

**Regular meeting
October 28th, 2008**

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

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 9:41 p.m. during a recess of the City Council meeting. The following Directors were present and constituted a quorum:

Dion Avello, Cheryl Bannon, George Arnold, Vaughn Nun, Jim Meidinger, Chuck Warren, Jim Craig, Heath Horyna, 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 September 23rd, 2008 regular board meeting. Craig seconded.
VOTE: Motion carried 8-0, Horyna abstained.

DECLARATION OF DIVIDEND

Jean Epperson, Secretary/Treasurer presented the staff report.

DISCUSSION:

Mr. Craig asked where we are as far as balance goes in covering monthly debt service.

Mrs. Epperson advised the debt service is approximately \$68,000 a month. We pull that out of the surplus account to meet the bond requirement.

Mr. Craig asked what the surplus account is at.

Mrs. Epperson advised she did not have that number with her, but it's positive.

MOTION: Craig moved to adopt a resolution declaring and directing payment of a dividend for the month of September in the amount of \$49,601.58 to the City of Derby, Kansas, as the sole stockholder of the Company. Bannon seconded.

VOTE: Motion carried, 9-0.

Mr. Warren indicated he would be interested in knowing if we are depleting that, how long do we have before it becomes an issue.

Ms. Sexton advised we could do a more detailed reporting on that and we're thinking we would do that in November or December because it's nice to get out of the summer watering season. It's been a wet year and we are drawing down that fund but it's not in any kind of danger of running out soon.

Mr. Craig pointed out the end of the year will be the take or pay. Does the payment of that come out of that fund also? How do we pay for the take or pay?

Mrs. Epperson advised it is paid out of operating funds of the El Paso Water Company. What will happen is there wouldn't be a dividend that month. Eventually it is made up out of the surplus account.

Mr. Craig stated he knows there is plenty in there and we could keep tapping it for a period of time.

Ms. Sexton advised that is something we have really monitored because we have had two wet years in a row. One of the things we have done is delayed capital improvement projects that were designated for these monies to make sure we don't run into any trouble. That is always an option for us.

Mayor Avello asked if all the new houses are putting water wells in.

Ms. Sexton advised some people put in new wells for watering their lawns but it really depends on the area of town that they live in. She hasn't checked lately but she knows last year when she talked to Pat Swaney about that he was also noticing a number of wells that have gone dry or gone bad that had to convert over to city water.

ADJOURNMENT

MOTION: Bannon moved to adjourn at 9:45 p.m. Craig seconded.

VOTE: Motion carried, 9-0.

Jean Epperson, Secretary