

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: AUGUST 10, 2004

THE STATE OF TEXAS

FRANKLIN COUNTY WATER DISTRICT

COUNTY OF FRANKLIN

On this the 10th day of August 2004, 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
TIM PHILHOWER	DIRECTOR

and with the following members absent: NONE.

Also present were J.R. Alphin, David Anderson, Jackie Anderson, Lou Antonelli, Amanda Arledge, Willie Bane, Ben Boren, John Edwards, Joe Ergonis, Linda Ergonis, Jerry Hammond, Stan Hayes, B.F. Hicks, Floyd Kennington, Richard Larsen, Brian Philhower, Jonathan Smith, Loyd Smith, Gay Snider, Moody Snider, Pam Swanner, Gail Willoughby, Eldon Wold, 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.

MOTION was made by Carol Larsen, and SECONDED by Tim Philhower, 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 July 13, 2004 Minutes
2. Approval and Ratification of Payment of Bills
3. Approval of Unpaid Bills
4. Income / Expense Comparison July 2003 / 2004
5. Investment Report
6. Amendment to Lease Agreement (Replat) for Steven P. Hagemann, Lot 4R-3, Phase 1, Snug Harbor
7. Replat and Amendment to Lease Agreement for:
 - A. Larry D. and Randa R. Jessen, Lots 303 and 304, Section 3, Snug Harbor; and
 - B. Alexander T. and Mary S. Lamar, Lots 108L-111L, Section 2, Kings Country
8. Termination of Leasehold for Shannon Steen, Lot 9, Block 62, Section 4, Kings Country
9. Amended and Restated Lease Agreements for:
 - A. Douwe H. and Sue Soetenga, Lots 2 and 3, Block 40, Section 4, Kings Country;
 - B. Ned and Lane Fleming, Lots 138 and 139, Block 13, Section 3, Tall Tree; and
 - C. Paul E. and Linda Clampitt, Lots 18, 19 and 28, Phase 3, Eagle Point

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

Stan Hayes of NRS Engineering updated the Board on the state of the back side of the Franklin County Dam and the possible solutions that were available to the District for the repairing of the dam. No action was taken at this time and the matter was tabled until a future meeting.

Mr. Ergonis addressed the Board regarding the fact that the Board has not offered him a payoff agreement as stated in the April 5, 2004 default letter. He requested that the Board refund the \$72,723.20 payment made on July 14, 2004 and that the Board provide him with a payoff agreement as soon as possible. When asked, the District's attorney, Jonathan Smith, told the Board that they were not required to provide a payoff agreement. The Board informed Mr. Ergonis that they did not think that they should provide him with a payoff agreement, and declined to take action on the request for a refund of the \$72,723.20.

Bids on the repair of Walleye Park road were received from the following contractors:

1. Total Paving Company, \$60,500.00;
2. Texana Land & Asphalt, \$62,576.46; and
3. APAC-Texas, Inc., Buster Paving Division, \$81,101.50

MOTION was made by Tim Philhower, and SECONDED by Carol Larsen, to accept the low bid of \$60,500.00 from Total Paving Company. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the bids is attached hereto and made a part hereof.

Brian Philhower, owner of the Tall Tree Marina, approached the Board with a request to place Marina advertising signs on District property. The Board advised that they wished to study the matter further and the item would be placed on the agenda for the next meeting. Director Tim Philhower recused himself from deliberation on the agenda item.

The Board discussed the current status of the Eco-System Restoration Program and the U.S. Army Corps of Engineers involvement in that program. The District received correspondence from Dr. Smart, from LARF, that he felt that the Corps should suspend activity with the District. The Board directed the District to continue with transplanting the plants that are currently in the lakes to new locations.

MOTION was made by Carol Larsen, and SECONDED by Dan Agee, to approve Constantine/Walker Settlement Documents and Replat 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 Settlement Documents, Replat and Amendments are attached hereto and made a part hereof.

MOTION was made by Carol Larsen, and SECONDED by Dan Agee, to authorize the Manager to purchase a new mower for maintenance and to trade in or dispose of the old mower. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

MOTION was made by Dan Agee, and SECONDED by Glenn Morris, to accept the Replat and Amendment to Lease Agreement for Tim and Linda Philhower, Lots 52 and 53, Block 13, Section 3, Tall Tree as presented. The President put the question and, after full discussion and deliberation thereon, the following members present voted "AYE": Billy Jordan, Glenn Morris, Dan Agee, and Carol Larsen. NONE voted "NO". Director Tim Philhower recused himself from this agenda item. A copy of Replat and Amendment is attached hereto and made a part hereof.

The Manager reported on the following items:

- A. A drowning that occurred on Lake Cypress Springs on August 4, 2004; and
- B. A possible pending sale of the Cypress Springs Marina.

The following addressed the Board in the Public Comment section:

- A. Willie Bane;
- B. Ben Boren; and
- C. Moody Snider

There being no further business, the meeting was adjourned.

MINUTES approved this the 14th day of September 2004.

Billy Jordan, President

Glenn Morris, Vice President

Dan Agee, Secretary

Carol Larsen, Director

Tim Philhower, Director