

MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS OF THE  
FRANKLIN COUNTY WATER DISTRICT  
HELD: OCTOBER 21, 2014

THE STATE OF TEXAS  
COUNTY OF FRANKLIN

FRANKLIN COUNTY WATER DISTRICT

On this the 21st day of October 2014, 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, Margaret Sears, Michael Storey, 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 Gary Cunningham, and SECONDED by Billy Jordan, 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 16, 2014 Regular Meeting
- B. Ratification of Paid Bills
- C. Investment Report
- D. New Lease Agreement for Kenneth and Maria Snyder, Lots 61R and 62R, Block 36, Section 4, Kings Country
- E. Corrected Lease Agreement for Jeffery and Elisa Lopp, Half of Lot 33 and Lots 34, 35, 49, 50 and 51, Block L, Section 2, Kings Country
- F. Amended and Restated Lease Agreement for Carolyn Lindmark, Lots 34 and 35, Phase 3, Northshore
- G. Amendment to Lease Agreement (Re-plat) for:
  1. Strawberry Development, Inc., Lot 7, Marina Point; and
  2. Arlin Tredway, Lot 8, Marina Point
- H. Amendment to Lease Agreement (99-Year Extension) for Sandy Faulkner, Lot 167, Block 36, Section 4, Kings Country
- I. Termination of Leasehold for John Christian Brewton, 6.217 Acres, Waterways

Copies of the Bills, Investment Report, New Lease Agreement, Corrected Lease Agreement, Amended and Restated Lease Agreement, Re-plat Amendments, 99-Year Extension Amendment and Termination are attached hereto and made a part hereof.

MOTION was made by Billy Jordan, and SECONDED by Tim Philhower, to approve the camping rate adjustments as presented with the exception of amending Twin Oaks Park to \$300 per night, effective January 1, 2015. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the camping fee schedule is attached hereto and made a part hereof.

MOTION was made by Gary Cunningham, and SECONDED by Billy Jordan, to approve the wholesale water rate adjustments as presented, effective October 1, 2015. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the wholesale water rate adjustments are attached hereto and made a part hereof.

MOTION was made by Billy Jordan, and SECONDED by Dwayne Bolin, to approve the permit fee schedule as presented, effective January 1, 2015. The President put the question and, after full discussion and deliberation thereon, all members present voted "AYE". NONE voted "NO". A copy of the permit fee schedule is attached hereto and made a part hereof.

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 2014 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 Tim Philhower, and SECONDED by Dwayne Bolin, to renew the District's employee health insurance 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 renewal is attached hereto and made a part hereof.

The Board discussed the 2015 Budget and the regulation of personal neon / lighted signage on District property.

The General Manager reported on the Morning Glory Spillway renovation.

At 7:11 p.m., the Board convened in Executive Session for the purpose of consulting with attorney Chris Ward regarding pending or contemplated litigation. When the Board reconvened in Open Session at 7:56, the following action was taken: MOTION was made by Tim Philhower, and SECONDED by Gary Cunningham, authorizing management and counsel to initiate legal action against Freese & Nichols if Freese & Nichols does not promptly agree to fully meet the District's expectations that the dam remediation be fully equivalent with the original remediation design in all respects at Freese & Nichols sole expense and the District is made whole by Freeze & Nichols for all loss, costs, expenses, and damages caused by Freese & Nichols failures in connection with the design and construction of the dam. 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 November 2014.

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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