

MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS OF THE  
FRANKLIN COUNTY WATER DISTRICT  
HELD: JANUARY 16, 2007

THE STATE OF TEXAS

FRANKLIN COUNTY WATER DISTRICT

COUNTY OF FRANKLIN

On this the 16th day of January 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:

BILLY JORDAN	PRESIDENT
GLENN MORRIS	VICE PRESIDENT
TIM PHILHOWER	SECRETARY
BRUCE GATLIN	DIRECTOR
CAROL LARSEN	DIRECTOR

and with the following members absent: NONE

Also present were J.R. Alphin, Ed Louthback, Brian Philhower, Willie Bane, Gale Terhune, Tony Hansen, Don Almon, David Weidman, and Trish Kuhl.

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 Carol Larsen, and SECONDED by Tim Philhower, 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 19, 2006 Minutes
2. Approval and Ratification of Payment of Bills
3. Approval of Unpaid Bills
4. Investment Report
5. Replat Amendment to Lease Agreement for:
  - A. Terry Tirado, Lots L69 and half of L68, Section 2, Kings Country; and
  - B. Donald and Elsbeth Laws and Marcus Earl and Ruth Hudman, Lots 5B, 6A and 6B, Block 63, Section 4, King's Country

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

Dan Almon, with Southwest Securities, made a presentation to the District concerning bond elections and answered numerous questions from the Board regarding same. He also presented a proposal to act as their financial consultant should they decide to call a bond election to pay for the dam remediation project. The Board also discussed options available to them to fund the dam remediation project. After a lengthy discussion, it was agreed to call a special meeting on January 30, 2007, at 6:30 p.m. to further discuss the District's options.

MOTION was made by Carol Larsen, and SECONDED by Bruce Gatlin, to join the Northeast Texas Water Coalition and appoint David Weidman as the District's representative. 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 Carol Larsen, to proceed with the sale of fixed assets 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 assets presented for sale is attached hereto and made a part hereof.

The Manager reported on the following items:

A. Lake Level

There being no further business, the meeting was adjourned.

MINUTES approved this the 20<sup>th</sup> day of February 2007.

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Billy Jordan, President

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Glenn Morris, Vice President

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Tim Philhower, Secretary

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Carol Larsen, Director

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Bruce Gatlin, Director