

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: MAY 24, 2011

THE STATE OF TEXAS
COUNTY OF FRANKLIN

FRANKLIN COUNTY WATER DISTRICT

On this the 24th day of May 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 David Anderson, Jackie Anderson, Chris Baldrige, John Baldrige, Tom Banks, Allen Barrett, Pam Buttrick, Kevin Bryant, Scott Buttrick, Paul Constantine, Kermit Ferrell, Melissa Gordineer, Richard Hamrick, Ann Holland, Ed Louthback, Charles McAfee, Bill Miller, Don Morris, John Osborne, Amanda Philhower, Brian Philhower, Linda Philhower, Jennifer Rehnquist, Marzelle Robertson, Ralph Robertson, Jonathan Smith, David Solomon, Mavis Spillman, 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 Dwayne Bolin.

MOTION was made by Dwayne Bolin, 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 April 19, 2011 Regular Meeting
- B. Ratification of Paid Bills
- C. Investment Report
- D. Amended and Restated Lease Agreement and Utility Easement Agreement for Tim and Jennifer Dove, Lots 1, 1RA and 10R, Spring Bluff
- E. New Lease Agreement for:
 1. Robert P. Gruber and Katherine Ogle-Gruber, Lot 5, Block 58, Section 4, Kings Country; and
 2. Van Mark Jolas Sr. and Virginia Leigh Jolas, Lot 434, Pine Valley
- F. Replat Amendment to Lease Agreement for:
 1. Paul J. Constantine and Joanna McLaren, Lots 195R2 and 196R2, Phase 6, Northshore; and
 2. Jack Dale Jordan, Lot 350, Pine Valley

Copies of the Bills, Investment Report, Amended and Restated Lease Agreement, Utility Easement Agreement, New Leases, and Replat Amendments are attached hereto and made a part hereof.

MOTION was made by Billy Jordan, and SECONDED by Dwayne Bolin, to adopt the Resolution canvassing the election returns 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 Resolution is attached hereto and made a part hereof.

Sheila Donica administered the oaths of office to Dwayne Bolin, Gary Cunningham, Rodney Newsom, and Tim Philhower. The chair was then turned over to General Manager David Weidman for the purpose of electing a new President of the Board.

The floor was opened for nominations for President. Billy Jordan nominated Tim Philhower as President and there were no further nominations. MOTION was made by Rodney Newsom, and SECONDED by Dwayne Bolin, to cease nominations. The General Manager put the question and all members present voted "AYE". NONE voted "NO". Tim Philhower was declared President by acclamation and took the chair.

The floor was opened for nominations for Vice President. Dwayne Bolin nominated Billy Jordan as Vice President and there were no further nominations. MOTION was made by Rodney Newsom, and SECONDED by Dwayne Bolin, to cease nominations. The President put the question and all members present voted "AYE". NONE voted "NO". Billy Jordan was declared Vice President by acclamation.

The floor was opened for nominations for Secretary. Gary Cunningham nominated Rodney Newsom as Secretary and there were no further nominations. MOTION was made by Billy Jordan, and SECONDED by Dwayne Bolin, to cease nominations. The President put the question and all members present voted "AYE". NONE voted "NO". Rodney Newsom was declared Secretary by acclamation.

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

Brian Philhower, owner of the Tall Tree Marina, addressed the Board with a request to renegotiate the Marina's operating agreement. He gave a presentation explaining his revised business plan and had his accountant, John Osborne, available for any questions. The District's real estate attorney, Jonathan Smith, was also on hand to answer questions regarding this matter. Also speaking on this issue were Tom Banks, Don Morris and Kevin Bryant. No action was taken. The Board advised the General Manager to work with Jonathan Smith and Brian Philhower in preparing a draft proposal for a new operating agreement and to agenda it for a future meeting. No action was taken at this time.

John Baldrige addressed the Board regarding a Lake Cypress gasoline facility and the need for fuel on the lake.

At the April meeting, Ralph Robertson had approached the Board with a request to install and operate a fueling station at Overlook Park. He was placed back on this month's agenda for possible action. After having discussed the previous item regarding the Marina, the Board took no action.

The General Manager reported on pending legislation.

There being no further business, the meeting was adjourned.

MINUTES approved this the 21st day of June 2011.

Tim Philhower, President

Billy Jordan, Vice President

Rodney Newsom, Secretary

Dwayne Bolin, Director

Gary Cunningham, Director