

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: JANUARY 17, 2006

THE STATE OF TEXAS

FRANKLIN COUNTY WATER DISTRICT

COUNTY OF FRANKLIN

On this the 17th day of January 2006, the Board of Directors of the Franklin County Water District convened in REGULAR SESSION at their office located at 112 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
TIM PHILHOWER	SECRETARY
CAROL LARSEN	DIRECTOR
BRUCE GATLIN	DIRECTOR

and with the following members absent: NONE.

Also present were J.R. Alphin, Willie Bane, Lillie Bush-Reves, Dave Chaffin, Paul Constantine, Tony Hansen, Ed Louterback, Beau McKellar, Joanna McLaren, Janis Murphy, Annette Rutherford, John Rutledge, Bob Sehon, Moody Snider, Dee Willard, 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 Bruce Gatlin.

MOTION was made by Tim Philhower, and SECONDED by Glenn Morris, 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 December 20, 2005 Minutes
2. Approval and Ratification of Payment of Bills
3. Approval of Unpaid Bills
4. Investment Report
5. Approval of Destruction of Records in Accordance with Records Control Schedule
6. Termination of Leasehold for:
 - A. Gregory S. and Carole E. Gust, Lot 427, Pine Valley; and
 - B. Robert D. Spidle, etux Margaret I. Spidle, Lot 1, Block 21, Section 3, Tall Tree
7. Declaration of Utility Easement, Utility Easement Agreements and Amended and Restated Lease Agreements for Daniel and Tracie Smith, Lots 16 and 17, East Park
8. New Lease Agreement for South Shore Homeowners Association, Inc., Lot 11A (Boat Ramp), Section 1, South Shore

A copy of the Bills, Investment Report, Records Destruction List, Affidavits of Termination, Declaration of Utility Easement, Utility Easements, Amended and Restated Lease Agreements and New Lease Agreement are attached hereto and made a part hereof.

John Rutledge and Janis Murphy, engineers from Freese and Nichols, made a presentation to the Board on the proposals for the Conduit and Slope Inspection and the Breach Analysis and Emergency Action Plan. MOTION was made by Tim Philhower, and SECONDED by Carol Larsen, to accept the two proposals with Freese and Nichols as presented and to authorize the General Manager to execute contracts based on these proposals. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the Proposals are attached hereto and made a part hereof.

MOTION was made by Carol Larsen, and SECONDED by Tim Philhower, to assess the Special Assessment fee as discussed at the December 2005 meeting. 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 Bruce Gatlin, to approve the two new job descriptions, Operations Manager and Maintenance Team Leader, and the District's Organizational Chart 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 and organizational chart are attached hereto and made a part hereof.

MOTION was made by Tim Philhower, and SECONDED by Carol Larsen, to approve the pay increase as proposed for the Operations Manager, J.R. Alphin, to be made retroactive to January 1, 2006. 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 approve the amendments to the 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 amended Budget is attached hereto and made a part hereof.

The Manager reported on the following items:

- A. U.S. Army Corp of Engineers matching grant funding on the Volumetric Study
- B. Drought condition update

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

- A. Paul Constantine
- B. Willie Bane

There being no further business, the meeting was adjourned.

MINUTES approved this the 21st day of February 2006.

Billy Jordan, President

Glenn Morris, Vice President

Tim Philhower, Secretary

Carol Larsen, Director

Bruce Gatlin, Director