

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: AUGUST 16, 2005

THE STATE OF TEXAS
COUNTY OF FRANKLIN

FRANKLIN COUNTY WATER DISTRICT

On this the 16th day of August 2005, 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
CAROL LARSEN	DIRECTOR
TIM PHILHOWER	DIRECTOR
BRUCE GATLIN	DIRECTOR

and with the following members absent: NONE.

Also present were J.R. Alphin, Willie Bane, Paul Constantine, Dave Chaffin, Jerry Hammond, Ann Holland, Richard Larsen, Ed Louthback, Tony Radican, Lillie Bush-Reves, Amanda Riley, Tom Riley, Ralph Robertson, Bob Sehon, Moody Snider, 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 Tim Philhower, and SECONDED by Carol Larsen, to approve the Consent Agenda as presented. 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 12, 2005 Minutes
2. Approval and Ratification of Payment of Bills
3. Approval of Unpaid Bills
4. Investment Report
5. Termination of Leasehold for:
 - A. Billy and Lois Byrd, Lot 16, Phase 2, Northshore; and
 - B. John D. Hubbard, John D. Hubbard Revocable Trust, .231 acre tract being out of 22.359 acres, Eagle Point (mutual termination)
6. Amended and Restated Lease Agreement for Jeff and Debbie Jones, Lots L78 and L79, Section 2, Kings Country
7. New Lease Agreement for:
 - A. Pat and Kristi Galan, Lot, Block 1, Unit 2, Club Lake Estates; and
 - B. Robert West Maxwell, Lots LV 43 and LV 44, Phase 1, Swannerland

A copy of the Bills, Investment Report, Affidavit of Terminations, Amended and Restated Lease Agreement, and New Lease Agreements are attached hereto and made a part hereof.

At the July 12th meeting, Tom Riley, lessee of Lot 18 in South Park, was protesting the sale of the .574 acre tract of unleased land between Lots 18 and 19 in South Park. Real estate agent Ann Holland, on behalf of her clients, was requesting that the Board take bids on the property and lease it. The Board asked the two parties to attempt to negotiate and work out a deal beneficial to both parties. An agreement could not be reached and Mr. Riley asked the Board to still consider his original protest. MOTION was made by Tim Philhower, and SECONDED by Carol Larsen, to accept the letter of protest and take no action on the sale of the property. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

Tony Radican, President of the Franklin County Chamber of Commerce, made a presentation to the Board concerning the possibility of the Chamber sponsoring an Aqua-Fest around the lake area. Mr. Radican stated that this was just in the planning stage and would probably be scheduled for September 2006. The Board was receptive to the idea and asked Mr. Radican to come back to the Board when the Chamber had more detailed plans.

A new rule was proposed concerning existing non-compliant improvements on District property. MOTION was made by Glenn Morris, and SECONDED by Tim Philhower to adopt a new rule, Nonconforming Use Permits, as Article XVIII and amend the District's Rules and Regulations 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 new rule is attached hereto and made a part hereof.

At the June meeting, a recommendation was made on the possibility of assessing a surcharge related to ecosystem restoration and nuisance vegetation control; however, no action was taken in order to allow for public comments. After discussing different options, including an annual fee of \$25.00 per lot for a period of 3-5 years, the Board tabled the item until the next meeting.

MOTION was made by Tim Philhower, and SECONDED by Carol Larsen, to authorize the Manager David Weidman to change the date of the Board's regular meeting from the second Tuesday to the third Tuesday, if David gets appointed to the City Council. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

MOTION was made by Carol Larsen, and SECONDED by Tim Philhower, to adopt the amendments to the Districts 2005 budget 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 amendments is attached hereto and made a part hereof.

MOTION was made by Glenn Morris, and SECONDED by Bruce Gatlin, to change the District's capitalization threshold from \$2000.00 to \$5000.00. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

The Board discussed the District's nuisance vegetation control program and possible solutions. The preliminary results of Texas Parks and Wildlife's vegetation survey indicated 415 surface acres of Hydrilla coverage, which they estimate is about 12% coverage. Possible solutions discussed were grass carp and the application of herbicides. The Board authorized the Manager to move forward with obtaining a permit from the state for the application of herbicides.

The Manager reported on the following items:

- A. Franklin County Dam maintenance update
- B. Hydrilla informational newsletter
- C. Compiling a homeowner email list
- D. Possible grant for a permanent fix to the back slope of the dam
- E. Setting up a meet and greet type meeting at the lake

The following people addressed the Board during the public comment section:

- A. Willie Bane

There being no further business, the meeting was adjourned.

MINUTES approved this the 20th day of September 2005.

Billy Jordan, President

Glenn Morris, Vice President

Tim Philhower, Secretary

Carol Larsen, Director

Bruce Gatlin, Director