

**Regular meeting
July 25th, 2006**

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

July 25th, 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 10:00 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 June 27th, 2006. The motion was seconded by Meidinger 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 \$105,677.43, 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 Craig 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 June in the amount of \$105,677.43 be declared and paid forthwith to the City of Derby Kansas, as the sole stockholder of the Company.

EXECUTIVE SESSION

MOTION: Bannon moved to recess for executive session at 10:02 p.m. for a period of 10 minutes to discuss matters privileged under the attorney client relationship. Craig seconded.

The board returned at 10:12 p.m. with no binding action taken.

ADJOURNMENT

There being no further business to come before the meeting, upon motion made by Bannon seconded by Schwarz and passed by a vote of 8 in favor, 0 opposed, the meeting was adjourned at 10:14 p.m.

Jean Epperson, Secretary

