

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: JULY 20, 2010

THE STATE OF TEXAS
COUNTY OF FRANKLIN

FRANKLIN COUNTY WATER DISTRICT

On this the 20th day of July 2010, 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 Ann Holland, Bob Jewett, Amanda Philhower, Brian Philhower, Ralph Robertson, Wendy Rogers, Jonathan Smith, 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 Rodney Newsom.

MOTION was made by Dwayne Bolin, and SECONDED by Billy Jordan, 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 June 15, 2010 Regular Meeting
- B. Ratification of Paid Bills
- C. Investment Report
- D. New Lease Agreement for Michael and Michelle Bova, Lot 37, El Dorado Beach
- E. Amendment to Lease Agreement (99-year extension) for 582 Windy Point, LLC, Lots 86 and 87, Block 13, Section 3, Tall Tree
- F. Amendment to Lease Agreement (replat amendment) for:
 1. Steven and Dixie Cook, Lots 2 and 3R, Phase 4, Eagle Point; and
 2. Robert and Marilyn Pope, Lots 102 – 115, Phase 4, Northshore
- G. Second Amended and Restated Lease Agreement for Michael and Ashley Scott, Lots 8R and 41B-R, El Dorado Bay
- H. Termination of Leasehold for:
 1. Rudy and Ima Jean Mormino, Lot 95, Block 36, Section 4, Kings Country; and
 2. B. Wayland Lain, Lot 26, South Park

Copies of the Bills, Investment Report, New Lease, 99 Year Extension Amendment, Replat Amendments, Second Amended and Restated Lease and Terminations are attached hereto and made a part hereof.

Jonathan Smith, real estate attorney for the District, answered questions from the Board regarding the proposed amendment to the Rules and Regulations, Article 12.2, Development Standards – Single Family Residential and the definition of family. Amanda and Brian Philhower addressed the Board with questions and concerns if this rule were to be changed. MOTION was made by Billy Jordan, and SECONDED by Dwayne Bolin, to adopt the presented rule and definition as presented with the changes as discussed. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the amended rule and definition is attached hereto and made a part hereof.

The Board discussed the scope and fee for engineering services which was provided by Freese & Nichols for a cost / benefits analysis for the emergency spillway modification project. No action was taken.

MOTION was made by Dwayne Bolin, and SECONDED by Gary Cunningham, to renew the District's health insurance with the existing carrier 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 renewal is attached hereto and made a part hereof.

The General Manager reported on the following items:

- A. Franklin County Dam remediation project
- B. Hickory Hills lease issue

There being no further business, the meeting was adjourned.

MINUTES approved this the 17th day of August 2010.

Tim Philhower, President

Billy Jordan, Vice President

Rodney Newsom, Secretary

Dwayne Bolin, Director

Gary Cunningham, Director