

MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS OF THE
FRANKLIN COUNTY WATER DISTRICT
HELD: OCTOBER 16, 2012

THE STATE OF TEXAS
COUNTY OF FRANKLIN

FRANKLIN COUNTY WATER DISTRICT

On this the 16th day of October 2012, 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, Greg Clark, 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 Rodney Newsom, and SECONDED by Gary Cunningham, to approve the Consent Agenda as amended. 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 September 18, 2012 Regular Meeting
- B. Ratification of Paid Bills
- C. Investment Report
- D. Amended and Restated Lease Agreement for Michael and Carol Bieler, Lot 143, Block 13, Section 3 and Lot 7, Block 20, Section 3, Tall Tree
- E. Lease Extension for:
 1. Jeffrey C. and Sandra L. Knott, Lot 13, Phase 1, Panther Creek Pass; and
 2. Dana and Michelle Jones, Lot 137, Block 13, Section 3, Tall Tree
- F. New Lease Agreement for:
 1. John H. Wilson, Lot 3, Block 19, Section 3, Tall Tree; and
 2. James R. and Lisa M. Bryant, Lot 6, East Park
- G. Replat Amendment to Lease Agreement for:
 1. Richard A. Jolley, Lots 67B and 68R, Phase 7, Northshore; and
 2. ~~LRO Realty and Restoration, Inc. Lots L6 and L7, Section 2, Kings Country~~

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

MOTION was made by Billy Jordan, and SECONDED by Dwayne Bolin, to accept the engagement letter from Fox, Byrd & Company authorizing them to perform the District's 2012 audit. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the engagement letter is attached hereto and made a part hereof.

MOTION was made by Gary Cunningham, and SECONDED by Billy Jordan, to amend the policy assessing administrative penalties 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 policy is attached hereto and made a part hereof.

The Board discussed the 2013 budget proposal. No action was taken at this time.

The General Manager reported on the capital improvements and the temporary closure of West End Park.

There being no further business, the meeting was adjourned.

Minutes approved this the 20th day of November 2012.

Tim Philhower, President

Billy Jordan, Vice President

Rodney Newsom, Secretary

Dwayne Bolin, Director

Gary Cunningham, Director