

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: AUGUST 18, 2009

THE STATE OF TEXAS
COUNTY OF FRANKLIN

FRANKLIN COUNTY WATER DISTRICT

On this the 18th day of August 2009, 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
RODNEY NEWSOM	SECRETARY
DWAYNE BOLIN	DIRECTOR
GARY CUNNINGHAM	DIRECTOR

and with the following members absent: NONE.

Also present were J.R. Alphin, Linda Bolton, Catrina Bombordier, Troy Bombordier, Larry Coleman, Hal Gibson, Norman Horn, Larry Knutson, Ed Loutherbach, Janis Murphy, Ralene Ruyle, Wayne Ruyle, Kimberly Sims, Dan Smith, Charlotte Wilson, Dennis Wilson, 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 Gary Cunningham.

MOTION was made by Billy Jordan, 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:

- A. Approval and Ratification of Minutes from the July 21, 2009 Regular Meeting
- B. Ratification of Paid Bills
- C. Investment Report
- D. New Lease Agreement for:
 - 1. Dale C. Fisher, Lot WF 17R, Phase 2, Twin Cove Estates;
 - 2. John L. Baldrige, Lot 445, Pine Valley;
 - 3. John L. Baldrige, Lots 440, 441, 442, 443 and 444, Pine Valley; and
 - 4. John L. Baldrige, Lot 1, Section 1, El Dorado Bay
- E. Replat Amended and Restated Lease Agreement for Lloyd D. Lowe Sr. and Lucinda Lowe, .367 Acre, .321 Acre and .0311 Acre, Miscellaneous Tracts
- F. Termination of Leasehold for:
 - 1. ~~Melvin F. and Brenda B. Loinette, Lot 12, South Park;~~
 - 2. Cypress Springs Homes LP, Lot 1, Block 61, Section 4 and Lots 11 and 12, Block 60, Section 4, Kings Country;
 - 3. Jerry Fleming, Lot 8, Block 53, Section 4, Kings Country; and
 - 4. Barry Carter, Lots 19 and 20, Unit 2, Pelican Bay
- G. Approval of Management Issued Directives for Inclusion in District Policy and Procedures Manual of Cellular Telephone and Internet, Email and Computer Usage

Copies of the Bills, Investment Report, New Leases, Replat Amended and Restated Lease, Affidavits of Termination, and Policy and Procedures Manual Inclusions are attached hereto and made a part hereof.

In January 2009, the Board terminated on two lots in Snug Harbor. Recently Walter Mortgage Company has come forward stating that they had foreclosed on that property and wanted to cure the default and reinstate the lease. Kimberly Sims, attorney for the mortgage company, approached the Board with this request. MOTION was made by Dwayne Bolin, and SECONDED by Billy Jordan, to allow Walter Mortgage Company to cure the default with a \$7,500.00 bonus payment and with the stipulation that they must execute a new lease within thirty (30) days. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

Janis Murphy with Freese and Nichols was on hand to answer questions from the Board regarding the possibility of modifying the emergency spillway. They also discussed having Freese and Nichols perform a Frequency Analysis to determine the actual 100-year flood level. No action was taken on this matter; however, the General Manager will be conferring with Freese and Nichols regarding the Frequency Analysis.

While Janis Murphy was present to answer questions, the General Manager reported on the status of the Franklin County Dam remediation project. She then retired from the meeting.

MOTION was made by Billy Jordan, and SECONDED by Dwayne Bolin, to approve the setting of the 2009 tax rate for debt service at \$0.0318 per \$100.00 of assessed value. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

MOTION was made by Dwayne Bolin, and SECONDED by Gary Cunningham, to approve the Employee Sick Leave Pool Policy 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 Policy is attached hereto and made a part hereof.

MOTION was made by Billy Jordan, and SECONDED by Rodney Newsom, to approve the amendments to the 2009 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 Budget Amendments is attached hereto and made a part hereof.

The General Manager reported on the following items:

- A. Mary King Park construction project
- B. Electrical issues in the parks

There being no further business, the meeting was adjourned.

MINUTES approved this the 15th day of September 2009.

Tim Philhower, President

Billy Jordan, Vice President

Rodney Newsom, Secretary

Dwayne Bolin, Director

Gary Cunningham, Director