

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF  
TARRANT REGIONAL WATER DISTRICT  
HELD ON THE 20<sup>TH</sup> DAY OF APRIL 2004 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  
Hal S. Sparks III  
Brian Newby  
Jack R. Stevens

Also present were James M. Oliver, Alan Thomas, Ken Brummett, Lisa Cabrera, Steve Christian, Wesley Cleveland, Nancy King, Mary Long, David Marshall, Wayne Owen, and Sandra Swinnea.

Also in attendance were George Christie, legal counsel for the District; David Hooper representing Save Eagle Mountain Lake, Inc.; 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 Newby, the Directors unanimously voted to approve the minutes from the meeting held March 30, 2004. 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.

The President and presiding officer next called an executive session at 9:35 a.m. under Chapter 551.072 of the Government Code to consider real property issues - Eagle Mountain Connection land and an oil and gas lease.

4.

Upon completion of the executive session at 10:00 a.m., the President reopened the meeting.

5.

With the recommendation of management, Director Henderson moved to approve a lease of the District's mineral rights to those lands described below to Antero Resources I, LP, for the high bonus bid of \$7,474,281.80.

**EXHIBIT "A"**

**SPRING 2004 EAGLE MOUNTAIN OIL AND GAS LEASE**

**(Attached to Oil, Gas and Mineral Lease from the Tarrant Regional Water District, a Water Control and Improvement District to Antero Resources I, LP.)**

<b>GRANTOR</b>	<b>VOL.</b>	<b>PAGE</b>	<b>DATE</b>	<b>COUNTY</b>	<b>ACRES</b>	
O. A. HIETT, et al	1109	223	11/12/29	Tarrant	32.451	*(1)
TEXAS PIPELINE CO.	1152	64	7/8/31	Tarrant	6.85	
KNOX HUTCHISON	1095	429	5/7/30	Tarrant	10.50	*(2)
A. GANT, et ux	1108	291	1/14/30	Tarrant	171.54	*(3)
W. P. CRAIG, et al	1110	442	4/9/30	Tarrant	212.80	
O. L. MARSHALL, et al	1121	178	8/27/30	Tarrant	185.00	*(4)
S. R. PONDER, et ux	1082	584	12/30/29	Tarrant	25.00	
W. H. HILL	1071	557	1/18/30	Tarrant	17.27	*(5)
F. M. GOODE, et ux	1109	111	12/21/29	Tarrant	12.62	
R. W. JACKSON, et ux	1071	515	1/6/30	Tarrant	287.95	*(6)
O. G. LOWRY, et al	1071	601	12/23/29	Tarrant	110.50	
G. W. DUKE, et ux	1150	323	1/13/32	Tarrant	19.71	
G. W. DUKE, et al	1118	228	5/22/30	Tarrant	51.11	
LENNIE KIDD	1083	418	2/25/30	Tarrant	40.00	
J. N. MCKEE, et ux	1083	640	3/24/30	Tarrant	95.00	
J. N. MCKEE, et ux as Guardian of J. W. McKee	1083	634	3/24/30	Tarrant	240.00	
ISAAC L. VANZANDT, et al	1137	306	6/1/31	Tarrant	23.00	
W. C. HUDDLESTON, et ux	1071	523	12/28/29	Tarrant	42.19	
L. F. JACQUES, et ux	1169	483	12/21/31	Tarrant	10.00	
PERRY MILLER, et ux	1119	71	4/17/30	Tarrant	137.59	*(7)
R. H. FOSTER, et ux	1119	575	5/20/31	Tarrant	82.95	*(8)
J. K. PEDEN, et ux	1130	218	2/3/31	Tarrant	82.55	
R. A. HUDSON, et ux	1066	221	3/11/30	Tarrant	14.91	*(9)
W. H. SPRINKLE	1082	525	1/6/30	Tarrant	0.90	
W. M. TRIMBLE	1082	526	1/6/30	Tarrant	3.25	
UNITED STATE OF AMERICA	2837	181	12/21/54	Tarrant	241.46	
T. L. COX, et al	1122	613	12/16/30	Tarrant	22.38	

THOMAS A. GANTT, et ux	1119	379	11/12/30	Tarrant	89.80	*(10)
M. B. MCREE, et al	1108	121	12/27/29	Tarrant	40.50	*(11)
F. M. STUART, et al	1124	184	9/29/30	Tarrant	140.00	*(12)
<b>ACRES</b>				<b>TOTAL</b>	<b>2449.781</b>	

- \*(1) ONLY Second and Third Tracts in Vol. 1109 Pg. 223 Deed Records Tarrant County, Texas are included in this lease. Said tracts being a Total of 32.451 acres.
- \*(2) 116.42 Acres, Less that portion of land above 649' MSL as conveyed in Deed dated 12/21/54 to U.S.A. recorded in Vol. 2837 Pg. 197 Deed Records Tarrant County, Texas. LEAVING A TOTAL OF 10.5 acres.
- \*(3) 223.3 Acres, Less that portion of the subject tract conveyed to the U.S.A. by Deed dated 12/21/54 recorded in Vol. 2837 Pg. 197 Deed Records Tarrant County, Texas. LEAVING A TOTAL OF 171.54 acres.
- \*(4) Surface use restricted (PARTIAL).
- \*(5) 30.51 Acres, Less 9.81 acres conveyed to W. H. Wallerich in Vol. \_\_\_\_\_ Pg. \_\_\_\_\_ dated 3/25/46 and Less 3.43 Acres conveyed to W. H. Hill in Vol. \_\_\_\_\_ Pg. \_\_\_\_\_ dated 1/20/34 both being recorded in the Deed Records of Tarrant County, Texas. LEAVING A TOTAL OF 17.27 acres.
- \*(6) 308.07 Acres, Less 20.12 acres conveyed to U.S.A. by Deed dated 12/21/54 and recorded in Vol. \_\_\_\_\_ Pg. \_\_\_\_\_ Deed Records Tarrant County, Texas. LEAVING A TOTAL OF 287.95 acres.
- \*(7) Surface use restricted.
- \*(8) Surface use restricted. Only Second Tract (82.95 Acres) in Vol. 575 Pg. 1119 Deed Records Tarrant County, Texas, is included in this lease.
- \*(9) 49.67 Acres, Less 34.76 acres conveyed to G.W. Bechtol by Deed dated 3/25/46 and recorded in Vol. \_\_\_\_\_ Pg. \_\_\_\_\_ Deed Records Tarrant County, Texas. LEAVING A TOTAL OF 14.91 acres.
- \*(10) Surface use restricted.
- \*(11) Only Second Tract in Vol. 1108 Pg. 121 Deed Records Tarrant County, Texas is included in this lease. Said tract being 40.50 acres.
- \*(12) Surface use restricted.

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

With the recommendation of management, Director Stevens moved to approve the Investment Policy dated April 20, 2004 as required annually by the Public Funds Investment Act. Director Newby seconded the motion and the vote in favor was unanimous.

**RESOLUTION  
OF  
THE BOARD OF DIRECTORS OF  
TARRANT REGIONAL WATER DISTRICT  
REVIEWING AND RECORDING CHANGES MADE TO THE DISTRICT'S  
INVESTMENT POLICY AND INVESTMENT STRATEGIES**

WHEREAS, TARRANT REGIONAL WATER DISTRICT ("the District") is a political subdivision of the State of Texas, created under authority of Article XVI, § 59 of the Texas Constitution; and

WHEREAS, the District as a political subdivision of the State of Texas has legal authority to invest local funds (which are public funds in the custody of the District that are not required by law to be deposited in the State treasury and that the District has legal authority to invest); and

WHEREAS, TEX. GOV'T CODE ANN. § 2256, Subchapter A, requires the District, as a political subdivision, to adopt rules governing the investment of the local funds of the District and to specify and scope of authority of officers and employees of the District that are designated to invest local funds; and

WHEREAS, the District has heretofore adopted a written Investment Policy governing the investment of local funds; and

WHEREAS, the District has heretofore adopted a written Resolution designating the Investment Officers of the District in compliance with the requirement of TEX. GOV'T CODE ANN. § 2256, Subchapter A, authorizing such persons to deposit, withdraw, invest, transfer and manage in any other manner such funds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF TARRANT REGIONAL WATER DISTRICT that notice is hereby given that the Board of Directors has on this date reviewed the District's investment policy and investment strategies. All changes made to either the District's investment policy or investment strategies following such review are as set forth herein below:

None  
Passed and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
George W. Shannon, President

ATTEST:

\_\_\_\_\_  
Hal S. Sparks III, Secretary

7.

With the recommendation of management, Director Newby moved to approve a one year contract extension with Deloitte and Touche LLP for audit of the District's Annual Audit of Financial Statements at a total cost of \$47,000. Funding for this contract is included in the FY 2004 General Fund Budget. Director Henderson seconded the motion and the vote in favor was unanimous.

8.

With the recommendation of management, Director Newby moved to approve the purchase of the following tract necessary for construction of the Eagle Mountain Connection Project from A. Weldon Crisp, and wife Theresa Crisp, for the total negotiated purchase price of \$148,500 plus all closing costs and pro-rated taxes for 2004

**1.311 acres, Lot 5, Block 1, West 20 Business Park Addition, Tarrant County, Texas.**

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

9.

With the recommendation of management, Director Henderson moved to approve the purchase of easements necessary for the construction of the Eagle Mountain Connection Project from Clyde W. Wilmott for the negotiated purchase price of \$435,000 plus all closing costs:

**2.932 acres (127,726 sq. ft.) in permanent easement and approximately 0.93 acre (40,530 sq. ft.) in temporary construction easement, out of the Edward Taylor Survey, A-1560, being a portion of that certain tract of land as described by deed to Clyde W. Wilmott, and being the residue of Tract II as recorded in Volume 11947, Deed Records, Tarrant County, Texas.**

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

10.

With the recommendation of management, Director Sparks moved to approve the sale of the following described tract of land to Arnold and Camille Jordan for the appraised value of \$4,600:

**Lot 4 of Block 3, Water Board's Subdivision, in the Sharp Whitley Survey, Abstract No. 798, Henderson County, Texas.**

In addition, R. Steve Christian is granted authority to execute all documents necessary to complete this transaction. Director Henderson seconded the motion and the vote in favor was unanimous.

11.

With the recommendation of management, Director Henderson moved to approve a change in the calculation of the retainage being held on Entergy Operations Services Inc. from 10% of each pay request, up to the 50% completion milestone, to 5% of the total contract price of \$567,469.00 for a total amount of retainage to be held of \$28,373.45. Funding for this contract is included in the 2002 Bond Issue. Director Stevens seconded the motion and the vote in favor was unanimous.

12.

With the recommendation of management, Director Newby moved to approve the final payment and release of retainage in the amount of \$177,880.50 to Oslin Nation Company, Inc. for the completion of the new pump supply and installation project at the Cedar Creek Lake Pump Station. Funding for this project is included in the 1999 Bond Issue. Director Sparks seconded the motion and the vote in favor was unanimous.

13.

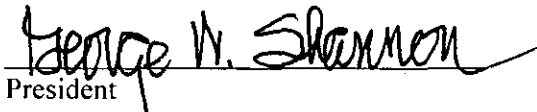
With the recommendation of management, Director Sparks moved to approve a contract with WHF Electrical Contractors to replace all the electrical conductors from the electrical substation to the pump switchgear at the Cedar Creek Lake Pump Station for an estimated cost of \$123,987.53. Funding for this contract will come from the FY 2004 Revenue Fund. Director Newby seconded the motion and the vote in favor was unanimous.

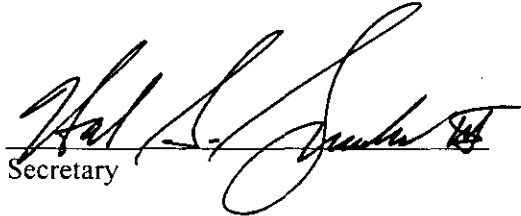
14.

The Board of Directors next recognized the dedicated work of Mary Long, Accounting Clerk III, for the analysis and reconciliation of errors on the District's utility invoices, whereby she saved the District \$68,400.

15.

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

  
President

  
Secretary