

**Regular meeting
August 22, 2006**

**APPROVED MINUTES OF REGULAR MEETING OF THE BOARD OF
DIRECTORS
Of
EL PASO WATER COMPANY, INC.**

August 22, 2006

The regular meeting of the Board of Directors of El Paso Water Company, Inc. convened in the City Council Chamber, 611 Mulberry, Derby, Kansas at 10:53 p.m. following adjournment of the City Council meeting.

The following Directors were present and constituted a quorum:

Dion Avello
Lori Payne
Ken Mulanax
Cheryl Bannon
Charlie Schwarz
Chuck Warren
Steve Ashley
Jim Meidinger
Jim Craig

Others in attendance:

Kathy Sexton, Chief Executive Officer
Pat Swaney, President
Phil Alexander, Vice President
Jean Epperson, Secretary-Treasurer

Mr. Avello called the meeting to order.

APPROVAL OF MINUTES

Warren moved to approve the minutes of the board meeting of July 25th, 2006. The motion was seconded by Bannon and passed by a vote of 8 in favor, 0 opposed, the minutes of such meeting were approved.

NEW BUSINESS

Declaration of Dividend

The Board received a report concerning the calculation of a dividend proposed to be declared and paid to the City of Derby, Kansas as sole stockholder of the Company. The proposed dividend was calculated in accordance with the pertinent City bond resolution by subtracting an amount sufficient to meet the Company's operations and maintenance requirements for the next 60 days from the amount on hand at the beginning of the current month. The proposed dividend of \$174,088.58, together with other dividends declared and paid from time to time, will be accumulated and used by the city to meet debt service on its General Obligation Water System Refunding Bonds Series 2004A.

Upon motion made by Warren, seconded by Meidinger and passed by vote of 8 in favor and 0 opposed, the following resolution was adopted:

BE IT RESOLVED, that a dividend for the month of July in the amount of \$174,088.58 be declared and paid forthwith to the City of Derby Kansas, as the sole stockholder of the Company.

DISCUSSION:

Mr. Craig encouraged people that have questions or concerns that have to do with water, to talk personally with the employees of El Paso Water. Do not let misinformation or hearsay drive you to decisions that may not be in your best interests. The El Paso Water employees are very accommodating and will work with you and check your water meter. If something looks out of the ordinary contact them and state your case and they will work with you.

Mr. Meidinger asked how many wells are drilled in Derby every year and asked if we had any regulations on them. He also asked if there was a cost involved to obtain a permit, and if not, why isn't there?

Mr. Alexander explained there is a requirement that all wells drilled in the city have a permit but it is a no cost permit.

Mr. Meidinger inquired if we sent people out to a site to assure the well is put in the right place?

Charlie Brown, City Engineer advised we do have staff that inspects the location of each well as they are permitted through the city.

Mr. Meidinger asked if we send people out to make sure fences are put in the right location and asked if we charged for fence permits.

Mr. Brown advised we do charge for fence permits.

Mr. Meidinger asked why we charge for a fence permit but don't charge for a well permit?

Mr. Brown responded that when the high water bills started coming in and we saw a large increase in the number of wells being put in we were finding that many of the them were being put in the wrong place and rather than charging people for the well when they were already upset about their water bills the council decided it was in the best interest to do the permit without any fee. Last month he believes there were 13 wells drilled in the city.

Mr. Meidinger stated he only brought this up because we are always talking about sources of revenue. If we are sending city employees to inspect the wells and locations there should be a charge for them.

Ms. Sexton advised staff would look into that.

ADJOURNMENT

There being no further business to come before the meeting, upon motion made by Warren seconded by Mulanax and passed by a vote of 8 in favor, 0 opposed, the meeting was adjourned at 11:02 p.m.

Jean Epperson, Secretary