

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: AUGUST 21, 2003

THE STATE OF TEXAS

FRANKLIN COUNTY WATER DISTRICT

COUNTY OF FRANKLIN

On this the 21st day of August 2003, the Board of Directors of the Franklin County Water District convened in CALLED 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:

BILLY JORDAN
GLENN MORRIS
DAN AGEE
JUDY SPAHT

PRESIDENT
VICE PRESIDENT
SECRETARY
DIRECTOR

and with the following member attending via teleconference: CAROL LARSEN.

Also present were Willie Bane, Lillie Reves, Brian Philhower, Tim Philhower, Linda Philhower, David Spaht, John Osborne, James Kirk, Jackie Boyd, Jackie Anderson, Tom Ramsay, 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.

Mr. John Osborne, accountant for Brian Philhower, was available to answer questions that the Board had concerning Mr. Philhower's business plan. MOTION was made by Carol Larsen, and SECONDED by Dan Agee, accept the approval of the sale between the Spaht's and Brian Philhower. After further discussion, the MOTION was amended to approve the assignment of the marina from the Spahts' to Mr. Philhower contingent upon the execution of the assignment document, after it has been reviewed by both parties involved. The President put the question and, after full discussion and deliberation thereon, all members voted "AYE". NONE voted "NO". A copy of the Assumption and Modification of Marina, Fishing Lodge, and Related Facilities Agreement will be attached hereto and made a part hereof.

There being no further business, the meeting was adjourned.

MINUTES approved this the 9th day of September 2003.

Billy Jordan, President

Glenn Morris, Vice President

Dan Agee, Secretary

Judy Spaht, Director