

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF
TARRANT REGIONAL WATER DISTRICT
HELD ON THE 17TH DAY OF JANUARY 2006 AT 9:30 A.M.

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

Present

Victor W. Henderson
Hal S. Sparks III
Jack R. Stevens
Gina Puente-Brancato

Also present were, James M. Oliver, Alan Thomas, Ken Brummett, Lisa Cabrera, Steve Christian, Linda Christie, Wesley Cleveland, Nina Jalbert, Nancy King, David Marshall, Wayne Owen, Madeline Robson, Sandy Swinnea, and Mike Witthaus.

Also in attendance were George Christie, legal counsel for Tarrant Regional Water District (the Water District); Terry Kile and Reem Samra of Deloitte & Touche, LLP; Dick Fish of Save Eagle Mountain Lake; Peter Olson, and Earl Alexander. President Henderson 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 Sparks and seconded by Director Stevens, the Directors unanimously voted to approve the minutes from the meeting held December 20, 2005. It was accordingly ordered that such minutes be placed in the permanent files of the Water District.

2.

In support of the Eagle Mountain Lake Cleanup scheduled the first of April, Save Eagle Mountain Lake will work with Mark Ernst to write an article for the Save Eagle Mountain Lake newsletter about controlling algae by using the correct fertilizer and pesticides.

3.

With the recommendation of management, Director Sparks moved to approve the the Water District's Annual Financial Report. Director Puente-Brancato seconded the motion and the vote in favor was unanimous.

4.

With the recommendation of management, Director Puente-Brancato moved to approve a contract with Ilcor Industrial Laminates for the construction of the Ennis Pump Station residence for the low bid of \$57.07 per sq. ft. for a total cost of \$127,500. Funding for this contract is included in the insurance settlement and 2002 Bond Issue. Director Stevens seconded the motion and the vote in favor was unanimous.

5.

The Board was updated on the 2006 Bond Issue, the Trinity River Vision Project, the pumps for Eagle Mountain Connection Rolling Hills Pump Station, the drought, and the progress of the Richland-Chambers High-Capacity By-pass Connection.

6.

The President and presiding officer next called an executive session at 10:57 a.m. under Chapter 551.071 of the Government Code to consider contemplated litigation - threatened litigation regarding Richland-Chambers High-Capacity Expansion Project; and under Chapter 551.072 of the Government Code to consider real property issues – Eagle Mountain Connection Project, deliberate the possible purchase, exchange and value of certain real property; and oil and gas issues – January 2006 pipeline oil and gas lease.

7.

Upon completion of the executive session at 11:27 a.m., the President reopened the meeting.

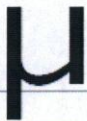
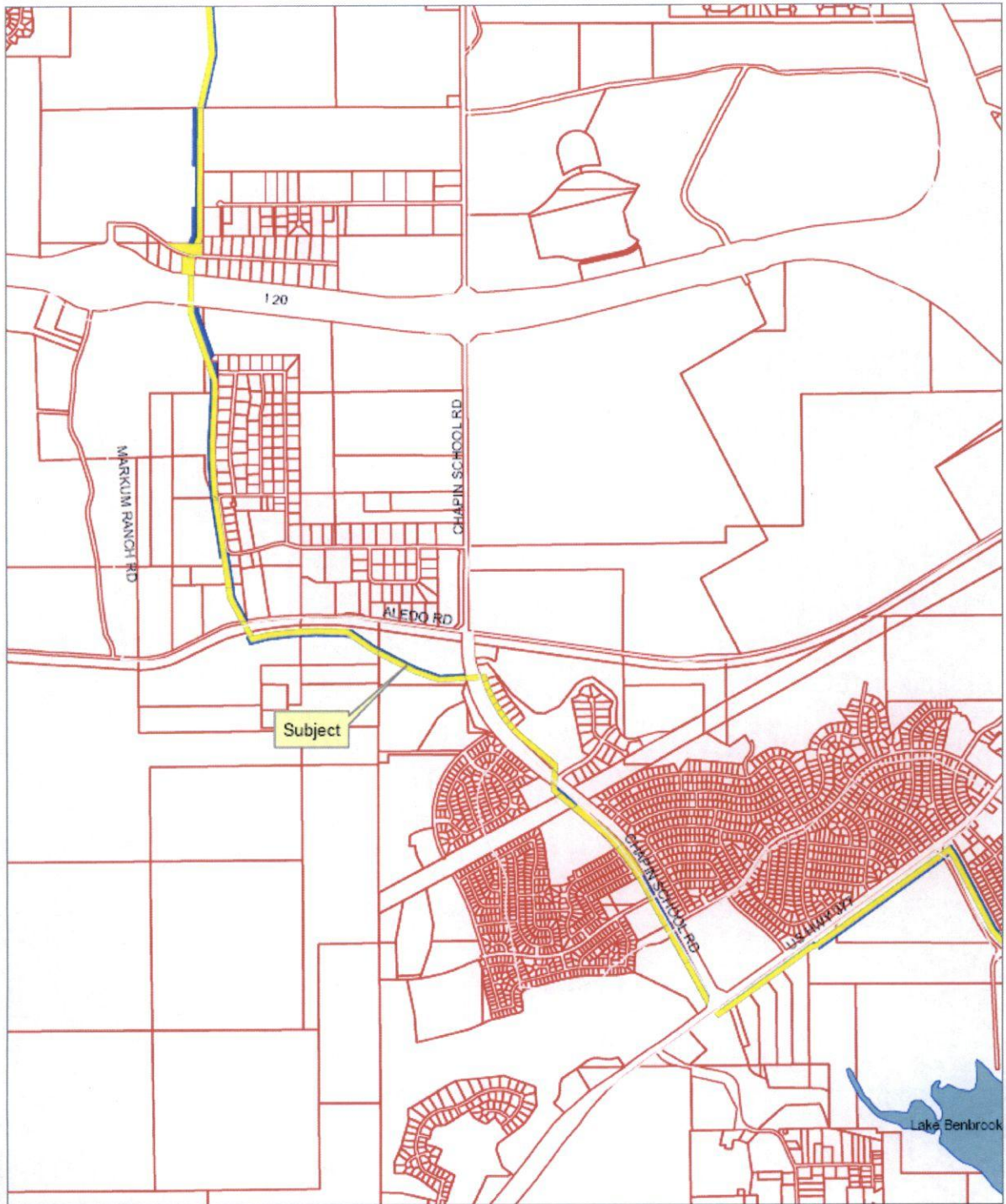
8.

With the recommendation of management, Director Sparks moved to approve the purchase of the following tracts of land necessary for construction of the Eagle Mountain Connection Project from Veale Land & Cattle Company, Ekstrom Enterprises, Inc. and Lucy Ekstrom for the negotiated purchase price of \$125,000. Should owner(s) of such land decline to accept the authorized purchase offer, staff was given authority to commence eminent domain proceedings.

3.127 acres in permanent easement, and approximately 1.04 acres in temporary construction easement, out of the D.H. Dixon Survey, A-442, Tarrant County, Texas also being a portion of that certain 62.050 acre tract of land conveyed by deed to Veale Land & Cattle Company, recorded in Volume 15695, Page 0014, Deed Records, Tarrant County, and being a portion of that certain 25.0 acre tract of land conveyed to Ekstrom Enterprises, Inc. (3/8 undivided interest) and Lucy Ekstrom (1/4 undivided interest), recorded in Volume 17388, Page 0201, Deed Records, Tarrant County, Texas from Veale Land & Cattle Company, Ekstrom Enterprises, Inc. and Lucy Ekstrom for the negotiated purchase price of \$125,000.

RESOLUTION FOR THE BOARD OF DIRECTORS

With the recommendation of management, Director Sparks moved to authorize the commencement of eminent domain proceedings to acquire 3.127 acres in permanent easement, and approximately 1.04 acres in temporary construction easement, out of the D.H. Dixon Survey, A-442, Tarrant County, Texas also being a portion of that certain 62.050 acre tract of land conveyed by deed to Veale Land & Cattle Company, recorded in Volume 15695, Page 0014, Deed Records, Tarrant County, and being a portion of that certain 25.0 acre tract of land conveyed to Ekstrom Enterprises, Inc. (3/8 undivided interest) and Lucy Ekstrom (1/4 undivided interest), recorded in Volume 17388, Page 0201, Deed Records, Tarrant County, Texas (such lands being determined by management and the Board to be necessary to construct the Eagle Mountain Connection Pipeline), if the owners of such land, Veale Land & Cattle Company, Ekstrom Enterprises, Inc. and Lucy Ekstrom, decline to accept the Board-authorized purchase offer of \$125,000. Further, R. Steve Christian is granted authority to execute all documents necessary to acquire this land, whether by eminent domain or by purchase. Director Puente-Brancato seconded the motion and the vote in favor was unanimous.



Veale Land and Cattle Company



In addition, R. Steve Christian is granted authority to execute all documents necessary to complete this transaction. Funding for this purchase is included in the 2002 Bond Issue. Director Puente-Brancato seconded the motion and the vote in favor was unanimous.

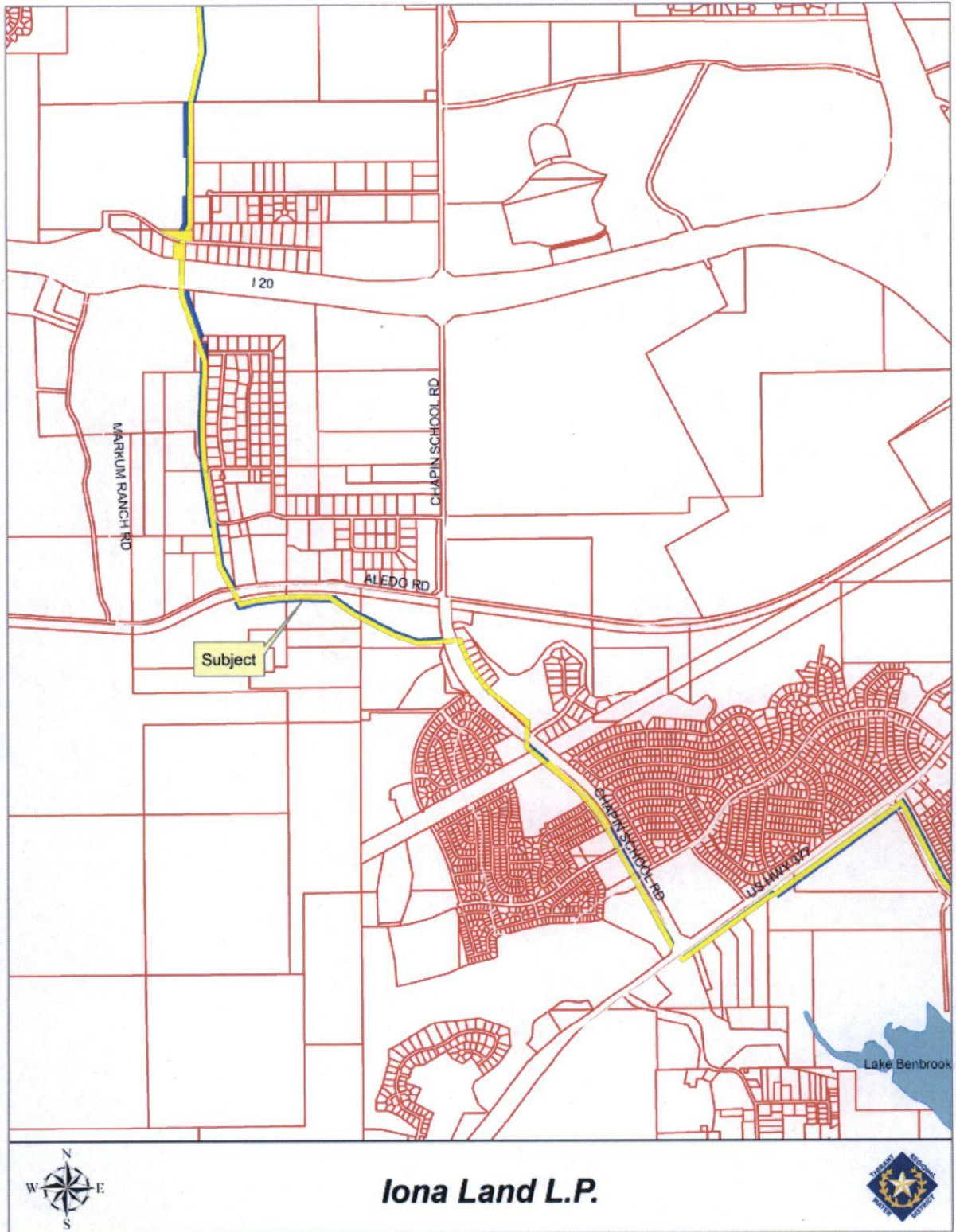
9.

With the recommendation of management, Director Stevens moved to approve the purchase of the following tracts of land necessary for construction of the Eagle Mountain Connection Project from IONA L.L.C. for the negotiated purchase price of \$34,575. Should owner(s) of such land decline to accept the authorized purchase offer, staff was given authority to commence eminent domain proceedings.

4.567 acres in permanent easement and approximately 1.81 acres in temporary construction easement out of the G.H. & H.R.R. Company Survey, A-623 and the Socorro Farming Company Survey, A-1842, Tarrant County, Texas, also being a portion of that certain tract of land to IONA, L.L.C., recorded in Volume 16628, Page 0281, Deed Records, Tarrant County, Texas, from IONA, L.L.C., a Texas limited liability company, for the purchase offer of \$34,575.

RESOLUTION FOR THE BOARD OF DIRECTORS

With the recommendation of management, Director _____Stevens_____ moved to authorize the commencement of eminent domain proceedings to acquire 4.567 acres in permanent easement and approximately 1.81 acres in temporary construction easement out of the G.H. & H.R.R. Company Survey, A-623 and the Socorro Farming Company Survey, A-1842, Tarrant County, Texas, also being a portion of that certain tract of land to IONA, L.L.C., recorded in Volume 16628, Page 0281, Deed Records, Tarrant County, Texas, from IONA, L.L.C., a Texas limited liability company (such lands being determined by management and the Board to be necessary to construct the Eagle Mountain Connection Pipeline), if the owner of such land, IONA L.L.C. a Texas limited liability company, declines to accept the Board-authorized purchase offer of \$34,575. Further, R. Steve Christian is granted authority to execute all documents necessary to acquire this land, whether by eminent domain or by purchase. Director _____Sparks_____ seconded the motion and the vote in favor was unanimous.



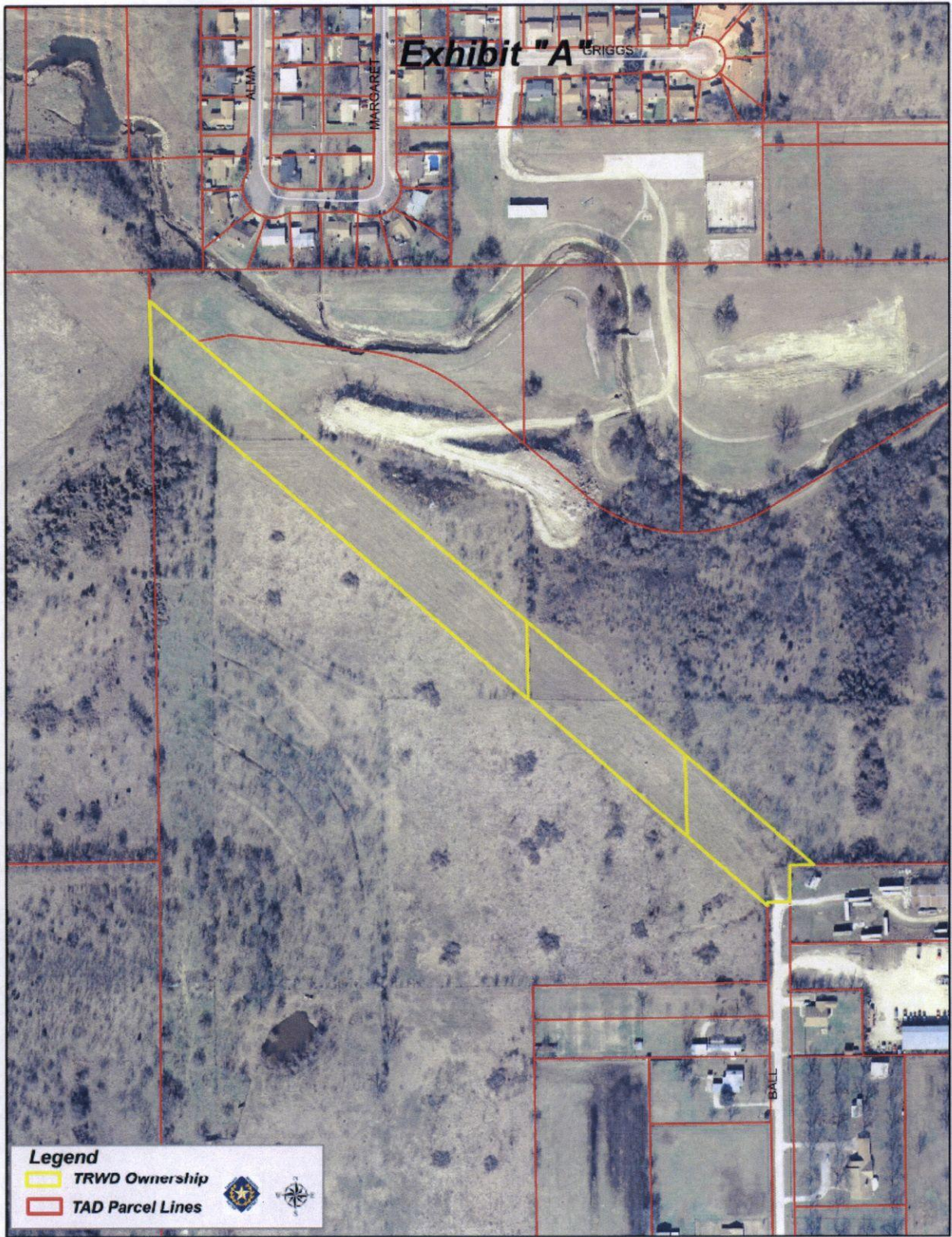
Iona Land L.P.



In addition, R. Steve Christian is granted authority to execute all documents necessary to complete this transaction. Funding for this purchase is included in the 2002 Bond Issue. Director Sparks seconded the motion and the vote in favor was unanimous.

10.

With the recommendation of management, Director Sparks moved to grant the lease of the Water District's mineral rights to XTO Energy Inc., in and to those lands described in a Warranty Deed, from D. H. Taylor, et ux to the Water District dated 12/15/1967 and recorded in Vol. 4509 at Pg. 250 of the Deed Records of Tarrant County, Texas, and as shown on plat marked Exhibit A attached hereto.



In addition, Ken Brummett is granted authority to execute the lease and all other documents necessary to complete this transaction. Director Puente-Brancato seconded the motion and the vote in favor was unanimous.

11.

With the recommendation of management, Director Puente-Brancato moved to approve the retiree health benefit policy. Director Sparks seconded the motion and the vote in favor was unanimous.

12.

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

Victor W. Henderson Ray R. Sparks
President Secretary