-year flood, so that flooding frequency is relatively rare. An economic reanalysis of the project should be conducted when the adjacent flood plan area nears full development.

We will continue to work with you to regulate the encroachment within the building restriction line, in accordance with the guidelines outlined in Mr. Major's June 3, 1983 letter. We appreciate your District's continued efforts on behalf of floodway



maintenance.

Sincerely,

/s/ Theodore G. Stroup  
Colonel, CE  
District, Engineer


All Directors were satisfied with the District's position on the matter but instructed staff to forward copies of the Corps letter to all interested parties.


5.

Mr. Newton asked that the staff conduct a review of the District retirement plan and report to the Board at a future date.

6.

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

  
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Secretary

  
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President