

WINDERMERE OAKS WATER SUPPLY CORPORATION

Minutes of Open Meeting held March 07 2009. **Action items are marked in yellow.**

President Spradley called the Board Meeting to order at 11:10AM at the WOPOA Pavilion. Board members present were Pat Mulligan, Kerry Spradley, Bill Earnest, and Doug Strain, which constituted a quorum to conduct company business. Ewell Jackson was absent. Manager Burris was also in attendance as well as a contingent of members.

The minutes of the previous open meeting of January 17th 2009 were presented to the board. Director Strain moved to accept the minutes and was seconded by Director Earnest. The minutes were approved by a vote of 4-0.

Manager Burris made an updated report on the status of the lift station project in Center Cove III. He presented a letter and drawings from David Allen of the Allen Engineering Group, outlining the design recommendations for the grinder pumps to be placed in the 4 houses in Center Cove III. These pumps are required to overcome the unusually high head conditions and to replace the existing seriously deteriorated lift stations in this Cove. Three new pumps will be replacement pumps and one will be a brand new installation on an existing gravity system that is currently discharging un-processed effluent into a very dilapidated lift station. WOWSC is planning on installing all of this equipment at no cost to the homeowner and Manager Burris stated that it would be expected to cost approximately \$25,000. President Spradley explained that this would be far cheaper than the \$10,000/day fine that we could experience should this system fail and we discharge untreated effluent into Lake Travis close to our inlet station. **Action Item: Manager Burris to send a letter to the affected homeowners, outlining our plans.**

President Spradley presented a letter he had received from Jim McAlister, dated February 12th regarding his intention to develop 160 acres near the WOWSC plant and the possibility of getting approval for water and sewage services for approximately 60 homes. Manager Burris advised the board that this comes under the TECQ guidelines for unusual or non-standard service and we are obligated to follow those rules because we cannot anticipate how the addition of 60 extra homes would affect our current plant. The TECQ rules mandate that the developer requesting unusual service provide the TECQ and WOWSC with detailed engineered plans outlining the full scope of the development, including the additional demands that the development will have on our water supply and water treatment plant. All engineering and additions to our service must be approved by the TECQ and paid for by the developer and shall not be the cause

for an increase in our existing tariff. These are the current regulations, and since it appears that Mr. McAllister does not plan this development for 10 years we cannot anticipate how the regulations may change in that time. Water supply from the lake is also something we cannot predict, lake levels are dropping and the LCRA continues to grant water rights on a case-by-case basis, placing further pressure on the supply resource. It may well be that in ten years time; WOWSC does not have the capacity to supply more homes with water. Therefore the board cannot consider any future commitments of service for property outside of our CCN until the TECQ receives engineered plans and specifications and we receive significant indication from TECQ that they would approve such. **Action Item: Manager Burris to prepare a reply letter to Mr. McAllister outlining the steps he has to take for the board to consider his proposal, this is to be reviewed by the board prior to issuance.**

Prior to the standby committee making a report, President Spradley explained that standby fees are now illegal in Texas but WOWSC have been grandfathered in and we use them to offset the price of our water. Director Strain then explained that the committee comprising Director Strain and Secretary Mulligan had reviewed the existing liens filed in 2008, compared them to those payments received for 2009 and prepared an updated list of outstanding payments for 2009. He then further commented that we should update the liens for 2009 and we should consider the pros and cons of foreclosing on those properties. The standby committee was expanded to include to member volunteers ex- President Madden and ex- President Lewis. **Action Item: The standby committee will meet to determine the feasibility of foreclosing on these properties and will make a recommendation to the board at the next meeting.**

Manager Burris presented his report, which is attached as part of these minutes.

After the report there was a general discussion amongst the members about the LCRA and some of them expressed concern about dealing with the LCRA. Secretary Mulligan reiterated that we have the same concerns but to remember that we do not have to deal with them unless we get what we need, which is access to the Ridge Harbor wastewater treatment facility in exchange for us selling water to Ridge Harbor.

There was also a brief discussion of water conservation techniques and a number of members discussed the advantages of installing water storage tanks. WOPOA board member Kramer presented a flyer from a company in Marble Falls that provides water tanks. **Action Item: Manager Burris will send out a letter outlining our current requirements for water conservation in anticipation of the drought continuing.**

There being no further questions from the floor and no further business to conduct, President Spradley made a motion to adjourn the meeting at 12:07PM and Director Strain seconded the motion. The vote was 4- 0 to adjourn.

Secretary/Treasurer

Patrick J Mulligan.

Water Management, Inc.

P.O. Box 790
Marble Falls, TX 78654
830-598-7511

WOWSC Monthly Report for February 2009

The month of February was notable for the lack of any major mechanical problems in our system. There were no grinder pump failures, big water leaks or significant operating challenges. The annual membership meeting ran smoothly; there was some progress with the LCRA negotiation, and the details of the Center Cove III sewer project are being developed.

After telling us for months that they only needed a rough estimate of the cost of constructing the expansion necessary to serve Ridge Harbor, LCRA asked for an itemized breakdown. And, it needed to be in writing, as though it were a proposal. So the negotiations took a more formal turn at the last meeting.

In order to provide this kind of estimate, it was necessary to perform some of the preliminary engineering. The price for a pump obviously depends on the horsepower of the pump, how much water it would deliver, at what pressure, and so on. When the discussion began last summer, our position was that the LCRA engineers needed to tell us what would be required in order to supply Ridge Harbor, and they agreed to that. But later on, they said they could not engineer any facility that would be owned by someone other than LCRA. Since the entire plant will be owned by WOWSC, they said we would have to provide the engineering, even though we would be reimbursed.

Beginning in September, David Allen, with Allen Engineering Group, has been included in all of the discussions with LCRA and he has spent many hours working with the LCRA engineers to determine the right components for the plant project. He has performed this work for WOWSC with the understanding that he would be paid when we had a signed contract, and LCRA released the funds. Everyone was comfortable with this arrangement so long as we were supplying ballpark estimates. When it became necessary to provide a detailed breakdown, the scope of the engineers' responsibility increased dramatically. And, at that point President Spradley informed Darrin Barker that in order to ask Mr. Allen to provide further information, LCRA would have to compensate Allen Engineering Group for work performed up to this point. Darrin agreed that this issue needs to be resolved, and he is working on a solution.

At the last meeting, an itemized estimate of the project was presented to LCRA for the plant expansion, and the interconnecting pipelines. Excluding a figure for engineering, the total estimate was \$884,600. The LCRA engineers are now analyzing the details, presumably

to see if more economical alternatives can be found.

David Allen has also been working on the sewer project in Center Cove III. He has recommended the grinder pumps which could be installed at each of the four residences, as well as the pipe sizes necessary to handle the necessary flows. He will provide a letter summarizing his recommendations.

The annual membership meeting was held February 7, and so far as I am aware, the reactions of those in attendance were unanimous in support of the Board. The concerns were about the continuing drought, and the low lake levels.

Other Developments:

- The #2 pump in the Tennis Village Lift Station quit pumping. It was removed from the tank, and pieces of plastic, a rope and other solid debris was removed from the impeller. After being cleaned, it was reinstalled and returned to service.

Respectfully submitted,
George Burriss

February 12, 2009

Kerry Spradley
1011 Coventry Rd.
Spicewood, TX 78669

Dear Kerry:

I appreciate the time you and Ewell spent discussing the possibility of obtaining water and sewer to my 160 acres adjacent to the airport.

Following your suggestion, I am requesting that The Windermere Oaks Water Supply Corporation (WSC) consider the possibility of providing water and sewer for approximately 60 units on the site. I will not need immediate service.

The future use of the property is for quality housing or acreage tracts. The timing of development will be at least 10 years in the future. We will continue to operate the property as a ranch and raise animals for the near term. An aerial photo is enclosed which shows the location of the McAlister Ranch.

I would like for the Windermere Oaks WSC to consider a future commitment to provide the services and include the property in planning expansions.

Please let me know if I can provide additional information.

Sincerely,



Jim McAlister, Sr.
3817 Chevy Chase Dr.
Houston, TX 77019

Enclosure