

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: DECEMBER 18, 2003

THE STATE OF TEXAS
COUNTY OF FRANKLIN

FRANKLIN COUNTY WATER DISTRICT

On this the 18th day of December 2003, the Board of Directors of the Franklin County Water District convened in SPECIAL 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	PRESIDENT
GLENN MORRIS	VICE PRESIDENT
CAROL LARSEN	DIRECTOR
JUDY SPAHT	DIRECTOR

and with the following members absent: DAN AGEE.

Also present were 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 Glenn Morris.

At this time, the Board convened in Executive Session for the purpose of consulting with attorneys concerning the Cypress Springs Marina / BLC litigation and the Panther Creek Pass POA litigation. The Board reconvened at 6:08, at which time the following action was taken:

MOTION was made by Carol Larsen, and SECONDED by Judy Spaht, to accept the compromise settlement agreement and mutual release on the BLC litigation. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A Copy of the Compromise Settlement Agreement and Mutual Release and Second Amended and Restated Marina Fishing Lodge and Related Facilities Release are attached hereto and made a part hereof.

MOTION was made by Judy Spaht, and SECONDED by Carol Larsen, to give permission to the President, the General Manager and Glenn Morris or Carol Larsen to represent the Water District with the amount discussed in Executive Session at the court ordered mediation with Panther Creek Pass POA. 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 12th day of January 2004.

Billy Jordan, President

Glenn Morris, Vice President

ABSENT
Dan Agee, Secretary

Carol Larsen, Director

Judy Spaht, Director