

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

THE STATE OF TEXAS

FRANKLIN COUNTY WATER DISTRICT

COUNTY OF FRANKLIN

On this the 16th day of June 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
GLENN MORRIS
CAROL LARSEN
TIM PHILHOWER

PRESIDENT
VICE PRESIDENT
DIRECTOR
DIRECTOR

and with the following members absent: NONE.

Also present were Willie Bane, Dianna Bratton, Paul Constantine, Bruce Gatlin, Roger Geracie, Ann Holland, Richard Larsen, Bill Miller, Lillie Bush-Reves, Ralph Robertson, Rusty Rutledge, Bob Sehon, Marjorie Storm, Robert Whiteside, J. Williams, 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.

General Manager David Weidman briefed the Board regarding Consent Agenda item #6A, the termination of 174-36-4, Kings Country. Mrs. Bratton, lessee of this lot, addressed the Board requesting that the Board reconsider the termination while they finished bringing the grade of the ground up to the slab. The Board declined to reconsider.

MOTION was made by Carol Larsen, and SECONDED by Tim Philhower, 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 May 17, 2005 Minutes
2. Approval and Ratification of Payment of Bills
3. Approval of Unpaid Bills
4. Investment Report
5. Ratify Action Taken in Rescheduling June 2005 Regular Board Meeting
6. Termination of Leasehold for:
 - A. James Edwin and Dianna E. Bratton, Lot 174, Block 36, Section 4, Kings Country; and
 - B. Robert West Maxwell, Lots LV43 and LV 44, Phase 1, Swannerland
7. Amended and Restated Lease Agreement for:
 - A. Robert Jay and Joanne McDonald, Lot 43, Block 5, Section 2 and Lot 21, Block 12, Section 2, Tall Tree
8. Amendment to Lease Agreement (Replat) for Brian M. and Gail L. Ross, Lots 5R and 6R, Block 39, Section 4, Kings Country
9. Replat and Amendment to Lease Agreement for:
 - A. Otis Raford and Dorothy M. Cade, Lot 155, Block L, Section 2, Kings Country;
 - B. Louis P. and Barbara A. Walton, Lot 8R, El Dorado; and
 - C. Lake Cypress Springs Properties, LTD, Lot 154, Block L, Section 2, Kings Country

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

Rusty Williams, Williams Insurance, gave a presentation on the different options for consideration of proposals for the District health insurance plan. MOTION was made by Carol Larsen, and SECONDED by Tim Philhower, to accept the proposed Assurant Health HSA Plan, with the understanding that the rates will not vary much from what was 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 Insurance Proposal is attached hereto and made a part hereof.

MOTION was made by Tim Philhower, and SECONDED by Glenn Morris to reschedule the August Board meeting from August 9th to August 16th. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

Bruce Gatlin and Robert Whiteside have expressed an interest in being appointed to fill an unexpired term for Director of Place 2. Both men introduced themselves to the Board. The floor was then opened up for nominations. MOTION was made by Glenn Morris to nominate Bruce Gatlin and MOTION was made by Carol Larsen to nominate Robert Whiteside to fill the position of Director of Place 2. The President put the question and, after full discussion and deliberation thereon, the votes were as follows: Those in favor of Bruce Gatlin: Glenn Morris and Billy Jordan; those in favor of Robert Whiteside: Carol Larsen and Tim Philhower. A majority vote is required to elect, neither candidate received a majority; therefore no action was taken at this time. Members of the Board agreed to meet with each of the candidates. The item will be placed on the July agenda for possible action.

Manager David Weidman made a recommendation to the Board that the District approve a per foot surcharge on bulkhead and dredging permits. This surcharge would be to offset the cost of replacing the damaged habitat or set aside similar habitat in another location to mitigate the loss to the environment. This would restore plants to the District’s aquatic ecosystem. No action was taken at this time.

Ann Holland of Century 21 Real Estate approached the Board on behalf of her clients, Chock and Marcia Yates, with an offer to lease a .574 acre tract of unleased land in South Park. MOTION was made by Tim Philhower, and SECONDED by Carol Larsen, to authorize the property to be put out for bids with a minimum bid of \$12,500. The President put the question and, after full discussion and deliberation thereon, all members present voted “AYE”. NONE voted “NO”.

The Manager reported on the following items:

- A. Franklin County Dam maintenance update
- B. J.R. Alphin gave a power point presentation on the aquatic nursery
- C. Ecosystem Restoration and Vegetation Control
- D. Article about Lake Cypress Spring in D Magazine

There being no further business, the meeting was adjourned.

MINUTES approved this the 12th day of July 2005.

Billy Jordan, President

Glenn Morris, Vice President

Tim Philhower, Secretary

Carol Larsen, Director