

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: MARCH 21, 2006

THE STATE OF TEXAS

FRANKLIN COUNTY WATER DISTRICT

COUNTY OF FRANKLIN

On this the 21st day of March 2006, the Board of Directors of the Franklin County Water District convened in REGULAR SESSION at the District 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, Ron Barker, Steve Brohard, Mike Burkhart, Lillie Bush-Reves, Dave Chaffin, Paul Constantine, Greg Cooney, Carole Dunn, Max Higgs, Brock Hopkins, Johnny Kirby, Richard Larsen, Katie Nicastro, Mitch Perry, Mike Richards, Bob Schon, Ed Shelton, 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 Billy Jordan.

MOTION was made by Carol Larsen, 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 February 21, 2006 Minutes
2. Approval and Ratification of Payment of Bills
3. Approval of Unpaid Bills
4. Investment Report
5. Replat Lease Amendment for Thomas A. and Beth E. Montgomery, Lots 4R and 6R, Phase 1, South Shore
6. Replat and Amendment to Lease Agreement for:
 - A. Norman Howard Bender, Lot 31, Block 5, Section 2, Tall Tree and Mark J. and Cynthia Baglietto, Lot 32, Block 5, Section 2, Tall Tree; and
 - B. Melba Sue Evers Hopkins, .521 Acre Misc. Tract, Maximillin Survey
7. Amended and Restated Lease Agreement for:
 - A. Marc A. Sparks, Lots 1, 2 and 3, Phase 2, Lands End;
 - B. Thomas A. and Beth E. Montgomery, Lots 4R, 5 and 6R, Phase 1, South Shore and Lots 13-22, Phase 2, South Shore; and
 - C. James P. and Kathy R. Holt, Lots 119B, 120 and 121, Block L, Section 2, and Lot 10, Block 52, Section 4, Kings Country

A copy of the Bills, Investment Report, Replat, Replat Lease Amendments, and Amended and Restated Lease Agreements are attached hereto and made a part hereof.

At this time, Mitch Perry from Fox, Byrd and Company, P.C. gave a presentation of the 2005 Financial Statements and Independent Auditor's Report to the Board.

MOTION was made by Tim Philhower, and SECONDED by Carol Larsen, to accept the 2005 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.

Mike Burkhart approached the Board with a request to lease a .015 acre tract next to Lost Creek Subdivision. This tract is property that he took in during the construction of a retaining wall that was not built according to his permit. MOTION was made by Carol Larsen, and SECONDED by Bruce Gatlin, to lease the .015 acre tract to Mr. Burkhart with a \$1000.00 bonus payment and with the requirement that the tract of land be replatted into the Common Area of Lost Creek. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the replat is attached hereto and made a part hereof.

Ron Barker asked the Board to clarify action taken on the zoning of Lot 9K, Phase 7, in the Northshore Addition at the November 14, 1988 FCWD board meeting. At that meeting, the Board took action to rezone this lot from its original single family residential zoning to a specific zoning of "real estate office". In the minutes of that meeting, the lot was referred to as Lot 1. Mr. Barker wanted the Board to clarify that Lot 1 should in fact have been listed as Lot 9K. Max Higgs, president of Northshore POA, opposed the request, stating that their POA deed restrictions said that "each and every lot in Northshore Addition is to be utilized for residential purposes only". No action was taken at this time. The Board advised the Manager to speak to legal counsel regarding this matter and to have the item placed back on the April agenda.

MOTION was made by Tim Philhower, and SECONDED by Carol Larsen, to approve a Replat and Amended and Restated Lease Agreement for a .137 acre tract in Country Club Estates, a .178 acre misc. tract and an unleased .060 acre misc. tract located between the two with a \$2000.00 bonus payment as presented. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". Copies of the Replat and Amended and Restated Lease Agreement are attached hereto and made a part hereof.

The Manager reported on the following items:

- A. Update on the conduit and slope inspection
- B. Drought condition update
- C. TWCA Texas Water Day in Washington update
- D. Possible flooring replacement in the District office

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 18th day of April 2006.

Billy Jordan, President

Glenn Morris, Vice President

Tim Philhower, Secretary

Carol Larsen, Director

Bruce Gatlin, Director