

MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS OF THE  
FRANKLIN COUNTY WATER DISTRICT  
HELD: DECEMBER 13, 2011

THE STATE OF TEXAS

FRANKLIN COUNTY WATER DISTRICT

COUNTY OF FRANKLIN

On this the 13th day of December 2011, 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 Brian Philhower, Jill Karrh, Kevin Karrh, Michael Redar, Mark Scholten, 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 Billy Jordan.

MOTION was made by Billy Jordan, and SECONDED by Gary Cunningham, 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 November 15, 2011 Regular Meeting
- B. Ratification of Paid Bills
- C. Investment Report
- D. Ratification of New Lease Agreement for Floyd T. Banks Jr. and Barbara A. Banks, Lot WF 14 and Lot LV 40, Phase 1, Swannerland
- E. Ratification of Amended and Restated Lease Agreement for Reveriano Cisneros, Lots 1, 2 and 3, Block 52, Section 4, Kings Country
- F. Ratification of Amendment to Lease Agreement for:
  1. Jon D. and Shelley D. Landers, Lot 26, El Dorado Beach (99-Year Extension);
  2. 701 Lake Shore Drive, LLC, Lot 103R, Phase 4 and Lot 3, Phase 1, Northshore; and
  3. Robert and Susan Morris, Lots 6, 7 and 8, Phase 1, Boiler Cove (Transfer / Replat)
- G. Termination of Leasehold for Miles G. and Margaret A. Turner, Lot 127, Block 13, Section 3, Tall Tree

Copies of the Bills, Investment Report, New Lease Agreement, Amended and Restated Lease Agreement, Amendment to Lease Agreements and Termination are attached hereto and made a part hereof.

MOTION was made by Billy Jordan, and SECONDED by Dwayne Bolin, to approve the request by Kevin and Jill Karrh to lease land adjacent to Lots 2 & 3, Phase 2, Panther Creek Pass with a bonus payment of \$12,412.80 and to replat same into their existing lots. They also authorized the General Manager to sign the replat in order expedite 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 request is attached hereto and made a part hereof.

At this time, Tim Philhower recused himself from the meeting. MOTION was made by Dwayne Bolin, and SECONDED by Rodney Newsom, to execute the Amended and Restated Operating Agreement with Tall Tree Marina 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 Operating Agreement is attached hereto and made a part hereof.

Mr. Philhower rejoined the meeting.

Mark Scholten addressed the Board with a request to waive a \$2500.00 administrative penalty fee that was assessed by management for a permitting violation. Mr. Scholten advised that he had submitted the proper paperwork in 2010 and that it had apparently gotten lost in the mail. After discussion, the Board denied his request and upheld the penalty unless Mr. Scholten could provide the Board with undisputed evidence of having submitted the proper paperwork.

The General Manager reported on the dam remediation project and capital improvements.

At 7:09, the Board went into Executive Session regarding pending or contemplated litigation. They reconvened in open session at 7:33. No action was taken.

There being no further business, the meeting was adjourned.

Minutes approved this the 17th day of January 2012.

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Tim Philhower, President

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Billy Jordan, Vice President

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Rodney Newsom, Secretary

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Dwayne Bolin, Director

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Gary Cunningham, Director