

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: JUNE 11, 2002

THE STATE OF TEXAS

FRANKLIN COUNTY WATER DISTRICT

COUNTY OF FRANKLIN

On this the 11th day of June 2002, the Board of Directors of the Franklin County Water District convened in REGULAR SESSION at their office located at 114 North Houston Street on the East side of the square in Mount Vernon, Texas, with the following members present:

ELDON WOLD	PRESIDENT
GLENN MORRIS	VICE PRESIDENT
BILLY JORDAN	SECRETARY
DON MORRIS	DIRECTOR
DAN AGEE	DIRECTOR

and with the following members absent: NONE.

Also present were Lester Starkey, Dave Reinhartsen, Paul Myers, David Weidman and Sheila Donica.

The President called the meeting to order, declared a quorum present, and that the meeting was duly convened and ready to transact business.

Notice of this meeting was given, stating the time, place and purpose, all as required by Chapter 551 of the Government Code.

Invocation was given by David Weidman.

MOTION was made by Don Morris, and SECONDED by Dan Agee, to approve the Consent Agenda. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". The Consent Agenda was as follows:

1. Approval and Ratification of Minutes.
2. Approval and Ratification of Payment of Bills.
3. Income/Expense Comparison May 2001 / 2002.
4. Re-issuance of Leasehold Interest for Dennis W. Landers and Joanne M. Landers, Lot 16, Phase III, Panther Creek Pass.
5. Agreement Extending Lease Agreement for Leonard C. Ruby, Lot 357B, Pine Valley.

A copy of the bills, Income/Expense Comparison, Re-issuance of Leasehold, and Agreement Extending Lease Agreement are attached hereto and made a part hereof.

MOTION was made by Don Morris, and SECONDED by Billy Jordan, to lease a 0.156 acre tract of land, adjacent to Lot 301 in Snug Harbor, to Dane Owens for a \$1,000.00 bonus payment and an annual lease payment in the amount of \$9.36. The President put the question and, after full discussion and deliberation thereon, the following voted "AYE": Dan Agee, Don Morris, Glenn Morris, and Billy Jordan. The following voted "NO": Eldon Wold. A copy of the Lease Agreement is attached hereto and made a part hereof.

MOTION was made by Don Morris, and SECONDED by Dan Agee, to continue to use TWCA as the employee health insurance provider and to amend the budget to reflect the 7.91% increase for the remainder of the 2002 budget year. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

At this time the Board convened in Executive Session, with Paul Myers from Strasburger and Price LLP, for the purpose of discussing matters concerning the Cypress Springs Marina / BLC litigation.

The Board reconvened in regular session at which time the following action took place. MOTION was made by Glenn Morris, and SECONDED by Don Morris, to enter into, and execute, an interim lease with BLC during the litigation. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

There being no further business, the meeting was adjourned.

MINUTES approved this the 9th day of July 2002.

Eldon Wold, President

Glenn Morris, Vice President

Billy Jordan, Secretary

Don Morris, Director

Dan Agee, Director