

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF  
TARRANT REGIONAL WATER DISTRICT  
HELD ON THE 18th DAY OF DECEMBER 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, Wesley Cleveland, Woody Frossard, Nancy L. King, Skip Krause, Dave Marshall, Wayne P. Owen, Sandy Swinnea, Ed Weaver, and Mike Williams.

Also in attendance were George Christie, legal counsel for the District; Bob Scott, Bob Hobbs 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 November 20, 2001 as corrected. 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.

With the recommendation of management, Director Henderson moved to approve two leases (Lease #1 and Lease #2) at Eagle Mountain Lake to Denbury Resources, Inc. 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 = \$102 per net mineral acre bonus – 1079.14 x \$102 = **\$110,072.28**
2. Lease #2 = \$102 per net mineral acre bonus – 1171.50 x \$102 = **\$119,493.00**  

**Total Bonus = \$229,565.28**
3. Both Leases / Royalty – one-fifth (1/5).
4. Both Leases / Primary Term – three years.
5. Drilling commitment = THREE (3) wells to test the Barnett Shale Formation within 18 months on the combined acreage of Lease #1 and Lease #2.
6. Continuous drilling = At the end of the primary term, Denbry must drill a well every 90 days or release all acreage not allocated to a producing unit and all depths below 100 feet in each respective unit.

With the recommendation of management, Director Sparks moved to tentatively approve revisions to the General Ordinance and the Commercial Facilities Ordinance. The Board directed

staff to investigate the feasibility of including restrictions on the discharge of bilge water in the General Ordinance. Director Newby seconded the motion and the vote in favor was unanimous.

5.

With the recommendation of management, Director Newby moved to approve the purchase of furniture for the offices in the new Administration Building from Rockford Business Interiors under either the state contract or the U.S. Communities Contract for the amount of \$192,381.21. 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.

6.

With the recommendation of management, Director Campbell moved to approve the purchase of one (1) half-ton LWB pickup for the low bid in the amount of \$13,656 submitted by Lawrence Marshall Chrysler, and (1) four-door sedan for the low bid in the amount of \$14,789 submitted by Lawrence Marshall Chrysler. Funding for these purchases shall be from the Revenue and General Fund budgets respectively. Director Henderson seconded the motion and the vote in favor was unanimous.

7.

With the recommendation of management, Director Newby moved to approve the purchase of erosion control material for the low bid in the amount of \$162 per cubic yard for the existing gabion structure repair at the Overton Diversion Channel submitted by Craig Olden, Inc. Funding for this work is included in the FY 2002 General Fund budget. The total project cost will not exceed \$129,600. Director Sparks seconded the motion and the vote in favor was unanimous.

8.

With the recommendation of management, Director Campbell moved to approve the purchase of a maximum of 380 cubic yards of 3000 PSI concrete for the low bid of \$55 per yard, not to exceed a total cost of \$20,900, submitted by Tarrant Concrete for the ramps at the Beach Street Dam. Funding for this project shall be from 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 close out of the contract on the Balancing Reservoir Project by the execution of Change Order #5 and release final retainage to Eagle Construction Environmental Services. Funding for this project was out of the Benbrook Construction Fund. Director Sparks seconded the motion and the vote in favor was unanimous.

10.

With the recommendation of management, Director Newby moved to approve the purchase of expansion cards for the local area network and switches for the wide area network in the amount of \$20,406 from CAPCO Inc., the State DIR vendor. Funding for these purchases is included in the FY 2002 General and Revenue Fund budgets, as well as the Construction and Improvement budget. Director Sparks seconded the motion and the vote in favor was unanimous.

11.

With the recommendation of management, Director Newby moved to not approve a contract with TXU Energy Services for electrical service to the District's unregulated pump stations. Director Henderson seconded the motion and the vote in favor was unanimous.

12.

With the recommendation of management, Director Henderson moved to approve a contract with Camp, Dresser and McKee at a cost not to exceed \$150,232 for value engineering on the Richland-Chambers High Capacity Expansion project. Funding for this project is included

in the FY 2002 Revenue Fund budget. Director Sparks seconded the motion and the vote was in favor with Director Campbell voting no.

13.

With the recommendation of management, Director Henderson moved to approve Change Order #2 to the contract with Oscar Renda Contracting, Inc. in the amount of \$24,118.50 for modifications to the construction of the Field Scale Wetlands Demonstration project. Funding for this project is included in the Construction and Improvement Fund. Director Newby seconded the motion and the vote in favor was unanimous.

14.

With the recommendation of management, Director Sparks moved to approve the proposed advance funding agreement with the Sulphur River Basin Authority for a term not to exceed five (5) years and the FY 2002 funding not to exceed \$155,250 with the stipulation that the District receive credit for funding spent on previous studies should any of the information contained in the studies be used for this purpose. The funding for this project is included in the FY 2002 Revenue Fund budget. Director Campbell seconded the motion and the vote in favor was unanimous.

15.

With the recommendation of management, Director Sparks moved to adopt a Concurrent Resolution authorizing the creation of a public utility agency to be called the North Texas Water Agency and moved that the Board approve, ratify and confirm the publication of notice of this action published in a newspaper of general circulation in Tarrant County on December 3 and December 10, 2001. This agency will operate under the provisions of Chapter 422 of the Texas Local Government Code. Director Henderson seconded the motion and the vote in favor was unanimous.

**A CONCURRENT RESOLUTION CREATING THE  
NORTH TEXAS WATER AGENCY AS A PUBLIC  
UTILITY AGENCY ORGANIZED UNDER TEXAS  
LOCAL GOVERNMENT CODE CHAPTER 422**

**WITNESSETH**

**WHEREAS**, the North Texas region is experiencing rapid population and commercial growth, and such growth is expected to continue for the foreseeable future with accompanying demands for water supplies and wastewater facilities; and

**WHEREAS**, the North Texas Municipal Water District (“NTMWD”), the Tarrant Regional Water District (“TRWD”), the Upper Trinity Regional Water District (“UTRWD”), the City of Irving (“Irving”), and the City of Dallas (“Dallas”) (hereinafter referred to as the “Participating Entities”) individually recognize that optimal development of facilities for the collection, transportation, treatment or disposal of wastewater and/or the conservation, storage, transportation, treatment or distribution of water available to the North Texas region, and the development of water resources from other regions of the state and country, depend upon cooperative planning and development; and

**WHEREAS**, each of the Participating Entities desire to establish an on-going relationship and process to enable them to collectively and cooperatively investigate, pursue, negotiate, and acquire additional water and wastewater facilities for the benefit of their existing and future customers and citizens; and

**WHEREAS**, each of the Participating Entities desire to coordinate their efforts to mutually participate in the development of water resource supply and delivery projects and wastewater facilities for the benefit of their existing and future customers and citizens; and

**WHEREAS**, in order to achieve their goal of cooperation and coordination in the investigation and development of water resource supply and delivery projects and wastewater

facilities for the benefit of their existing and future customers and citizens, each of the Participating Entities intend to adopt this Resolution entitled "A Concurrent Resolution Creating the North Texas Water Agency as a Public Utility Agency Organized Under Texas Local Government Code Chapter 422" (the "Resolution"), as a "Concurrent Ordinance," as that term is defined in Texas Local Government Code section 422.051(1), so as to create a Public Utility Agency pursuant to the provisions of Texas Local Government Code Chapter 422; and

**WHEREAS**, by its adoption of this Resolution, each Participating Entity acknowledges that at the time its governing body adopts the Resolution said Participating Entity has the authority to engage in the collection, transportation, treatment, or disposal of sewage and/or the conservation, storage, transportation, treatment, or distribution of water; and

**WHEREAS**, pursuant to the requirements of Texas Local Government Code Section 422.054, the governing body of each Participating Entity published notice of its intention to create a Public Utility Agency in a newspaper of general circulation in the county in which it is domiciled, once a week for two consecutive weeks, with the first notice being published at least fourteen (14) days prior to the date of consideration of the Resolution by the governing body of any Participating Entity; and

**WHEREAS**, pursuant to the provisions of Texas Local Government Code Chapter 422, the Participating Entities which adopt this Resolution create the North Texas Water Agency ("Agency") as a "Public Utility Agency," as that term is defined in Texas Local Government Code Section 422.051(3), to accomplish the goals of optimal development, conservation, and use of water resources, and development of wastewater facilities, necessary to meet the needs of the Agency, its members, and their existing and future customers and citizens, including the development of a coordinated, detailed proposal for obtaining additional water supplies from any source to meet the existing and future water supply requirements of the members of the Agency.

**NOW THEREFORE BE IT RESOLVED:**

Section 1: The Recitals contained in the preamble to this Resolution are determined to be true and correct.

Section 2: The North Texas Water Agency is hereby proposed to be created, pursuant to the following terms:

**ARTICLE I**  
**NORTH TEXAS WATER AGENCY**

- 1.1 Pursuant to Texas Local Government Code Section 422.052, the Participating Entities which adopt this Resolution hereby agree to create the North Texas Water Agency (“Agency”) as a “Public Utility Agency,” as defined in Texas Local Government Code Section 422.051(3).
- 1.2 The Agency will be composed of those Participating Entities that have adopted this Resolution by the Effective Date set out below. Those Participating Entities that have adopted this Resolution by the Effective Date will be “Members” of the Agency. If any of the Participating Entities do not adopt the Resolution by the Effective Date, it shall not be a Member of the Agency.
- 1.3 The boundaries of the Agency shall include all territory within the boundaries, which include the boundaries of Dallas, Irving, UTRWD and the TRWD and the service area of NTMWD, including any changes in those boundaries and/or service areas as may occur periodically.



**ARTICLE II**  
**BOARD OF DIRECTORS**

- 2.1 The Agency will be governed by a Board of Directors (“Board”). Said Board shall be responsible for the management, operation, and control of the projects of the Agency and any property belonging to the Agency.
- 2.2 Each Member shall be entitled to appoint one (1) director to the Board, which appointee shall not be a member of the Member’s governing body. Such appointment shall be made by the governing body of each Member as soon as practicable following the Effective Date of this Resolution, as such date is specified herein, but not later than forty-five (45) days following said Effective Date. The initial term and place of each director is as follows:

Place 1 (NTMWD appointee)	--	2 years
Place 2 (UTRWD appointee)	--	2 years
Place 3 (TRWD appointee)	--	2 years
Place 4 (Dallas appointee)	--	2 years
Place 5 (Irving appointee)	--	2 years

Following the initial term of each director, the directors shall draw lots to determine which two (2) Members of the Agency will have their directors serve additional two-year terms and which Members will have their directors serve additional one-year terms. Thereafter, the directors will serve staggered two-year terms on the Board.

If any Participating Entity does not become a Member of the Agency, the terms and places identified above for each Member will remain the same. The term and place for any Participating Entity that does not become a Member will be void. Such terms shall begin on the Effective Date of this Resolution.

- 2.3 A director shall serve until the director's successor is appointed by the governing body of the Member appointing said director. A director may serve successive terms. If there is a vacancy on the Board, the governing body of the Member that appointed the director who vacated the place shall appoint a new director to serve the remainder of the term.
- 2.4 The Board shall adopt By-laws for its operations and management of the Agency and the water supply projects and wastewater projects pursued by the Agency. Such By-laws shall be adopted so as to address general operation of the Agency and the Items of Agreement of the Agency's Members, as specified in Attachment A.

**ARTICLE III**  
**POWERS**

- 3.1 Except as may be limited or regulated by the terms of a Membership Contract or a Participation Contract, the Agency shall have all powers and authorities granted to a Public Utility Agency pursuant to Texas Local Government Code Chapter 422.
- 3.2 The Agency shall have the power and authority to investigate, negotiate, and obtain permits and/or contract for water resources in the State of Texas or with any state, any Indian Nation or Tribe, and/or any other entity lawfully created, for the acquisition and transportation of water supplies to meet the existing or future needs of the Agency and its Members.

Section 3: It is hereby declared that the sections, paragraphs, sentences, clauses, and phrases of the Resolution are severable and, if any phrase, clause, sentence, paragraph, or section of the Resolution shall be declared unconstitutional or invalid by the valid final and non-appealable judgment or decree of any court of competent jurisdiction, such unconstitutionality or invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs, or sections

of the Resolution, because the same would have been enacted without the incorporation of any such unconstitutional phrase, clause, sentence, paragraph, or section.

Section 4: Attachment A hereto is hereby incorporated as part of this Resolution.

Section 5: The Effective Date of the Resolution shall be the last date of execution by the Members who execute the Resolution, provided at least two (2) of the Participating Entities execute the Resolution, as evidenced below, or January 31, 2002, provided that at least two (2) of the Participating Entities execute the Resolution, whichever occurs first.

THIS RESOLUTION ADOPTED BY THE BOARD OF DIRECTORS OF THE  
TARRANT REGIONAL WATER DISTRICT IN A REGULAR OR SPECIAL CALLED  
MEETING ON THE 18TH DAY OF DECEMBER, 2001.

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GEORGE W. SHANNON  
President

Attest:

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CHARLES B. CAMPBELL, JR.  
Secretary

16.

The Board was next updated on the Senate Natural Resources Committee Enabling Legislation Project.

17.

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

George W. Shannon  
President

Charles D. Campbell J  
Secretary