

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: JULY 19, 2011

THE STATE OF TEXAS
COUNTY OF FRANKLIN

FRANKLIN COUNTY WATER DISTRICT

On this the 19th day of July 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 W.T. Allison, J.R. Alphin, Kermit Ferrell, Ann Holland, Myra Marr, Peggy Mize, Robert Shealy, Pam Swanner, 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 June 21, 2011 Regular Meeting
- B. Ratification of Paid Bills
- C. Investment Report
- D. Amendment to Lease Agreement (99 year extension) for Thomas C. Hendrick and Judy G. Lowe-Hendrick, Lot 13, Marina Poing
- E. New Lease Agreement for:
 1. Tim and Carole Steiner, Lot 46, Block 5, Section 2, Tall Tree; and
 2. Wilkes and Lisa McCain, Lot 18, Phase 2, Panther Creek Pass
- F. Replat Lease Amendment for Sidney W. and Patsy J. Hudson, Lots 366A and 366B, Phase 3, Snug Harbor
- G. Termination of Leasehold for:
 1. Doug and Christi Tatman, Lots 40 and 41, Phase 2, Pelican Bay; and
 2. Randy and Melanie Ross, Lots 116 – 122, Phase 4, Northshore

Copies of the Bills, Investment Report, Amendment to Lease Agreement, New Leases, Replat Lease Amendment and Terminations are attached hereto and made a part hereof.

At this time, Tim Philhower presented an affidavit disclosing conflict of interest to recuse himself, turned the gavel over to the Vice President and left the meeting.

A request by Philecon, Inc., Tall Tree Marina, to allow the marketing and sale of real estate and the operation of a real estate office in the marina had been placed on the agenda. Brian Philhower, owner of the marina, sent a letter to the District requesting that the Board delay action on this item until the September meeting. MOTION was made by Gary Cunningham, and SECONDED by Rodney Newsom, to deny the request for an extension. 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 deny the request by Philecon, Inc. to allow the marketing and sale of real estate and the operation of a real estate office in the Tall Tree Marina. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

The Board discussed the auditors report on the Tall Tree Marina financials. No action was taken.

Tim Philhower rejoined the meeting at this time.

MOTION was made by Dwayne Bolin, and SECONDED by Billy Jordan, to approve the Resolution honoring Rick and Sarah Boltz for the Lake Cypress Springs fireworks display / South Franklin VFD fundraiser. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the Resolution is attached hereto and made a part hereof.

Robert Shealy addressed the Board with a request to replat Lots 25A and 25B in El Dorado. He advised the Board that he wished to build a retaining wall out past his property line in order to prevent erosion and save some Cypress trees. MOTION was made by Dwayne Bolin, and SECONDED by Rodney Newsom, to set a bonus payment of \$2000 and to authorize the Shealys to proceed with the replatting process. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

MOTION was made by Gary Cunningham, and SECONDED by Dwayne Bolin, to reschedule the August meeting from August 16 to August 9, 2011. 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 Rodney Newsom, to approve the Policy regarding the District's unencumbered fund balance 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 Gary Cunningham, to approve the three to five year plan for capital expansion and improvements 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 plan is attached hereto and made a part hereof.

The General Manager reported on the dam remediation project.

There being no further business, the meeting was adjourned.

MINUTES approved this the 9th day of August 2011.

Tim Philhower, President

Billy Jordan, Vice President

Rodney Newsom, Secretary

Dwayne Bolin, Director

Gary Cunningham, Director