

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF  
TARRANT REGIONAL WATER DISTRICT  
HELD ON THE 18th DAY OF SEPTEMBER 2001 AT 9:30 A.M.

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

Present  
George W. Shannon  
Victor W. Henderson  
Charles B. Campbell, Jr.  
Hal S. Sparks III  
Brian C. Newby

Also present were James M. Oliver, Alan Thomas, Ken Brummett, Steve Christian, Nancy L. King, David Marshall, Mike Meza, Wayne Owen, Sandy Swinnea, Louie Verreault, and Ed Weaver.

Also in attendance were George Christie, legal counsel for the District, Lee Christie representing Pope, Hardwicke, Christie, Harrell, Schell & Kelly, LLP and Earl Alexander.

Director Shannon convened the meeting with the assurance from management that all requirements of the "open meetings" laws had been met.

1.

On a motion made by Director Henderson and seconded by Director Campbell, the Directors unanimously voted to approve the minutes from the meeting held August 21, 2001. It was accordingly ordered that such minutes be placed in the permanent files of the District.

2.

There were no persons of the general public requesting the opportunity to address the Board of Directors.

3.

With the recommendation of management, Director Sparks moved to approve an increase in Board of Director's Fees from \$100 per day to \$150 per day. Funding is included in the FY 2002 General Fund budget. Director Henderson seconded the motion and the vote in favor was unanimous.

4.

With the recommendation of management, Director Newby moved to appoint Nancy L. King as Election Officer. Director Campbell seconded the motion and the vote in favor was unanimous.

5.

With the recommendation of management, Director Campbell moved to approve the Fiscal Year 2002 Revenue Fund Budget of \$67,445,374. Director Sparks seconded the motion and the vote in favor was unanimous.

6.

With the recommendation of management, Director Newby moved to approve the Fiscal Year 2002 General Fund Budget of \$12,196,147. Director Henderson seconded the motion and the vote in favor was unanimous.

7.

With the recommendation of management, Director Campbell moved to adopt a tax rate of \$.02/\$100. Director Sparks seconded the motion and the vote in favor was unanimous.

8.

With the recommendation of management, Director Newby moved to approve the purchase of check printing software to the only conforming bid in the amount of \$21,938 submitted by Document Express (MHC Companies). Funding for this purchase is included in the FY 2002 General Fund budget. Director Henderson seconded the motion and the vote in favor was unanimous.

9.

With the recommendation of management, Director Henderson moved to approve the sale of 4.27 acres, more or less, situated in the Felipe Cortez Survey, A-78 and being a portion of the tract conveyed to Tarrant County Water Control and Improvement District Number One by a deed of record in Volume 479, Page 480 of the Deed Records of Kaufman County, Texas to Richard Groom for the appraised value of \$6,400 total cost. Further, R. Steve Christian was

granted authority to execute the deed and all other documents necessary to close this conveyance.

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

10.

With the recommendation of management, Director Henderson moved to approve two leases (Lease #1 and Lease #2) at Eagle Mountain Lake to Seely Oil Company for the purpose of oil and gas exploration. Further, Ken Brummett was granted authority to execute both leases and all other documents necessary to complete this transaction. Director Campbell seconded the motion and the vote in favor was unanimous.

**Lease #1:** All of the District's undivided mineral interest in and under approximately 1079.14 acres of land located in the W. C. Hallmark Sur., A-361; Geo. Bledsoe Sur., A-37; P.H. Pope Sur., A-697; S. Bayne Sur., A-130; A. D. Bayne Sur., A- 148; and the Cain T. Brush Sur., A-29; said land being located under and adjacent to Eagle Mountain Lake in Wise County, Texas. The Water District's interest being approximately **1,079.14 net mineral acres.**

**Lease #2:** All of the District's undivided mineral interest in and under approximately 1171.5 acres of land in the located in the Cain T. Brush Sur., A-93; G.W. Knight Sur., A-491; Thomas Harvey Sur., A-450; B.D.Henley Sur., A-1408; T. Harmon Sur., A-1996 T. Harmon Sur., A-1931; T. Harmon Sur., A-1078; C.R. Huff Sur., A-448; and the J. Wilcox Sur., A-1700; S. Bayne Sur., A-130; A. D. Bayne Sur., A-148; G. Bledsoe Sur., A-37; and the M.E.P.&P.R.R. Co. Sur., A-617 said land being located under and adjacent to Eagle Mountain Lake in Wise and Tarrant Counties, Texas. The Water District's interest being approximately **1,171.5 net mineral acres.**

**Lease #1 and Lease #2: (terms for both leases are identical)**

1. Lease #1 = \$250 per net mineral acre bonus – 1079.14 x \$250 = **\$269,785**
2. Lease #2 = \$250 per net mineral acre bonus – 1171.50 x \$250 = **\$292,875**  
**Total Bonus = \$562,660**
3. Both Leases / Royalty – one-fifth (1/5).
4. Both Leases / Primary Term – 180 days.
5. Drilling commitment = In order to maintain both leases, 1 well to test the Barnett Shale Formation on either Lease #1 or Lease #2 must be commenced within 180 days of the lease execution.
6. Continuous drilling = In order to maintain both leases, operations for a second and each succeeding well must be commenced within 180 days after the preceding well is completed as a producer or plugged as a dry hole. Both leases shall be treated as one lease in regards to the continuous drilling clause. If operations are commenced prior to 180 days between wells, credit for the difference in days shall be awarded to Seely.

11.

Director Campbell left the meeting.

12.

With the recommendation of management, Director Newby moved to approve the purchase of 1,800 linear feet of six (6) foot, nine (9) gauge chain link fence with three strands of barbed wire for the Field Scale Wetland Intake Property for the lowest conforming bid in the amount of \$9.90 per linear foot for a total of no more than \$17,820 submitted by Pinnacle Fence Company. Funding for this purchase is included in the Construction Improvement Fund. Director Henderson seconded the motion and the vote in favor was unanimous.

13.

With the recommendation of management, Director Newby moved to approve the purchase of Cedar Creek Pipeline replacement segments from the original pipeline supplier, Hanson Pipe and Products, Inc. (formerly Gifford Hill American) for 11 standard and 17 repair segments at the bid price of \$4,224 and \$14,370 each respectively for a total cost of \$290,754. Funding for this purchase is included in the FY 2002 Revenue Fund budget. Director Henderson seconded the motion and the vote in favor was unanimous.

14.

With the recommendation of management, Director Newby moved to approve entering into an agreement with Camp Dresser and McKee to study the feasibility of an aquifer storage and recovery system (ASR) at Lake Arlington and a seepage recovery system at Eagle Mountain and Cedar Creek at a cost not to exceed \$85,090. Funding for this contract is included in the FY 2002 Revenue Fund budget. Director Sparks seconded the motion and the vote in favor was unanimous.

15.

With the recommendation of management, Director Henderson moved to approve the purchase of three (3), 30 inch by 42 inch concentric pipe reducers for the Richland-Chambers (RC1) Vertical Pump Addition Project for the low bid of \$24,690 submitted by Hanson Pipe and Products, Inc. (formerly Gifford Hill American). Funding for this purchase is included in the Construction and Improvement Fund. Director Sparks seconded the motion and the vote in favor was unanimous.

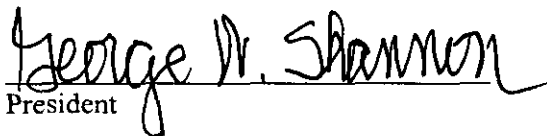
16.

With the recommendation of management, Director Henderson moved to approve the purchase of the On-line Vibration Monitoring System for the negotiated proposal of \$349,348 from Computational Systems, Inc. (CSI) . Funding for this contract is included in the FY 2002 Revenue Fund budget. Director Newby seconded the motion and the vote in favor was unanimous.

17.

The Board was updated on the progress of the Carter & Burgess Trinity Park Zone Scour Analysis. The Board was also updated on the progress of the selection of a design engineer for Richland-Chambers Pump Station Expansion.

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

  
President

  
Secretary