

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: APRIL 8, 2003

THE STATE OF TEXAS

FRANKLIN COUNTY WATER DISTRICT

COUNTY OF FRANKLIN

On this the 8th day of April 2003, 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 Jonathan Smith, Willie Bane, Judy Spaht, David Spaht, Terri Cruitt, Moody Snider, Pam Swanner, Bobby Burney, Trish Kuhl, 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 Don Morris.

MOTION was made by Don Morris, and SECONDED by Glenn Morris, 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 March 2002 / 2003.
4. Investment Report.
5. Replat of Lot 17, Phase 1, Hickory Hill Subdivision.
6. Replat of Lot WF24, Phase 1, Swannerland Subdivision.
7. Replat of Lot 174, Block 36, Section 4, King's Country Subdivision.
8. Replat of Lot WF35, Phase 1, Swannerland Subdivision.

A copy of the bills, Income / Expense Comparison, Investment Report, and Replats are attached hereto and made a part hereof.

Mr. David Spaht addressed the Board concerning negotiation of the Tall Tree Marina, Fishing Lodge and Related Facilities Agreement and the Second Amendment to Lease Agreement. Mr. Spaht provided a letter to the Board for their review. Negotiations followed with the main points being the term of the operating agreement and the amount of the rent. Mr. Spaht asked for \$250.00 per quarter, which the Board did not accept. After further discussion, a 20 year term and 3% gross receipt rental with a \$500.00 per quarter base was proposed.

Mrs. Spaht addressed the Board with concerns regarding the ability to renegotiate the agreement after the expiration of the agreement. At Mrs. Spaht's insistence, the Board considered a "negotiate in good faith clause" at the agreement's expiration.

MOTION was made by Don Morris, and SECONDED by Dan Agee, to agree to accept the Tall Tree Marina, Fishing Lodge and Related Facilities Agreement and Second Amendment to Lease Agreement as presented with the following changes:

1. 3% of the total gross receipts with a \$500.00 per quarter base;
2. 10 year term with a 10 year renewal option;
3. To include a clause that the parties will renegotiate the agreement in good faith; and
4. The Operator will have the right to close in December and/or January for vacation.

The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". Copies of the letter, the proposed Tall Tree Marina, Fishing Lodge and Related Facilities Agreement and the proposed Second Amendment to Lease Agreement are attached hereto and made a part hereof.

MOTION was made by Billy Jordan, and SECONDED by Don Morris, to authorize the disposal of the fixed and miscellaneous assets as presented by the General Manager, with the addition of a toolbox. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy assets are attached hereto and made a part hereof.

Bids considered for the purchase of a new maintenance truck were as follows:

1. Cypress Ford \$19,872.05
2. East Texas Ford \$22,478.00
3. Elliott Motors \$23,926.00
4. Price Ford \$26,905.39
5. Teague Motors \$26,989.05

MOTION was made by Dan Agee, and SECONDED by Billy Jordan, to accept the low bid of \$19,872.05 by Cypress Ford. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". Copies of the bids are attached hereto and made a part hereof.

MOTION was made by Billy Jordan, and SECONDED by Dan Agee, to pass a policy regarding replats which will require the execution of a lease amendment changing the lot number referred to in the lease to conform to the replat. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

MOTION was made by Glenn Morris, and SECONDED by Billy Jordan, to amend Article XIV of the District's Rules and Regulations as presented with the exception of one sentence. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the amended rule is attached hereto and made a part hereof.

MOTION was made by Billy Jordan, and SECONDED by Glenn Morris, to accept the replat of Lots 7 and 8, Phase 1 of Holiday Retreat as presented. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the replat is attached hereto and made a part hereof.

The General Manager gave a report concerning an update on the San Marcos River Foundation Water Permit Application.

There being no further business, the meeting was adjourned.

MINUTES approved this the 6th day of May 2003.

Eldon Wold, President

Glenn Morris, Vice President

Billy Jordan, Secretary

Don Morris, Director

Dan Agee, Director