

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: JUNE 19, 2007

THE STATE OF TEXAS
COUNTY OF FRANKLIN

FRANKLIN COUNTY WATER DISTRICT

On this the 19th day of June 2007, 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:

TIM PHILHOWER	PRESIDENT
BILLY JORDAN	VICE PRESIDENT
BRUCE GATLIN	SECRETARY
RODNEY NEWSOM	DIRECTOR
DWAYNE BOLIN	DIRECTOR

and with the following members absent: NONE.

Also present were Jodi Blanton, Lillie Bush-Reves, John Gunn, Tony Hanson, Ed Louterback, Janis Murphy, Amanda Philhower, Brian Philhower, Justin Philhower, Linda Philhower, 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.

Tim Philhower presented a plaque with his gavel mounted on it to Billy Jordan for his many years of service as President of the Board.

MOTION was made by Bruce Gatlin, and SECONDED by Dwayne Bolin, 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 22, 2007 Minutes
2. Approval and Ratification of Payment of Bills
3. Investment Report
4. Replat Amendment to Lease Agreement for Robert and Sue Jepson, Part of Lots 20 and 21, South Park
5. New Lease Agreements for:
 - A. Jennifer Cook, Lot 3, Block 9, Section 1, Tall Tree;
 - B. Van Mark and Virginia Jolas, Lot 446, Section 1, Pine Valley;
 - C. John W. Hagan, Lots L532 and L533, Section 2, Kings Country;
 - D. Paschall Properties, LLC, Lot 75, Phase 5, Northshore;
 - E. John and Tamme Paschall, Lot 94, Phase 5, Northshore; and
 - F. Terry Tirado, Lots 43 and 108, Block 36, Section 4, Kings Country and Lot 42, Block 37, Section 4, Kings Country
6. Amended and Restated Lease Agreements for:
 - A. Danny and Charlotte Brustrom, Lots 359 and 359A, Phase 3, Snug Harbor; and
 - B. William and Carolyn Cobb, Lots L502, L503, and L505, Section 2, Kings Country

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

Jodi Blanton, attorney for Prime Lending, addressed the Board with a request to allow her client to cure a default on a 5-acre waterfront tract in Waterways. The Manager explained to the Board that the District has spent approximately \$26,092.00 in curing the default. MOTION was made by Billy Jordan, and SECONDED by Bruce Gatlin, to allow Prime Lending to cure the default and reinstate the lease for \$36,092.00, as well as paying for any attorney fees that may be incurred in the process. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the New Lease Agreement will be attached hereto and made a part hereof.

Janis Murphy of Freese and Nichols made a presentation to the Board to update the new Directors on the Franklin County Dam remediation project.

The following financing options for the remediation project were discussed by the Board:

1. To use the District's reserve funds
2. To hold a bond election
3. To sell Mary King Park

A special meeting was scheduled for Thursday, July 5, 2007 at 6:30 p.m. to take official action on which method to pursue in repairing the dam.

MOTION was made by Dwayne Bolin, and SECONDED by Rodney Newsom, to accept the renewal quotes, with a 37.7% reduction in premium for the employee health insurance and the life and disability insurance premiums remaining the same, 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 quotes is attached hereto and made a part hereof.

The Manager reported on the following items:

- A. Lake level
- B. Volumetric and sedimentation to begin June 25th
- C. Danielle Wood's amendment to lease agreement to be signed tonight and action ratified at July's meeting
- D. Post office's retirement party to be held for Billy Jordan
- E. Cancelling Stage 1 of the drought plan

There being no further business, the meeting was adjourned.

MINUTES approved this the 17th day of July 2007.

Tim Philhower, President

Billy Jordan, Vice President

Bruce Gatlin, Secretary

Rodney Newsom, Director

Dwayne Bolin, Director