

**Regular meeting
June 27, 2006**

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

June 27th, 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, 9:50 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

Mrs. Bannon moved to approve the minutes of the special board meeting of May 23rd, 2006. The motion was seconded by Mulanax and passed by a vote 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 \$81,132.49, 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.

Staff answered Board member's questions concerning what period of time this represents for business being done and Mr. Craig requested that the month specifically be annotated in the minutes.

Upon motion made by Payne, 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 May in the amount of \$81,132.49 be declared and paid forthwith to the City of Derby Kansas, as the sole stockholder of the Company.

Status Report on the water conservation action plan.

The Board received a staff report of the water conservation action plan.

Staff answered board member questions regarding the plan and received recommendations for changes or updates to the action plan.

A motion was made by Craig to accept and review the report and readdress it when the next draft is presented, seconded by Mrs. Payne.

Mr. Avello expressed his concern as well as the concern of other board members about the number of wells being dug and asked if we have seen more wells going in with the new houses.

Mr. Swaney advised that in most cases where water is available wells are being dug for the larger homes going in, however not as many are going in with the smaller homes.

Staff answered further questions regarding wells and water conservation from the board.

ADJOURNMENT

There being no further business to come before the meeting, upon motion made by Warren seconded by Schwarz and passed by a vote of 8 in favor, 0 opposed, the meeting was adjourned at 10:30 p.m.

Jean Epperson, Secretary