

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

THE STATE OF TEXAS

FRANKLIN COUNTY WATER DISTRICT

COUNTY OF FRANKLIN

On this the 18th day of October 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:

BILLY JORDAN	PRESIDENT
GLENN MORRIS	VICE PRESIDENT
DAN AGEE	SECRETARY
CAROL LARSEN	DIRECTOR
JUDY SPAHT	DIRECTOR

and with the following members absent: NONE.

Also present were Brian Philhower, Amanda Arledge, Myra Marr, Ginger Lyon, Thomas Grimes, Joan Walne, Alan Walne, Ron Austin, Linda Austin, Janice Schma, Allan Ross, Lael Nelson, Marshall Nelson, Cordell Bradford, Willie Bane, Dean Kennedy, J.D. Green, Debi Whitworth, Larry Woodward, Marlene Woodward, Pat Norris, Shari Norris, Gay Snider, Moody Snider, George Jachimiec, Steve Fort, Terry Horton, Troy Arterbury, Richard Larsen, Keith Drummond, Jack Jordan, Liz Etheridge, Norm Williams, Sue Williams, Charles Etheridge, Phil Smith, Don Donnally, Jonathan Smith, 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 Dan Agee.

MOTION was made by Carol Larsen, 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 October 2002 / 2003.
4. Investment Report.
5. Amended and Restated Lease Agreement for:
 - A. Barbara Velhum, Lots 35 and 36, Phase II, South Shore;
 - B. Linda Gillean, Lots 9C and 9D, Phase 7, Northshore; and
 - C. John J. Marinan and Laura L. Addington-Marinan, Lots 190 and 191, Phase 6, Northshore.
6. Amendment to Lease Agreement for:
 - A. Jeff Y. and Suzanne A. Smith, Lots 306B and 307A, Phase 3, Snug Harbor;
 - B. Timothy Len and Anita Sue Ables, Lots 307B and 308, Phase 3, Snug Harbor;
 - C. Paul Michael and Apryl Warden Jolas, Lot 92F-R, Block 13, Section 3, Tall Tree;
 - D. Edward Brook, Lot 15, Block 63, Section 4, King's Country; and
 - E. Joe M. and Teresa K. Humphreys, Lot WF36, Swannerland.
7. New Lease Agreement for:
 - A. Mary Mulcahy, Lot 48, Block 22, Section 3, Tall Tree;
 - B. Geneice Gray, Lot 49, Block 22, Section 3, Tall Tree; and
 - C. Johnny Flowers, Lots 57 and 58, Phase 1, Snug Harbor.

A copy of the bills, Income / Expense Comparison, Investment Report, Amended and Restated Lease Agreements, Amendment to Lease Agreements, and New Lease Agreements are attached hereto and made a part hereof.

At this time, the floor was open for the public hearing concerning a request by Janice Schma to re-zone 5.44 acre tract of miscellaneous leasehold property from single family residential to commercial for the purpose of building a bed and breakfast/retreat. Mrs. Schma and architect Allan Ross made a short presentation regarding the project. Allan Walne, Ron Austin, Larry Woodward, Dean Kennedy, J.D. Green, Pat Norris, George Jachimiec, and Steve Fort spoke in opposition to the project. Mrs. Schma then gave a closing statement and the public hearing session was closed.

After discussing the re-zoning proposal, MOTION was made by Judy Spaht, and SECONDED by Carol Larsen, to deny the request to re-zone the property for commercial use. 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 Judy Spaht, to approve the job descriptions for the Inspector and Lake Patrol 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 job descriptions are attached hereto and made a part hereof.

At the August 21, 2003 meeting, the Board approved the assignment of the Tall Tree Marina from David and Judy Spaht to Brian Philhower. At this time, they were presented with the final copy of the Tall Tree Marina Assumption and Modification of Marina, Fishing Lodge and Related Facilities Agreement for execution.

The Board discussed possible future plans for Mary King Park. MOTION was made by Carol Larsen, and SECONDED by Judy Spaht, to direct the Manager to acquire a survey of the park area. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the survey is attached hereto and made a part hereof. After the survey is obtained, the item will be placed back on the agenda for further discussion.

The matter of amending the 2004 budget was tabled until the December meeting.

The Manager asked the Board to clarify the use of his District's vehicle. The Board stated that the District vehicle could be used at his discretion as far as Water District business and within reason for personal business as needed; as long as he didn't abuse it.

MOTION was made by Carol Larsen, and SECONDED by Dan Agee, to accept the replat and Amended Lease Agreement for Lot 9I, Phase 7, Northshore. 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 and Amended Lease Agreement are attached hereto and made a part hereof.

MOTION was made by Glenn Morris, and SECONDED by Carol Larsen, to approve the 2004 holiday calendar 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 holiday calendar is attached hereto and made a part hereof.

The Manager reported on the following items:

- A. TP&W Fisheries Survey Report;
- B. District Christmas party;
- C. Christmas tree fish habitat;
- D. Panther Creek Pass request to Franklin County to enforce traffic regulations in private subdivisions;
- E. 2004 objectives;
- F. Raising Director's E & O liability coverage from \$1 million to 5 million;
- G. Purchase of three (3) defibrillators; and
- H. Possibly changing the January meeting date.

The following people addressed the Board during the Public Comment section: Phil Smith, Pat Norris, Brian Philhower, and George Jachimiec.

The Board convened in Executive Session at 8:20 for the purpose of consulting with attorneys concerning the following:

- A. Walker vs. Constantine and FCWD;
- B. Cypress Springs Marina / BLC litigation; and
- C. Panther Creek Pass POA vs. FCWD.

When the Board reconvened at 9:50, the following action was taken:

MOTION was made by Dan Agee, and SECONDED by Carol Larsen, to direct the attorney to proceed with negotiations with BLC as presented in Executive Session. 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 December 2003.

Billy Jordan, President

Glenn Morris, Vice President

Dan Agee, Secretary

Carol Larsen, Director

Judy Spaht, Director