

**Regular meeting  
June 26th, 2007**

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

**June 26th, 2007**

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 9:30 p.m. following adjournment of the City Council meeting.

The following Directors were present and constituted a quorum:

Dion Avello  
Cheryl Bannon  
Charlie Schwarz  
Chuck Warren  
Loren Johnson  
Jim Craig  
George Arnold  
Jim Meidinger  
Mark Staats

Others in attendance:

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

Mr. Avello called the meeting to order.

**APPROVAL OF MINUTES**

MOTION: Warren moved to approve the minutes of the April 24th 2007 board meeting. Craig seconded.

VOTE: Craig yea, Arnold yea, Johnson yea, Warren yea, Schwarz yea, Staats yea, Bannon yea, Avello yea, Meidinger yea, 9 yea, 0 nay, motion carried.

MOTION: Warren moved to approve the minutes of the special meeting of May 8<sup>th</sup>, 2007 board meeting. Craig seconded.

VOTE: Craig yea, Arnold yea, Johnson yea, Warren yea, Schwarz yea, Staats yea, Bannon yea, Avello yea, Meidinger yea, 9 yea, 0 nay, motion carried.

## **DECLARATION OF DIVIDEND**

**Jean Epperson**, Secretary/Treasurer presented the staff report.

MOTION: Warren moved to adopt a resolution declaring and directing payment of a dividend for the month of May in the amount of \$66,238.00 to the City of Derby, Kansas, as the sole stockholder of the Company. Bannon seconded.

**Mrs. Bannon** asked how we are doing with our debt service. With this extra wet year our dividends have not been what they normally are, are we going to be okay at this point?

**Mrs. Epperson** stated we have talked about that and Mr. Swaney advised that we are 40,000,000 gallons down so far this year compared to last year. She and Ms. Sexton have looked at it and hopefully it will stop raining and we will get through the summer in good condition. The one bright spot is that in 2004 when we refinanced the debt, 2007 was the year that the debt service is actually lower than normal years. Normal years are \$820,000, our debt service this year is only \$650,000. The good news is she thinks we are going to be alright, we are watching it and next year we will watch with our capital improvement program to make sure that we stay in line with what we are projecting.

**Mr. Craig** advised that each council member this evening received a couple of handwritten statements. He acknowledged the one received from Katy Atkins, of all the people that have contacted him, they are very appreciative of the new water rates that went into effect this month. He knows that other folks are saying the same thing, with the wet summer so far he is sure their utilization is down. Keep in mind that July and August are sometimes scorches in Kansas. We hope that everyone acknowledges the fact that this council and the people that we contracted with to work on the water rates did a good job and we have received some positive feedback on the decision by this council.

VOTE: Craig yea, Arnold yea, Johnson yea, Warren yea, Avello yea, Schwarz yea, Bannon yea, Staats yea, Meidinger yea, 9 yea, 0 nay, motion carried.

GENERAL DISCUSSION:

**Mr. Meidinger** stated he would like to know what we are doing in terms of an action plan to sell the current water that we have now. When we bought the El Paso Water Company that was the main asset that we bought, the rest was probably blue sky. We have owned the company for 7 years and we have been buying water from Wichita for about 3 years now and we haven't used any of that water for about 3 years, he wonders if we are actively pursuing, or do we have an action plan.

**Ms. Sexton** advised that is an active project, it is #18 on the priority list. It is in process in terms of hiring the appraisal firm to do an appraisal, that part is in process but is not quite done yet. What that does is gives us some advice as to handle any sale proceeds from a marketing effort. She is not actively marketing it right now because she is waiting for the results of the appraisal study and because there are a lot of other priorities going on. It is on the list and it is something that we have not forgotten about.

**Inaudible question**

**Ms. Sexton** advised we expect that appraisal study back in July and anticipate council receiving and dealing with that in August.

**ADJOURNMENT**

MOTION: Schwarz moved to adjourn at 9:38 p.m. Meidinger seconded.

VOTE: Craig yea, Arnold yea, Johnson yea, Warren yea, Avello yea, Schwarz yea, Bannon yea, Mulanax yea, Staats yea, 9 yea, 0 nay, 0 absent, motion carried.

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Jean Epperson, Secretary