

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE
HELD ON THE 29TH DAY OF AUGUST, 1989 AT 9:30 A.M.

The call of the roll disclosed the presence of all the
Directors as follows:

Present
Burford I. King
George W. Shannon
Victor W. Henderson
Charles B. Campbell, Jr.
Hal S. Sparks III

Also present were James M. Oliver, General Manager; Alan
Thomas, Assistant General Manager; Woody Frossard, Environmental
Manager; Steve Christian, Real Property Manager; Brian Gordon,
Finance Manager and Wayne Owen, Administrative Coordinator.

Also in attendance were Ann Dively, City of Fort Worth;
George Christie, Legal Counsel for the District and Robert Doby.

With the assurance from management that all requirements
relating to the "open meetings" law had been met, Director King
convened the meeting.

1.

On a motion made by Director Henderson and seconded by
Director Sparks, the Directors unanimously voted to approve the
minutes from the meeting held August 7, 1989 as revised. It was
accordingly ordered that such minutes be placed in the permanent
files of the District.

2.

On a motion made by Director Campbell and seconded by Director Henderson, the Directors unanimously voted to approve the minutes from the meeting held August 22, 1989 as revised. It was accordingly ordered that such minutes be placed in the permanent files of the District.

3.

Director Shannon moved to adopt a resolution authorizing the District to join the City of Fort Worth in the execution of the three Tax Abatement Agreements between the City of Fort Worth and American Airlines, Inc. The Agreements grant complete abatement of ad valorem taxes on the three tracts of land upon which the proposed American Airlines Maintenance Facility at Alliance Airport will be constructed. These Tax Abatement Agreements freeze the valuation of the property involved at the 1988 tax year value for a period not to exceed 15 years. American Airlines, Inc. has the option to commence the period of abatement on January 1 of any year between 1991 and 1996 of the year following the occupancy of the facility.

Director Shannon further moved that the resolution authorize the President of the Board of Directors, Burford I. King, to execute the three Tax Abatement Agreements covering the three tracts of land to be occupied by the proposed American Airlines Maintenance Facility at Alliance Airport. Director Henderson seconded the motion and the vote in favor was unanimous.

RESOLUTION OF THE BOARD OF DIRECTORS OF THE TARRANT COUNTY
WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE
AUTHORIZING ITS PRESIDENT, MR. BURFORD I. KING, TO
EXECUTE INSTRUMENTS AUTHORIZING THIS DISTRICT'S
PARTICIPATION IN THE TAX ABATEMENT AGREEMENTS
BETWEEN THE CITY OF FORT WORTH AND AMERICAN AIRLINES, INC.

WHEREAS, TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE is a political subdivision of the State of Texas, created under authority of Article 16, Section 59 of the Texas Constitution and possesses taxing authority within its political boundaries; and

WHEREAS, these boundaries are generally coterminous with the boundaries of the City of Fort Worth but are not limited to same; and

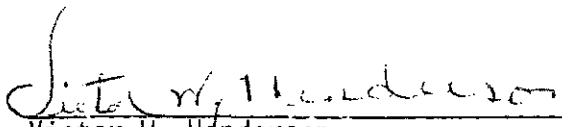
WHEREAS, American Airlines, Inc. proposes to develop within these boundaries a Maintenance Facility at Alliance Airport that is anticipated to have a positive long term impact on this community; and

WHEREAS, the City of Fort Worth has initiated a program providing for the abatement of ad valorem taxation for three tracts of land proposed to be utilized by American Airlines, Inc. for its Maintenance Facility at Alliance Airport.

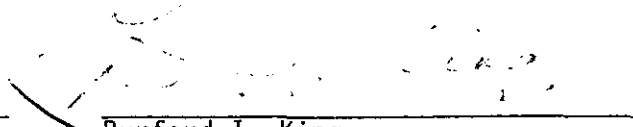
THEREFORE, BE IT RESOLVED that the Board of Directors of Tarrant County Water Control and Improvement District Number One hereby joins the City of Fort Worth and other taxing entities in Tarrant and Denton Counties in approving the abatement of ad valorem taxes for Tracts One, Two and Three of the proposed American Airlines Maintenance Facility at Alliance Airport and authorizes its President, Mr. Burford I. King, to serve as signatory on behalf of this District for execution of Tax Abatement Agreements for Tracts One, Two and Three, such Tax Abatement Agreements to contain terms identical to those contained in the Tax Abatement Agreements signed by the City of Fort Worth and American Airlines, Inc.

Passed and approved this 29th day of August, 1989.

ATTEST:



Victor W. Henderson
Secretary



Burford I. King
President

4.

The President and presiding officer next called an executive session under section 2(e) of the Texas Open Meetings Act to consider pending litigation.

5.

Upon completion of the executive session, the President reopened the meeting.

6.

With the recommendation of management, Director Sparks moved to approve the revised instruments involved in the settlement of the D. H. Davis mineral litigation. Under the settlement, as approved by the District's Board of Directors on August 22, 1989, the District will pay the Plaintiffs \$1,250,000 in complete settlement of all current and subsequent claims resulting from the Plaintiffs' ownership of the mineral properties involved in this suit based upon Plaintiffs proving to the District's satisfaction Plaintiffs' ownership of 100% of the subject minerals.

Director Sparks further moved that the settlement also could be based upon either one of the following conditions:

- 1) Settlement by payment to Plaintiffs of \$1,187,500 if Plaintiffs prove ownership of at least 95% of the minerals involved in the suit and if the District is completely indemnified by Plaintiffs for any claims resulting from the ownership of the remaining minerals by persons who are not Plaintiffs, with \$62,500.00 to be retained by the District

in escrow until Plaintiffs prove complete ownership of the minerals to the satisfaction of the District. If such 100% ownership is not proved within the period which a suit might be filed against the District by the remaining mineral owners, the District will permanently retain such funds.

- 2) Settlement by payment of \$1,150,000 to the Plaintiffs if Plaintiffs prove the ownership of at least 95% of the mineral properties involved.

Director Henderson seconded the motion and the vote in favor was unanimous.

7.

The Board of Directors next reviewed the status of the three remaining condemnation suits involved in right-of-way acquisition for the Richland-Chambers Pipeline.

8.

The Board of Directors postponed their review of the proposed revisions to the General Ordinance of the District.

9.

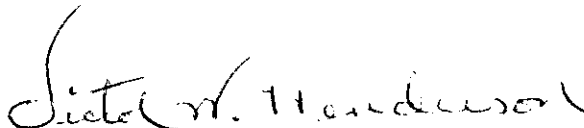
The Board of Directors next reviewed the preliminary drafts of both the Revenue and General Fund Budgets.

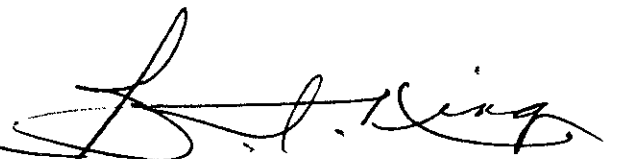
10.

The Board of Directors next instructed management to proceed with issuing requests for qualifications from consulting firms interested in performing the study on taste and odor problems with Cedar Creek and Richland-Chambers water.

11.

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


Secretary


President