

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: MARCH 15, 2011

THE STATE OF TEXAS
COUNTY OF FRANKLIN

FRANKLIN COUNTY WATER DISTRICT

On this the 15th day of March 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 J.R. Alphin, Syd Carter, Kermit Ferrell, Max Higs, Ann Holland, Amanda Philhower, Brian Philhower, James Richards, Ralph Robertson, Pam Swanner, Jeff Weyandt, David Weidman and Sheila Donica.

The Secretary 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 Secretary 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 February 15, 2011 Regular Meeting
- B. Ratification of Paid Bills
- C. Investment Report
- D. Replat and Replat Lease Amendment for Thomas Houston Breeding Revocable Living Trust, Lot 4, Country Club Estates
- E. Review and Approval of District Investment Policy

Copies of the Bills, Investment Report, Replat, Replat Amendment and Investment Policy are attached hereto and made a part hereof.

At this time, Jeff Weyandt from Fox, Byrd and Company, P.C. gave a presentation of the 2010 Financial Statements and Independent Auditor's Report to the Board.

MOTION was made by Dwayne Bolin, and SECONDED by Rodney Newsom, to approve the 2010 Financial Statements and Independent Auditor's Report 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 Audit is attached hereto and made a part hereof.

MOTION was made by Billy Jordan, and SECONDED by Dwayne Bolin, to approve the Franklin County Appraisal District's 2011 - 2012 operating budget as presented. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

The Board discussed the possibility of accepting bids and re-leasing lots that have been terminated on. MOTION was made by Billy Jordan, and SECONDED by Dwayne Bolin, to advertise for bids on the available lots 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 available lots is attached hereto and made a part hereof. Following is a breakdown as discussed:

- 1. Panther Creek Pass, Lot 24, Phase 1 - Minimum bid of: bonus payment \$40,000, advance lease fee, back fees and taxes owed, re-leasing & recording fees
- 2. All other lots - Minimum bid of: advance lease fee, back fees and taxes owed, re-leasing & recording fees

The Board discussed a 3 to 5 year plan for capital expansion and addressed deferred maintenance issues. No action was taken.

The General Manager reported on pending legislation, a request by Tall Tree Marina concerning their operating agreement and a proposal and request to license a fuel structure on District property.

There being no further business, the meeting was adjourned.

MINUTES approved this the 19th day of April 2011.

Tim Philhower, President

Billy Jordan, Vice President

Rodney Newsom, Secretary

Dwayne Bolin, Director

Gary Cunningham, Director