



# Windermere Oaks Water Supply Corporation

424 Coventry Rd  
Spicewood, Texas 78669

**2019 - 2020 Board of Directors:**  
Joe Gimenez, President  
Rich Schaefer, Director  
Mike Nelson, Secretary/Treasurer  
Patricia Gerino, Director  
Dorothy Taylor, Director

**Windermere Oaks Water Supply Corporation (WOWSC) meeting held: Saturday, February 1, 2020 at the Spicewood Community Center, 7901 Co Rd 404, Spicewood TX, 78669**

**2019 - 2020 Board Members Present:** Patricia Gerino, Joe Gimenez, Mike Nelson, Rich Schaefer, Dorothy Taylor

## Minutes

The meeting was called to order at 11:15AM by Joe Gimenez.

1. Presiding director announces the total number of members present at the meeting. Presiding director will then announce that a quorum of the membership is present and that the meeting may proceed.
  - a. Announced total number of members present: 38 and meeting may proceed.
2. Comments from citizens and members who have signed sign-up sheet to speak (3-minute limit per person).<sup>1</sup>
  - a. Patti Flunker
    - i. Requested four minutes for members to speak
    - ii. Change in ByLaws for Membership fee
      1. Informed Board the Tariffs and ByLaws do not match
      2. Believes State law says to send out ballot to all members to vote on ByLaws change
      3. All members do not have opportunity to vote as not all members attended today's Annual Members meeting
      4. Mark Zeppa wrote how to become an investor owned utility when members no longer want to be a non-profit water supply corporation.
      5. Proposes dissolving water supply corporation and become investor owned utility
  - b. Danny Flunker
    - i. Requested at last meeting a PowerPoint presentation for Annual Meeting
    - ii. Recommends folks review depositions
    - iii. No attorney was involved in the land deal
    - iv. Brought binders and handouts and placed them on the tables for folks to review
    - v. Easements showed up that were not previously recorded
  - c. Bruce Sorgen
    - i. Dana bias on our Boards shown with the two vacancy replacements
    - ii. Volunteers are on our Boards and not paid professionals
    - iii. Believes WOWSC is a water coop and not a non-profit water supply corporation
    - iv. Board meetings are difficult to sit through
    - v. Legal representatives attend every Board meeting
  - d. Dick Dial
    - i. Discovered land sale January 2017
    - ii. WOWSC legal representatives are ethically challenged

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<sup>1</sup> The Board is not allowed to take action on any subject presented that is not on the agenda, nor is the Board required to provide a response; any substantive consideration and action by the Board will be conducted under a specific item on a future agenda at a regular meeting of the Board.

- iii. Handed out copies of WOWSC's Demand Letter to Friendship Homes and Hangars and asked folks to read the Demand Letter
  - iv. Why isn't D&O paying for attorney fees?
    - 1. To date, insurance has refused to pay attorney fees
      - a. At the Jan 23<sup>rd</sup> WOWSC Board Meeting, Board approved retaining an attorney to provide insurance coverage advice and counsel
  - e. Robert Wells
    - i. Windermere Oaks owner for 28 years
    - ii. WOWSC Boards have been good and Boards have been bad
    - iii. Legal defense is costing our community money
    - iv. Need to come to a resolution and stop wasting money on legal fees
    - v. Appears to be a witch hunt against one of our neighbors
    - vi. Need to move forward
  - f. Marsha Westerman
    - i. Budget questions
      - 1. Meals and entertainment: TRWA conventions, conventions
      - 2. Legal: \$250,000
  - g. Charlene Freesom
    - i. Budget
      - 1. \$250,000 for attorney fees is obscene
      - 2. How to resolve the lawsuit and stop wasting money on legal fees?
      - 3. When do members get to vote on it?
      - 4. What do the litigants want?
        - a. Answer: Litigants want the sold property returned to WOWSC
      - 5. Believes it will take several people to work on a solution
  - h. Sandy Nielsen
    - i. Thanks community members who have served on Boards
    - ii. How can we expect volunteers to serve on Boards when they get sued
    - iii. Has been in Windermere Oaks for ten years
    - iv. Cares about Windermere Oaks and our community
    - v. Understands stress placed on Board members who are under suit
    - vi. Lawsuits are not always as they seem
    - vii. Similar group of people are involved in filing the lawsuits
  - i. Josie Fuller requested update on AG lawsuit
3. Approval of Member Meeting minutes of March 9, 2019.
    - a. Motion made and carried by all to approve the minutes for our March 9, 2019 Annual Member Meeting Minutes
  4. Presiding Director to read the December 19, 2019 Board approved Resolution declaring unopposed candidate of WOWSC election. Presiding director introduces newly elected director and declares them as board member to assume the position of director immediately.
    - a. Joe read the following resolution that was previously read at the December 19, 2019 WOWSC Board meeting:

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF WINDERMERE OAKS WATER SUPPLY CORPORATION  
DECLARING UNOPPOSED CANDIDATE DOROTHY TAYLOR AS DIRECTOR OF  
WINDERMERE OAKS WATER SUPPLY CORPORATION AND  
CANCELLING FEBRUARY 1, 2020 DIRECTORS ELECTION**

**WHEREAS**, Windermere Oaks Water Supply Corporation ("WOWSC") is a nonprofit water supply corporation, operating under the authority of Chapter 67 of the Texas Water Code and the holder of retail water utility and sewer service Certificates of Convenience and Necessity Nos. 12011 and 20662 issued by the Public Utility Commission of Texas;

**WHEREAS**, the terms of WOWSC Director Place 4 and WOWSC Director Place 5 expire in 2020;

**WHEREAS**, WOWSC posted notice of the opportunity for candidates to submit applications to run for the two open positions on its Board of Directors (the "Board") pursuant to Texas Water Code Section 67.0052(b);

**WHEREAS**, WOWSC made director candidate application forms available at WOWSC's main office, made director candidate application forms available by mail or electronically, upon request, and such forms remained available until December 13, 2019, the deadline to submit such forms;

**WHEREAS**, only one (1) person submitted an application for Director Place 5, Dorothy Taylor, thus creating an unopposed election for WOWSC Director Place 5 pursuant to Texas Water Code Section 67.0055; and

**WHEREAS**, WOWSC received no candidate applications for Director Place 4.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF WINDERMERE OAKS WATER SUPPLY CORPORATION THAT:**

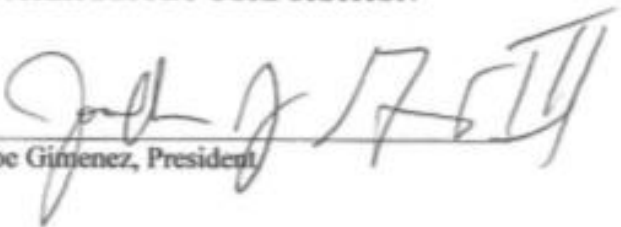
1. The above recitals are true and correct.
2. The Directors Election was duly called, and the Secretary of WOWSC has duly certified in writing that Dorothy Taylor is unopposed for election to the office of WOWSC Director, Place 5, in accordance with applicable Texas law.
3. Dorothy Taylor is declared elected to serve a two (2) year term on the Board of Directors of WOWSC, subject to her taking her oath and any other appropriate actions, as required by law.
4. No candidate submitted an application for WOWSC Director Place 4, and thus Director Place 4 will remain vacant until that position's term expires or until the

WOWSC Board appoints a director to Place 4 in accordance with WOWSC Bylaws and applicable law, whichever occurs first.

5. The directors election called for February 1, 2020 will not be held, and a copy of this Resolution Declaring Dorothy Taylor as Director of WOWSC and Canceling the February 1, 2020 Director's Election will be posted at the WOWSC main office and read into the record at the annual meeting.
6. It is further found and determined that notice of the date, place and subject of this meeting was posted in accordance with the terms and provisions of Texas Government Code § 551 at least 72 hours preceding the scheduled time of this meeting and that the terms and provisions of said Texas Government Code § 551 have been complied with.
7. The Board of Directors of WOWSC authorizes its President, General Manager, and WOWSC legal counsel to take any action necessary to implement the terms of this Resolution.

This resolution is hereby PASSED AND APPROVED this 19<sup>th</sup> day of December, 2019 by vote of 5 in support, 0 against, and 0 abstaining.

WINDERMERE OAKS  
WATER SUPPLY CORPORATION

  
Joe Gimenez, President

ATTEST:

  
Mike Nelson, Secretary/Treasurer

Dorothy Taylor ran unopposed for Director Place 5

5. Update reports

- a. Report of corporation manager (to include report on system's operations, update of projects and strategic plan for 2020.
  - i. George Burriss is WOWSC's manager
  - ii. 12 new taps were installed last year vs ~3 per year historically
  - iii. Operations:
    1. WOWSC use two CPAs
      - a. First does taxes
      - b. Second does all bookkeeping
    2. Continued and completed repairs from Y2018 flood
    3. WOWSC has 253 members
    4. Enlarged area that WOWSC serves. Updated permit with state of Texas.
    5. Improved website
    6. Reports were sent to TCEQ

- a. Zero violations in Y2019
      - 7. New water treatment plant (WTP) was built in 2007
      - 8. New waste water treatment plant (WWTP) was built in 2014
    - iv. 2020 projects
      - 1. Complete installation of WTP generator
      - 2. Water reduction projects at WTP and WWTP
      - 3. Airport to use treated effluent water on grass landing strip
      - 4. Maintenance projects
      - 5. Help WO POA with projects
    - v. Five year plan
      - 1. Installation of generator at WTP to maintain water pressure
        - a. Generator is in place and electrical connections have been completed
        - b. Installing 1000 gallon propane tank in the next few weeks
      - 2. Pretreatment replacement and upgrade is on hold as WOWSC is spending 40% of revenue on legal defense
    - vi. Named WOWSC WTP after George Burriss
  - b. Treasurer's report of Board approved 2020 Budget, Y2019 Balance Sheet, Y2019 P&L
    - i. Reviewed handouts with members
      - 1. Y2019 Summary of Income/Expense
      - 2. Y2019 Balance Sheet
      - 3. Y2019 Profit and Loss Budget Performance
        - a. Ordinary income from water services was \$113K higher than budget
        - b. Operating expenses were \$128.8K higher than budget
          - i. Legal expenses were \$128.6K higher than budget
        - c. Net ordinary income was \$2.7K less than budget
    - ii. Y2020 Budget
      - 1. Reviewed Y2020 budget handout
      - 2. Legal expenses budget = \$250K
      - 3. Projected loss = \$137.5K with revenue projection using current rates
        - a. This budget does not include rate increase in water services revenue projection
6. Report of Board President to summarize events and accomplishments of the corporation in the past year as well as the financial challenges going forward, and discuss possible options to address the significant budgeted deficit caused by ongoing litigation, including but not limited to: (a) rate increases; (b) declaration of bankruptcy; or (c) sale of the corporation to a private utility company.
  - a. Did not anticipate the nuclear bomb lawsuit
  - b. George did great job on repairing the barge
  - c. Received an LCRA grant for the WTP and WWTP water saving projects
  - d. Airport project is at no cost to WOWSC and it increases WOWSC's effluent water dispersent field area
  - e. WOWSC water is better than at many other utilities
  - f. WOWSC operations are solid
  - g. WOWSC issues are with legal defense costs and could possibly affect ability to qualify for loans
  - h. Pretreatment needs to be replaced and upgraded. Need loan to fund pretreatment project.
  - i. The Texas State Attorney General lawsuit stems from a PIA response and is with respect to protection of WOWSC's attorney client privilege.
  - j. \$15,000 cost to WOWSC to hold the recall vote. Board worked to follow our ByLaws and state laws on the recall petition. Distracted by some members actions to hold their own meeting.
  - k. Nuclear bomb lawsuit was filed in May 2019 and was recast in November 2019 & December 2019.
    - i. Joe encourages members read the second lawsuit
    - ii. Defending the second lawsuit is the majority of the budgeted \$250,000 for attorney fees
    - iii. Bruce Sorgen, Rene Ffrench, Dick Dial are suing for \$1M from current and previous Board Directors
  - l. Rate increases to generate cash to pay attorney fees.
    - i. Discuss rate increase in Board meeting immediately after this Annual Member Meeting
    - ii. Working with legal team to pay legal invoices spread over months

- m. 46 PIA requests since last Annual Member Meeting. After three months of free PIA services, Joe requested \$416 per month for role at WOWSC's PIO. ~\$2400 billed to date for PIO.
  - n. Per Bruce Sorgen second lawsuits wants \$1M from WOWSC Board Directors.
  - o. Action Item: Can insurance responses be shared? Attorney, Troupe Brewer to determine if insurance denial of coverage for legal fees can be shared.
  - p. WOWSC has engaged legal representation for insurance to cover legal costs of second lawsuit (nuclear bomb). Insurance company has denied paying legal costs for second lawsuit.
  - q. Sale of the corporation to a private utility company would increase rates
  - r. TRWA does rate analysis of all Texas utilities
7. Approval of Bylaw Amendment regarding Membership Fees – The Board previously took action to increase membership fees, i.e. one-time fees for initiating a WOWSC membership, from \$350 to \$402.50. The change in membership fee is reflected in WOWSC's tariff but the current Bylaws still provide the former fee of \$350. WOWSC Bylaws require member approval (by quorum vote) of bylaw amendments involving matters affecting memberships, i.e. membership fees, and thus this amendment to Article 10, Section 6 is presented to our members for approval:

All persons lawfully receiving or applying to receive public utility service from the Corporation shall pay a membership fee of ~~\$350.00~~ \$402.50 as a condition precedent to lawfully receiving utility service...All applicants for restored service whose memberships have been forfeited to the Corporation shall pay a membership fee of ~~\$350.00~~ \$402.50 in addition to any reconnection charges. All transferees of memberships as provided by these bylaws shall pay a membership fee of ~~\$350.00~~ \$402.50.

- a. Patti Flunker recommends removing Membership Fees from the ByLaws and only have it in the Tariff.
  - b. Vote:
    - i. Cast: 30
    - ii. For: 20
    - iii. Against: 10
  - c. Motion passes
8. Closing comments by presiding director and announcement of New Board of Directors meeting to elect officers, appoint new board member, consider rate hike, and select audit type upon adjournment.

1) Motion made and carried by all to adjourn at 1:12PM



Submitted by: Mike Nelson  
 APPROVED BY WOWSC Board on March 27, 2021