

**Special meeting
December 12th, 2006**

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

December 12, 2006

The special meeting of the Board of Directors of El Paso Water Company, Inc. convened in the City Council Chamber, 611 Mulberry, Derby, Kansas at 11:20 p.m. following adjournment of the City Council meeting.

The following Directors were present and constituted a quorum:

Lori Payne
Ken Mulanax
Cheryl Bannon
Charlie Schwarz
Dion Avello
Chuck Warren
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

MOTION: Bannon moved to approve the minutes of the November 28, 2006 board meeting. Schwarz seconded.

VOTE: Craig yea, Meidinger yea, Johnson absent, Warren yea, Avello yea, Schwarz yea, Mulanax yea, Payne abstain, Bannon yea; 7 yea, 0 nay, 1 abstain, 1 absent, motion carried.

DECLARATION OF DIVIDEND

MOTION: Bannon moved to adopt a resolution declaring and directing payment of a dividend for the month of November in the amount of \$74,789.61 to the City of Derby, Kansas, as the sole stockholder of the Company. Schwarz seconded.

VOTE: Craig yea, Meidinger yea, Johnson absent, Warren yea, Avello yea, Schwarz yea, Mulanax yea, Payne yea, Bannon yea; 8 yea, 0 nay, 1 absent, motion carried.

Take or Pay Contract (City of Wichita, Kansas)

Kathy Sexton, CEO presented the recommendation to approve the proposed amendment to the contract with the City of Wichita for the purchase of water. The amendment was approved earlier in the City Council meeting and reduces the annual take-or-pay quantities by 10% for each remaining year of the contract.

MOTION: Schwarz moved to approve and authorize the chairman to execute the proposed contract amendment in substantially the form presented. Bannon seconded.

VOTE: Craig yea, Meidinger yea, Johnson absent, Warren yea, Avello yea, Schwarz yea, Mulanax yea, Payne yea, Bannon yea; 8 yea, 0 nay, 1 absent, motion carried.

ADJOURNMENT

MOTION: Warren moved to adjourn at 11:24 p.m. Mulanax seconded.

VOTE: Craig yea, Meidinger yea, Johnson absent, Warren yea, Avello yea, Schwarz yea, Mulanax yea, Payne yea, Bannon yea; 8 yea, 0 nay, 1 absent, motion carried.

Jean Epperson, Secretary