

**EXECUTIVE SUMMARY
BOARD OF DIRECTORS
BRAZOS RIVER AUTHORITY
JANUARY 26, 2004**

In accordance with notice of meeting sent to each Director, a copy of which is attached, together with a copy of certificates that the public meeting notice was properly posted in accordance with law, a meeting of the Board Of Directors of the Brazos River Authority convened at 9:09 a.m., Monday, January 26, 2004, at the Brazos River Authority, 4600 Cobbs Drive, Waco, Texas. Attendance was as follows:

DIRECTORS PRESENT:

Joe B. Hinton, Chairman
Mary Ainslie
Robert Arnot
Suzanne Baker
Ron Butler
Lynn Elliott
Rodolfo Garcia
Shirley Herring
Fred Hughes
Carolyn Johnson
Celeste Kotter
Ernest Koy
Martha Martin
Steve Pena
John Skaggs
Janet Sparks
Salvatore Zaccagnino

Directors Not Present:

PJ Ellison
M. Lance Phillips
Nancy Rabb
Beverly Sawyer

Notice of Meeting and Announcements - Chairman Hinton called the meeting to order and noted that the meeting was properly noticed in accordance with law and that each Director had a copy of the meeting agenda (copy attached as Exhibit).

the Solid Waste Disposal Facilities within the boundaries of the BRA; and

2. The GCWDA is hereby authorized, for and on behalf of the BRA, to hold and conduct any public hearings required in connection with the financing of the Solid Waste Disposal Facilities by the GCWDA.

- D. The Board discussed the action item to consider and act on resolution re: The issuance of Brazos River Authority Pollution Control Revenue Refunding Bonds for the benefit of CenterPoint Energy Houston Electric, LLC. Chairman Hinton asked for a motion for this item. It was then moved by Director Hughes, seconded by Director Sparks to pass the following resolution:
MOTION CARRIED WITH NO DISSENTING VOTES.

BE IT RESOLVED that the Board of Directors of the Brazos River Authority hereby adopts the attached resolution relating to issuance of Brazos River Authority Collateralized Revenue Refunding Bonds (CenterPoint Energy Houston Electric, LLC Project).

- E. The Board discussed the action item to consider and act on resolution re: Authorizing an escrow agreement, calling bonds for redemption and other matters relating to Brazos River Authority revenue bonds (Waco Metropolitan Area Regional Sewerage System). Chairman Hinton asked for a motion for this item. It was then moved by Director Baker, seconded by Director Elliott to pass the resolution as described hereto as exhibit:
MOTION CARRIED WITH NO DISSENTING VOTES.

- F. The Board discussed the action item to consider and act on resolution re: Land divestiture/lease management and overall operations of Lake Possum Kingdom. General Manager/CEO, Phil Ford, then gave an overview of the Lake Possum Kingdom issues. Chairman Hinton then asked for a motion for this item. It was then moved by Director Hughes, seconded by Director Herring to pass the following resolution:
THE MOTION CARRIED WITH NO DISSENTING VOTES.

BE IT RESOLVED by the Board of Directors of the Brazos River Authority that the Board of Directors desires to pursue a Lake Management Business Model for Possum Kingdom and instructs the General Manager/CEO to evaluate the options and present alternatives to the Board of Directors.

BE IT FURTHER RESOLVED that the Board of Directors of the Brazos River Authority hereby establishes the following Guiding Principles for the Lake Management Business Model:

- 1). Must consider interests of the entire Basin;
- 2). Legal compliance in all areas;
- 3). Emphasis on due diligence relative to all decisions;
- 4). Board approval of all directional strategy and tactical approaches; and
- 5). Constant open communication.

BE IT FURTHER RESOLVED by the Board of Directors of the Brazos River Authority that the General Manager/CEO be, and is hereby authorized to:

- 1): Develop an Implementation Plan for a Possum Kingdom Management Business Model which will optimize Core Lines of Business and dispose of Non-Core Lines of Business, where appropriate;
- 2): Continue exploring property divestiture options and methods; and
- 3): Create an avenue for public input through the creation of a "stakeholder" forum.

- G. The Board discussed the action item to consider and act on resolution re: Authorizing expenditures of funds for project management, land-related services, and legal support relating to land divestiture and property management at Lake Possum Kingdom. Planning and Development Manager, Jim Forte, gave a briefing on Project Management. Chairman Hinton then asked for a motion for this item. It was moved by Director Koy, seconded by Director Sparks to pass the following resolution:

THE MOTION CARRIED. DIRECTOR MARTIN OPPOSED.

BE IT RESOLVED by the Board of Directors of the Brazos River Authority that the General Manager/CEO be, and is hereby authorized, to take all actions as deemed necessary to negotiate and execute agreements for Project Management, Land-related Services, and Legal Support relating to Land Divestiture and Property Management at Possum Kingdom Lake, in an amount not to exceed \$100,000.

BE IT FURTHER RESOLVED that the Board of Directors of the Brazos River Authority hereby authorizes \$100,000 for 2004 fiscal year expenditures:

- 1): Project Management to be performed by Deloitte for an amount not to exceed \$100,000 in the 2004 fiscal year;
- 2): Land-related services, such as surveys, plats, abstracts, title searches, and preparation of related reports and maps through the Brazos River Authority Master Service Agreement Program; and
- 3): Legal consulting services related to both land divestiture, lease management, FERC compliance, and related issues, to be provided through outside legal consultants.

BE IT FURTHER RESOLVED that the Board of Directors of the Brazos River Authority hereby establishes a Capital Project to be entitled "Possum Kingdom Property Management Project". This project shall be funded for 2004 fiscal year expenditures through a reduction of the Williamson County Raw Water Line Remediation Project from a budgeted \$3.0 million to \$2.9 million.

- H. The Board discussed the action item to consider and act on resolution re: The Possum Kingdom Ranch Lot A-1 Blanket Easement. Chairman Hinton then asked for a motion for this item. It was then moved by Director Zaccagnino, seconded by Director Garcia to pass the following resolution:

THE MOTION CARRIED. DIRECTOR MARTIN, DIRECTOR BAKER & DIRECTOR ELLIOTT OPPOSED.

"**BE IT RESOLVED** by the Board of Directors of the Brazos River Authority (Authority) that the existing blanket easement, associated with Possum Kingdom Ranch Lot A-1, be abandoned and substituted with a 15-foot easement along the North and West property lines; and

BE IT FURTHER RESOLVED that in amending the above-mentioned easement, that the Ranch on