

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE
HELD ON THE 15TH DAY OF JULY, 1986, AT 2:00 P.M.

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

<u>Present</u>	<u>Absent</u>
C. Victor Thornton Burford I. King George W. Shannon Victor W. Henderson	Wayne E. Newton

Also present were Messrs. James M. Oliver, General
Manager; Robert M. Doby, Comptroller; James L. Strawn, Director of
Operations and Wayne Owen, Jr., Administrative Assistant.

Others present for presentations included Alan Thomas,
Director of Administration; George Christie, Legal Counsel for the
District; Paul B. Horton, Bond Counsel for the District; Frank Medanich
and Harold McInroe from First Southwest Company; Kenneth Newell,
representing Newell & Newell, and Robert Thompson and Tony Reid,
representing Freese and Nichols, Inc. Director Thornton presided as
President and Director Shannon acted as Secretary, whereupon
proceedings were had and done as follows: 1.

On motion made by Director King and seconded by Director
Shannon, and with the assurance from management that all requirements
relating to the "open meetings" law had been followed, the minutes of
the meeting held June 19, 1986, were unanimously approved and it was
accordingly ordered that such minutes be placed in the permanent files
of the District.

Mr. Frank Medanich of First Southwest Company submitted to the Board a resolution authorizing the issuance of "Tarrant County Water Control and Improvement District Number One Water Revenue Bonds, Series 1986." Mr. Paul Horton, Bond Counsel for the District, reviewed the resolution and recommended its adoption by the Board of Directors.

The 1986 issue in the amount of \$57,600,000 will finance the completion of the Richland-Chambers Reservoir and Pipeline system project. The new bonds are secured by a first lien on pledged revenues of the system on a parity with the Series 1979-A, Series 1983 and Series 1985 Bonds. The Standard and Poor's rating for the issue is AA- and Moody's is A.

The following is a tabulation of the Bids Received at the Sale of \$57,600,000.00 Tarrant County Water Control and Improvement District Number One Water Revenue Bonds, Series 1986:

Account Manager	Effective Interest Rate
Salomon Brothers Inc. and Associates	7.5951%
L. F. Rothschild, Uterber, Towbin and Associates	7.60057%
Goldman, Sachs and Company	7.656087%
Dillon, Read and Company, Inc.	7.66508%
Merrill Lynch Capital Markets and Associates	7.6889%
Prudential Bache Securities, Inc. and Associates	7.7009%
Morgan Stanley and Company and Associates	7.7054%

With the recommendation for approval by management and First Southwest Company, the proposal of Solomon Brothers, Inc. and Associates, with an effective Interest Rate of 7.5951% was accepted. Following discussion, Director King moved for the adoption of the Resolution authorizing the issuance, sale and delivery of Tarrant County Water Control and Improvement District Number One Water Revenue Bonds, Series 1986, and approving and authorizing instruments and procedures relating thereto. Director Henderson seconded the motion and with four (4) ayes and no nays, the resolution was unanimously approved and adopted.

CERTIFICATE FOR
RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY
OF TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT
NUMBER ONE WATER REVENUE BONDS, SERIES 1986, IN THE PRINCIPAL
AMOUNT OF \$57,600,000, AND APPROVING AND AUTHORIZING
INSTRUMENTS AND PROCEDURES RELATING THERETO

THE STATE OF TEXAS
COUNTY OF TARRANT
TARRANT COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NUMBER ONE

We, the undersigned officers of the Board of Directors of Tarrant County Water Control and Improvement District Number One, hereby certify as follows:

1. The Board of Directors of said District convened in
SPECIAL MEETING ON THE 15TH DAY OF JULY, 1986,
at the designated meeting place, and the roll was called of the
duly constituted officers and members of said Board, to wit:

George W. Shannon, Secretary
Wayne E. Newton
Victor W. Henderson

C. Victor Thornton, President
Burford I. King

and all of said persons were present, except the following absentees:

Wayne E. Newton

thus constituting a quorum, whereupon, among other business, the following was transacted at said Meeting: a written

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY
OF TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT
NUMBER ONE WATER REVENUE BONDS, SERIES 1986, IN THE PRINCIPAL
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was duly introduced for the consideration of said Board, said duly read. It was then duly moved and seconded that said Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

AYES: All members of said Board shown present above voted "Aye".

NOES: None.

2. That a true, full and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate: that said Resolution has been duly recorded in said Board's minutes of said Meeting; that the above and foregoing paragraph is a true, full, and correct excerpt from said Board's minutes of said Meeting pertaining to the adoption of said resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of said Board as indicated therein; and that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for adoption at said Meeting; and that said Meeting was open to the public, and public notice of the time, place, and purpose of said Meeting was given, all as required by Vernon's Ann. Civ. St. Article 6252-17.

SIGNED AND SEALED the 15th day of July, 1986.

/s/ George W. Shannon
Secretary, Board of Directors

/s/ C. Victor Thornton
President, Board of Directors

Original executed documents will be placed in the permanent files of the District.

Bonds will be dated August 1, 1986, and will be delivered on or before August 19, 1986.

3.

President Thornton next initiated discussion of the River Bend Project which appears later on this meeting's agenda. President Thornton expressed concern over the possibility of questions arising over potential conflicts of interest due to the fact that there is mutual representation of several involved in the project.

The River Bend development along the Trinity River in Eastern Tarrant County will be protected by a levee system designed by Freese & Nichols Consulting Engineers. Permits for the proposed project were obtained through the assistance of the law firm, Pope, Hardwicke, Christie, Harrell & Kelly. Both of these firms are of primary counsel to the District on engineering and legal matters. President Thornton's concern is focused on the appropriateness of these consultants representing both parties in the development of the scope of the District's participation.

President Thornton's concern centered around obtaining an adequate assurance that would clearly eliminate potential liabilities resulting from the District's involvement in the River Bend Project being developed by Newell & Newell. George Christie recommended that the District consult with its Legal Counsel in Austin, Booth & Newsome. Mr. Christie stated that Frank Booth could possibly better represent the District without conflict in the establishment of a future relationship between the District and Newell & Newell and in the determination of the scope of District participation in the future of this project.

At this point, Mr. Kenneth Newell, representing Newell & Newell, along with Mr. Anthony Reid and Robert Thompson, representing Freese & Nichols, Inc., entered the meeting for the review of the River Bend Project as Item Four on this agenda. Mr. Newell presented

the physical details of the project and outlined the desired maintenance responsibilities to be assumed by the District. President Thornton expressed his concern over the inability to clearly determine ultimate responsibility for potential liabilities. George Christie responded that Frank Booth, Legal Counsel for the District, could best establish whether liability for the project is upon the District when the levee system is deeded over to the District.

Aside from the liability question, the Directors expressed concern as to the nature of the precedent that would be established upon the District agreeing to operate and maintain the levee system. The Directors had no problem with the establishment of a precedent that excludes the District from having to construct or finance the construction of the levee system. Also, the District's involvement in this program can be perceived as a vehicle to allow the District to demand uniformity in the development of future levee systems consistent with existing systems operated and maintained by the District. However, the main question is liability over potential problems in the project area as well as the projects affects upon life and property downstream of the project. With the conclusion of the presentation by Mr. Newell, President Thornton assured Mr. Newell that timely consideration of this project will be given by the staff of the District and its Board of Directors.

4.

Discussion of the recommendation for approval of the relocation or recondition of oil and gas pipelines in conflict with the construction of the Richland-Chambers Reservoir was postponed for consideration at a later date.

5.

A presentation on the status of the resolution of oil and gas conflicts with the construction of the Richland-Chambers Reservoir was postponed.

6.

Mr. James L. Strawn, Director of Operations for the District, presented the results of bids solicited for the construction of the District residence located at the Richland Pump Station Compound. Mr. Strawn recommended that the contract for the construction of this residence be awarded to Prater Builders for their low bid of \$60,500.00. District staff has concluded that Prater Builders is a secure and reputable firm after contacting several persons familiar with their operation and product.

With the preceding recommendation by the management and with the assurance that bids were properly solicited for this project, Director Henderson moved to authorize the District to award the contract for the construction of the Richland Pump Station residence to Prater Builders of Corsicana, Texas. Director King seconded the motion and the vote in favor was unanimous.

7.

James M. Oliver, General Manager of the District, next brought before the meeting the question of the authority of the staff to enter into agreements that are binding upon the District. After thorough discussion, Director Henderson moved to adopt a resolution outlining the same. Director King seconded the motion and the vote in favor was unanimous.

RESOLVED, that the Board of Directors of Tarrant County Water Control and Improvement District Number One hereby ratifies and confirms its long-standing policy that agreements shall be binding upon the District only when approved by the District's Board of Directors. The manner of approval of each agreement shall be determined by the Directors.

8.

Mr. Oliver next presented before the Board of Directors issues surrounding the necessity for the review of the Current District Ordinance. George Christie, Legal Counsel for the District, presented the specific revisions to the District Ordinance prepared by his staff. The revisions affect the following articles of the District General Ordinance: Article VI, Disposal of Abandoned Boats; Article XII, Emergency Procedures; and Article XIII, Seaplanes. Mr. Christie stated that these revisions would relieve the District from current operational problems experienced on its reservoirs.

With the recommendation of management and counsel, Director Shannon moved to approve the revisions to the District General Ordinance, that these revisions be legally posted and brought into operation and that copies of the revised ordinance be on display at all District offices for review by the general public. Director Henderson seconded the motion and the vote in favor was unanimous.

9.

Mr. Strawn next presented an emergency request to install

118 feet of pipeline of Section V, Richland Creek Pipeline at Forest Hill Drive. Without notice to or advance knowledge of the District, the City of Forest Hill has awarded a contract to widen Forest Hill Drive across the District's pipeline right-of-way. If the District cannot complete this pipeline installation in advance of the construction on Forest Hill Drive, it will be considerably more expensive to do so afterwards. The precedent for this approach dates back to the similar emergency action performed by the District in advance of the City of Mansfield's extensive improvements to Walnut Creek Drive. The estimated cost of proceeding now with this construction is \$90,000.00. The alternative would cost in excess of \$300,000.00. Management recommends, and the District's Consulting Engineers concur, that the Board approve the immediate order of the necessary pipe from Gifford-Hill American at an estimated cost of \$38,000.00; that Freese & Nichols, Inc. complete plans and specifications for this portion of Section V, and that negotiations begin immediately for the construction services involved.

Following this recommendation by Management and Engineers, and with the general consensus that the costs, in the approximate amount of \$200,000.00 to be saved for the District by this quick and timely action, will make necessary the District declaring an emergency action, Director King moved to approve this plan to install the necessary pipeline now so as to avoid increased costs that would be required by construction at a later date; and that the management of the District be authorized to negotiate for the necessary construction services as recommended. Director Shannon seconded this motion and the vote in favor was unanimous.

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

George N. Shannon

Secretary

P. Victor Thornton

President