

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE
HELD ON THE 7TH DAY OF APRIL, 1986, AT 9:30 A.M.

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

PRESENT

C. Victor Thornton
Burford I. King
George Shannon
Wayne E. Newton
Victor W. Henderson

Also present were Messrs. James M. Oliver, General
Manager; Robert M. Doby, Comptroller; Alan Thomas, Fiscal Manager;
James L. Strawn, Manager of Planning and Development; Woody
Frossard, Environmental Manager; Bill Hilliard, Manager of Special
Projects; George F. Christie and Stan Harrell, Legal Counsel for
the District and Sam Nunn, City of Fort Worth. Director Thornton
acted as President and Director Shannon acted as Secretary,
whereupon proceedings were had and done as follows:

1.

On a motion made by Director Henderson and seconded by
Director King, and with the assurance from management that all
requirements relating to the "open meetings" law had been
followed, the minutes of the meeting held March 24, 1986 were
unanimously approved by the Directors and it was accordingly
ordered that such minutes be placed in the permanent files of the
District.

CLOSED MEETING

OPENED MEETING

2.

In coordination with Mr. Woody Frossard, Environmental Manager for the District, George Christie, Legal Counsel for the District, presented before the Board of Directors a proposal for the establishment of a policy on mineral estate acquisitions at Richland-Chambers.

After a thorough discussion by the General Counsel, the Directors and the Staff, and upon motion duly made by Director King and seconded by Director Henderson, the Board of Directors unanimously voted to continue to acquire by either negotiation or eminent domain the working interests of all producing mineral properties in the Richland Creek Reservoir basin.

The Directors next agreed that, after the acquisition of such working interests on each producing lease has been completed, the District should write a letter to the owners of all royalty/mineral interests of each lease. In such letters, the District will offer to purchase from each royalty/mineral owner his or her fractional royalty/mineral interest, the offering price to be for the royalty/mineral owner's proportional part, with the value being based upon the price paid by the District for 100% of the working interests on that particular property.

It was agreed by the Directors that the letter to the royalty/mineral owners should also inform them that the well or wells in which the addressee has a royalty/mineral interest from which oil and/or gas production is presently being obtained is located in an area which will be inundated by the Reservoir, and, therefore, the well or wells in question will eventually be plugged by the District.

2A.

Mr. Frossard presented before the Board for discussion,

a proposed solution to the Delhi Pipeline relocation necessitated by the construction of the Richland-Chambers Reservoir. The Board had previously approved a \$3,100,000.00 expenditure for the relocation. However, in formalizing an agreement for the relocation, Delhi requested that the District pay \$1,300,000 in advance of any encumbrance for the necessary construction.

The consensus of the Board focused on the desire for the District to not have to pay such a high percentage of the cost in advance of any substantial work. Based upon current economic conditions, the Board indicated that this type of arrangement would not be secure. The Board instructed management to continue to pursue a more stable agreement with Delhi.

3.

Messrs. Robert Doby, Alan Thomas and James Strawn reported on the response of the Advisory Committee to the issuance of additional revenue bonds for financing the completion of the Richland-Chambers Project. They reported that the committee voted unanirously in favor of the District acquiring the minimum amount of additional financing necessary for the completion of the Richland-Chambers Project. Staff reported that funds of approximately \$55,000,000.00 would be required.

Staff further reported that it was the consensus of each entity represented that the predominant issue be the availability of water over the issue of higher water rates due to increased debt service requirements incurred by the District. Based upon the preceeding report, the Directors requested that management continue its preparations for issuance.

4.

Mr. Charles Whyalen, Manager of Support Services for the District, reported on the status of the District's Director and Officer Liability Insurance coverage. Mr. Whyalen reported that the most comprehensive policy obtainable at this time within the financial resources of the District is \$1,000,000.00 of coverage at an annual premium of \$13,000.00. The Directors requested that efforts be continued to obtain more adequate protection.

5.

Mr. Bill Hilliard, Manager of Special Projects for the District, presented the following land matters at Richland-Chambers for Board consideration:

5A.

Mr. Hilliard requested approval of the acquisition of Right-of-Way easements over the following tracts:

- I. 41.99 acres @ \$1,250 per acre from Thelma Moore and The Baptist Foundation of Texas, Inc., Ellis County.
- II. 7.1 acres @ \$1,000 per acre from Mary M. Lakin and Robert Miles, Navarro County.
- III. 0.13 acre @ \$1,000 per acre from Harold L. Barker and wife, Joy Barker, Ellis County.
- IV. 13.39 acres @ \$800 per acre from John H. Montfort, Navarro County.
- V. 6.35 acres @ \$800 per acre from Ocell Miller, Jr., Navarro County.
- VI. 0.64 acre @ \$800 per acre from Lee Holsey, Navarro County.
- VII. 9.69 acres @ \$800 per acre from T. A. Talley.
- VIII. 9.29 acres @ \$800 per acre from Gary Talley.
- IX. 11.42 acres @ \$800 per acre from Mae Bush.
- X. 0.32 acre @ \$800 per acre from James Orn.

Following discussion and upon recommendation of management, Director Shannon motioned that the District be authorized to acquire the above listed easements for the construction of the Richland Creek Pipeline as presented above. Director Newton seconded the motion and the vote in favor was unanimous.

5B.

Mr. Hilliard requested approval of the commencement of eminent domain proceedings to acquire an easement over the following tract upon failure of the following not to exceed offer.

- I. 12.64 acres @ \$1,420.00 per acre from Wayne Burkhalter and wife, Anne S. Burkhalter, Ellis County.

With the recommendation of management, Director Henderson moved with a second from Director Shannon, to approve commencement of eminent domain proceedings to acquire a pipeline easement over the above listed tract following the failure of the above stated not to exceed offer. This meeting with the approval of all Directors present, it was so ordered.

5C.

Mr. Hilliard further requested authority for the District to grant an easement to the Brazos Electric Power Cooperative. This easement is for the purpose of constructing a power line that will service the substation at the Richland Pump Station. The easement will be one hundred feet wide through the Pedro Quero Survey, Abstract Number 669.

Upon the recommendation of management, Director Shannon motioned for the District to grant the above easement to the Brazos Electric Power Cooperative for the purpose of constructing a power line to service the electrical substation located at the Richland Lake Pump Station. Director Newton seconded the motion and the vote in favor was unanimous.

6.

Mr. Bill Hilliard presented before the Board a concept that will allow General Portland, Inc. the ability to mine a 25 acre tract, at Eagle Mountain Lake, currently leased to the Fort Worth Independent School District. Mr. Hilliard explained that the mining would take place under the same terms and conditions as exist in the current agreement between the District and General Portland. Also, Mr. Hilliard stated that an agreement has been reached with the Fort Worth Independent School District.

Director Newton moved that management proceed with the handling of the matter and that the proposed addendum to the current agreement between the District and General Portland be submitted for Board approval at a later date. Director Shannon seconded the motion and the vote in favor as unanimous.

7.

The Directors were briefed by management on an issue developing along the clear fork of the Trinity River Floodway, southwest of Downtown Fort Worth. The issue centers around problems resulting from the construction of homes and other improvements beyond the building restriction line established when the District purchased this land for construction of a future levee in that area.

Following discussion of the issues on what is termed "Overton Woods", the Board expressed the desire for management and counsel to develop a means to inform land owners in the subject area of the situation.

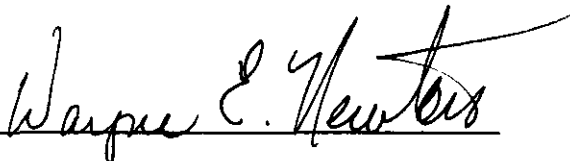
8.

Mr. Bill Hilliard presented one final issue concerning the Richland-Chambers Project, this issue being the public access points around the lake as outlined in the settlement of past

litigation. These access points are currently required to be constructed and maintained by the District. Mr. Hilliard has negotiated with various parties including the U. S. Army Corps of Engineers and Texas Parks and Wildlife, to investigate the possibility of allowing the District to allow private interests to construct, operate and maintain the required access points.

Mr. Hilliard stated that he had reached an informal agreement with the Corps of Engineers and Texas Parks and Wildlife that would allow the District to pursue this arrangement at a considerable savings to the District. The consensus of the Board was for the District to pursue formalizing of this arrangement.

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



Acting Secretary



President