

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: SEPTEMBER 19, 2006

THE STATE OF TEXAS

FRANKLIN COUNTY WATER DISTRICT

COUNTY OF FRANKLIN

On this the 19th day of September 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 Daniel Alford, J.R. Alphin, Willie Bane, Steve Brohard, Pam Buttrick, Scott Buttrick, Dave Chaffin, Paul Constantine, Greg Cooney, Tommy Grimes, Max Higgs, Dale Kenas, Janis Murphy, Katie Nicastro, Amanda Philhower, Brian Philhower, Linda Philhower, Trent Rehnquist, Bob Sehon, Jonathan Smith, Michael Weidman, 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 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 August 15, 2006 Minutes
2. Approval and Ratification of Payment of Bills
3. Approval of Unpaid Bills
4. Investment Report
5. Termination of Leasehold for:
 - A. Business Vacation Concepts, Inc., Lot 4, Block 18, Section 3, Tall Tree;
 - B. Georgina F. Silver, Lots L532 and L533, Section 2, Kings Country;
 - C. Ronald L. Folwell, Lot 165, Block 13, Section 3, Tall Tree; and
 - D. Jim Meek, Lot 75, Phase 5, Northshore
6. Replat and Amendment to Lease Agreement for Cypress Springs Homes, LP, Lots 7, 8, 9, 14, 15, 16 and 17, Block 60, Section 4, Kings Country
7. Amended and Restated Lease Agreement for:
 - A. Danielle Wood, Lots 11 and 12, Block 57, Section 4, Kings Country; and
 - B. Mark and Teresa Andrews, Lots 8L, 9L and 10L, Section 2, Kings Country
8. Amendment to Lease Agreement (99-Year Extension) for Arthur A. Gehrki, Lot 14, El Dorado

A copy of the Bills, Investment Report, Affidavits of Termination, Replat and Amendment, Amended and Restated Lease Agreements and 99-Year Extension Amendment are attached hereto and made a part hereof.

Janis Murphy, P.E. with Freese and Nichols, presented the Board with the final reports concerning the Slope and Conduit Inspection, the Breach Analysis and the Emergency Action Plan for the dam. Their recommendation was that action be taken for a long term repair to the downstream slope of the dam. MOTION was made by Tim Philhower, and SECONDED by Carol Larsen, to adopt the Emergency Action Plan as presented. 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 Resolution adopting the AutoMark voting system and changing and consolidating the polling places for Franklin County Water District elections. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the Resolution is attached hereto and made a part hereof.

Daniel Alford and Greg Cooney, lessees of Cypress Springs Marina, approached the Board with the request to exercise the contractual right in their lease agreement to convert the property from commercial to single family residential. Tommy Grimes, potential buyer of that property, was also on hand to speak with the Board. No action was taken on this matter. The Board advised the Manager to consult with District attorney Jonathan Smith and to have some more information available at that meeting.

The Manager reported on the following items:

- A. Drought condition
- B. J.R. Alphin updated the board on the status of the District's boat ramps

At this time, the Board convened in Executive Session for the purpose of discussing personnel matters and employee evaluations. When the Board reconvened in Open Session at 8:46, the following action was taken:

MOTION was made by Tim Philhower, and SECONDED by Glenn Morris, to approve employee compensation packet 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 employee compensation packet is attached hereto and made a part hereof.

There being no further business, the meeting was adjourned.

MINUTES approved this the 17th day of October 2006.

Billy Jordan, President

Glenn Morris, Vice President

Tim Philhower, Secretary

Carol Larsen, Director

Bruce Gatlin, Director