

MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS OF THE  
FRANKLIN COUNTY WATER DISTRICT  
HELD: OCTOBER 15, 2013

THE STATE OF TEXAS

FRANKLIN COUNTY WATER DISTRICT

COUNTY OF FRANKLIN

On this the 15th day of October 2013, 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:

RODNEY NEWSOM	PRESIDENT
GARY CUNNINGHAM	VICE PRESIDENT
BILLY JORDAN	SECRETARY
DWAYNE BOLIN	DIRECTOR
TIM PHILHOWER	DIRECTOR

and with the following members absent: NONE.

Also present were J.R. Alphin, Carlos Garcia, Susan Reeves, Chris Ward, 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.

Gary Cunningham gave the invocation.

MOTION was made by Tim Philhower, 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 September 17, 2013 Regular Meeting
- B. Ratification of Paid Bills
- C. Investment Report
- D. New Lease Agreement for:
  1. Pelican Bay Property Development, Inc., Lots 1, 2, 5, 6, 48, 49, 51, 52, 53 & 54, Phase 2, Pelican Bay; and
  2. Fleur de Lis 44, LLC, Lot 406, Pine Valley

Copies of the Bills, Investment Report, and New Leases are attached hereto and made a part hereof.

At 6:31 p.m., the Board convened in Executive Session for the purpose of consulting with their attorney regarding pending or contemplated litigation. When the Board reconvened in Open Session at 7:27, the following action was taken: MOTION was made by Billy Jordan, and SECONDED by Dwayne Bolin, to authorize the General Manager, David Weidman, with the assistance of its legal counsel, Strasburger & Price, LLP, on behalf of Franklin County Water District to make demand of Freese and Nichols Inc. and/or any other party that may be determined to be responsible in whole or in part for the continued erosion and all other performance issues with the Franklin County Dam which exists after the Dam rehabilitation project completed in or around April 2010; and to take any and all legal action necessary, including, but not limited to, the filing of a lawsuit, to ensure that FCWD receives the benefit of the services contracted for in connection with the rehabilitation of the Dam. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO".

MOTION was made by Tim Philhower, and SECONDED by Gary Cunningham, to accept the engagement letter from Fox, Byrd & Company authorizing them to perform the Districts 2013 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.

The Board discussed the proposed 2014 budget. No action was taken.

There being no further business, the meeting was adjourned.

Minutes approved this the 19th day of November 2013.

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Rodney Newsom, President

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Gary Cunningham, Vice President

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Billy Jordan, Secretary

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Dwayne Bolin, Director

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Tim Philhower, Director