

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: SEPTEMBER 20, 2011

THE STATE OF TEXAS
COUNTY OF FRANKLIN

FRANKLIN COUNTY WATER DISTRICT

On this the 20th day of September 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, Norm Horn, Ed Loutherback, Elaine McFeely, Bill Miller, 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 Rodney Newsom, 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 August 9, 2011 Regular Meeting
- B. Ratification of Paid Bills
- C. Investment Report
- D. New Lease Agreement for Matthew P. and Kathryn A. Perron, Lot 51R, Block 36, Section 4, Kings Country
- E. Amended and Restated Lease Agreement for:
 1. Douglas Chriss Sr. and Lola V. Chriss, Lots 309 and 310, Phase 3, Snug Harbor; and
 2. Kevin T. Karrh, Lots 2 and 3, Phase 2, Panther Creek Pass
- F. Replat Amendment to Lease Agreement for Arthur A. Gehrki, East Half of Lot 13 and Lot 14, El Dorado
- G. New Lease Agreement for Christopher A. and Becky S. Barker, Lot WF 25, Phase 1, Swannerland
- H. Termination of Leasehold for:
 1. Gary Hudspeth, Lot 7, Block 59, Section 4, Kings Country; and
 2. John and Tamme Paschall, Lot 94, Phase 5, Northshore

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

At this time the President closed the regular meeting to go into the public hearing on the District's proposed 2011 tax rate for debt service. The public made no comments and the board closed the public hearing and went back into regular session.

MOTION was made by Rodney Newsom, and SECONDED by Gary Cunningham, to adopt the 2011 tax rate for debt service at \$0.0279 per \$100 of assessed value. 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 raise the director compensation from \$50 per meeting to \$100 per meeting. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

MOTION was made by Billy Jordan, and SECONDED by Dwayne Bolin, to approve the execution of the Easement and Right-of-Way Agreement with TransCanada Keystone Pipeline for the tracts of land referenced as the West End Nature Preserve. The net proceeds are to go to the Historical Association to be earmarked for fencing for the West End Nature Preserve. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the Easement and Right-of-Way Agreement are attached hereto and made a part hereof.

MOTION was made by Rodney Newsom, and SECONDED by Billy Jordan, to approve the amendments of the 2011 budget 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 amended budget is attached hereto and made a part hereof.

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

At 6:50 p.m., the Board convened in Executive Session for the purpose of discussing personnel matters and employee evaluations. When the Board reconvened in Open Session at 7:10, the following action was taken: MOTION was made by Billy Jordan, and SECONDED by Dwayne Bolin, to approve the employee compensation packet as discussed. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

There being no further business, the meeting was adjourned.

Minutes approved this the 18th day of October 2011.

Tim Philhower, President

Billy Jordan, Vice President

Rodney Newsom, Secretary

Dwayne Bolin, Director

Gary Cunningham, Director