

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: MARCH 8, 2005

THE STATE OF TEXAS

FRANKLIN COUNTY WATER DISTRICT

COUNTY OF FRANKLIN

On this the 8th day of March 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
DAN AGEE	SECRETARY
CAROL LARSEN	DIRECTOR
TIM PHILHOWER	DIRECTOR

and with the following members absent: NONE.

Also present were Willie Bane, Brooksey Crow, Brent Doll, John Edwards, Dan Glosser, Stan Hayes, Trish Kuhl, Ed Loutherbach, Mitch Perry, Henk Post, Lillie Bush-Reves, 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

MOTION was made by Tim Philhower, and SECONDED by Carol Larsen, 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 February 8, 2005 Minutes
2. Approval and Ratification of Payment of Bills
3. Approval of Unpaid Bills
4. Investment Report
5. Replat and Amendment to Lease Agreement for:
 - A. Terry & Tonia Smith, Lots 305 and a portion of Lot 306, Phase 3, Snug Harbor;
 - B. J.M. & Laverne Richards, Lots 62 and 63, Phase 7, Northshore;
 - C. R. Michael Berry, Steelescreek Development LLC, Lots 60 and 61, Phase 7, Northshore;
 - D. R. Michael Berry, Steelescreek Holdings LP, .438 acres, .16 acres out of Lots 60 and 61, and .256 acres out of Lots 62 and 63, Phase 7, Northshore; and
 - E. Mark R. and Suzanne Wagner, Lot 9, Phase 1, Whippoorwill Bay
6. Amended and Restated Lease Agreement for:
 - A. Jerry E. & Mary K. Andrlik, Lots 519 and 521B, Block L, Section 2, Kings Country;
 - B. Ronald R. Pope, Lots 600 and 601, Block L, Section 2, Kings Country; and
 - C. W.J. & Pauline Slovak, Lots 126 and 127, Block 36, Section 4, Kings Country
7. Affidavit of Termination of Leasehold for B.R. Shelby, Lot 35, South Park (mutual termination)

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

Stan Hayes, with NRS Consulting Engineers, briefed the Board on the bids received for the maintenance to the back slope of the Franklin County Dam. After discussing the bids, MOTION was made by Tim Philhower, and SECONDED by Carol Larsen, to accept the bid and award the contract to Haltom Construction for the base bid and additive alternate in the amount of \$144,759.50. The President put the question and, after full discussion and deliberation thereon, the following members present voted "AYE": Billy Jordan, Glenn Morris, Tim Philhower, and Carol Larsen. The following members voted "NO": Dan Agee. A copy of the bid tabulation is attached hereto and made a part hereof.

At this time, Brent Doll and Mitch Perry from Fox, Byrd and Company, P.C. gave a presentation of the 2004 Financial Statements and Independent Auditor's Report to the Board.

MOTION was made by Carol Larsen, and SECONDED by Tim Philhower, to accept the 2004 Audit Report 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 Audit Report is attached hereto and made a part hereof.

The Manager reported on the following items:

- A. Manager's nomination and election to the TWCA Board of Directors
- B. Bills being introduced in the Legislative Session
- C. Bid results on the re-leasing of terminated lots

There being no further business, the meeting was adjourned.

MINUTES approved this the 12th day of April 2005.

Billy Jordan, President

Glenn Morris, Vice President

Dan Agee, Secretary

Carol Larsen, Director

Tim Philhower, Director