



# Windermere Oaks Water Supply Corporation

424 Coventry Rd  
Spicewood, Texas 78669

**2019 - 2020 Board of Directors:**  
Joe Gimenez, President  
Bill Earnest, Vice President  
Mike Nelson, Secretary/Treasurer  
Dorothy Taylor, Director

**Windermere Oaks Water Supply Corporation (WOWSC) meeting held: Wednesday, November 20, 2019 at the Spicewood Community Center**

**2019 - 2020 Board Members Present:** Bill Earnest, Joe Gimenez, Mike Nelson, Dorothy Taylor

## Minutes

Before the meeting was called to order, Gimenez asked the audience for a moment of silence to remember WOWSC member Rob Van Eman, who had died earlier that day in a plane crash.

The meeting was called to order at 6:01PM by Joe Gimenez. A quorum was established with all four Board Members present.

- 1) Comments from citizens and members who have signed sign-up sheet to speak (3-minute limit per person).
  - a) Mikki Bertino: Why wasn't David invited to our last meeting when Norman Morse was invited?
  - b) Marsha Westerman:
    - i) At last meeting motions were made after Executive Session
    - ii) Does the Board have Directors and Officers insurance?
      - (1) Gimenez: yes.
  - c) Rene Ffrench:
    - i) Requested that we add to next Board meeting agenda a discussion on Directors and Officers insurance
    - ii) Requested update on Blanco county attorney's seeking clarification on Texas Open Meetings Act regarding discussion on each item prior to the Board acting on it.
  - d) Danny Flunker:
    - i) Sent email today to Board regarding his understanding for public comment at Texas Open Meetings.
    - ii) Joe Gimenez had four attorneys at yesterday's deposition likely costing ~\$12,000
- 2) **ADOPTION OF TRWA RECOMMENDATIONS FOR MEMBER COMMENTS** – Consideration and possible action on TRWA published guidance on public comment procedures, rules of decorum, and best practices to establish comprehensive WOWSC public comment policy for members.
  - a) TRWA provided its water company members, including WOWSC, with guidance on public comment procedures for Open Meetings so as to be in compliance with new state law HB 2840.
  - b) Public is to be provided an opportunity to comment on any agenda item prior to the Board acting on the item
  - c) Joe read the proposed WOWSC Public Comment Policy that is based on TRWA's guidance
  - d) One provision of policy is to "have sign-up sheet available 10 minutes prior to meeting." but WOWSC would remove from its proposed policy 'at the System's Main Office' in sentence "have sign-up sheet available 10 minutes prior to meeting and at the System's Main Office." WOWSC does not have an office with staff
  - e) Hold Public Comment on each agenda item for all signed-up members at beginning of each Board meeting.
  - f) Member Comments
    - i) Rene Ffrench:
      - (1) Thanks for using previous Board meeting's method
      - (2) Requested Board be courteous, respectful, and attentive to members' comments
      - (3) Is discussion the same as action?
      - (4) Believes action is where the Board takes a vote.
      - (5) Believes it should be contiguous.

- ii) Mark McDonald: House Bill 2840 says Public Comment should be before Board acts on each item
  - iii) Mikki Bertino:
    - (1) Proposal was lengthy. What order does TRWA recommend?
      - (a) Board response: TRWA recommends Public Comment be placed at the beginning of Board meetings.
    - (2) Meeting agenda often is vague and does not provide sufficient information for public comment. Public comment could be more meaningful after hearing Board discussion on a given topic.
  - iv) Danny Flunker:
    - (1) Fourth change of Public Comment Policy
  - g) Blanco county requested an opinion from Attorney General on: time allowed per speaker and when to let public speak
  - h) TRWA's recommendation is consistent with guidance from our attorneys.
  - i) Motion made and carried by all to adopt the WOWSC Public Comment Policy that is based on TRWA's guidance with modification of removing note regarding having a sign-up sheet at WOWSC's main office.
- 3) REPLACEMENT OF VACANCY -- Article 8, Section 9 of the WOWSC Bylaws state that "Any vacancy occurring in the board of directors may be filled by affirmative vote of the remaining directors, though less than a quorum of the board. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office." Following the resignation of Board member David Bertino, the Board will consider and act upon filling the vacancy.
- a) Joe received an application from Patricia Gerino to fill David Bertino's vacant Director seat, Place 4.
  - b) Patricia owns and runs an Aerial Photography business and is VP of the Spicewood Airport and Pilots Association (SAPA)
  - c) Member Comments
    - i) Rene Ffrench
      - (1) Directors need to read WOWSC's ByLaws and Articles of Incorporation and need to sign affirmation of reading them.
    - ii) Danny Flunker
      - (1) Patricia Gerino is VP of SAPA
  - d) Motion made and carried by all to accept Patricia Gerino as Board Director Place 4 for the remainder of this term.
  - e) Gerino agreed to certify that she had read bylaws and articles before taking seat at future meeting.
- 4) MANAGERS REPORT –
- a) UPDATE ON CAUSE OF ELECTRICAL OUTAGE – Low water pressure caused boil water notice on 11/11. Discuss cause and WOWSC response to TCEQ requirements.
    - i) Dedicated 480V main electrical line to Water Treatment Plant (WTP) failed
    - ii) Water pressure dropped to 20 psi and normally runs at 55 psi
    - iii) PEC power reliability was not the greatest prior to installation of the new WTP ten years ago
    - iv) The device that holds the fuse in place failed
    - v) PEC has no explanation as to why the failure occurred
    - vi) Three main electrical lines run into the WTP. Only one of the three lines failed.
    - vii) Failure could have been from a defective device or the age of device (~10 years old)
    - viii) Fuses are subjected to power spikes on the lines
    - ix) The part was replaced by PEC within a few hours
    - x) WOWSC needs to follow TCEQ's contamination rules when pressure drops
      - (1) Samples need to be taken after pressure is restored
        - (a) There is a 24-hour incubation of the provided samples at the lab
        - (b) Lab testing occurs after the incubation period
    - xi) A back-up generator would have kicked-in quickly after the power outage to keep the water pressure at 55 psi
    - xii) Plenty of clean water was available in the WTP tank, but the water pressure at the plant dropped to 20 psi as the pumps were off, had no power.
    - xiii) WOWSC submitted samples to TCEQ and received okay.
  - b) GENERATOR – Update on status of purchase and installation.
    - i) Generator is on order with a sixteen-week lead time. ~8 weeks remain before the generator arrives
    - ii) Work starting soon at WTP to build the generator's concrete slab
  - c) PRE-TREATMENT FACILITY – Update on any new bids and plans.

- i) George spoke with TCEQ regarding surface water intake pre-treatment options
  - ii) Options are limited on the types of equipment that work for surface water intake
  - iii) Lake Travis is one of the clearest bodies of water in Texas
  - iv) Lake Travis' water turbidity goes from 10 to 2000 during storms and flood events
  - v) New clarifiers would deal with the storm and flood events
  - vi) Lowest cost estimate is \$385,000 so far
  - vii) Board is holding off on signing loan papers until the pre-treatment project cost is understood
  - viii) WO had an old substandard WTP when WO had only ~fifty members. At that time the flow of water could be slowed down with so few members.
  - ix) With 250 current members the water flow cannot be slowed down
  - x) Presently using the old WTP tanks as pretreatment and the effectiveness is highly dependent on the operator. A new pre-treatment system's quality would not be operator dependent.
  - xi) Joe signed paperwork today for the LCRA projects to reduce water usage
    - (1) LCRA approved grant to reduce WTP and WWTP water usage
- d) UV TREATMENT – Provide board with briefing on UV light treatments, costs, benefits.
- i) Complicated issue
  - ii) UV disinfection compliments clarifiers in pre-treatment
  - iii) UV does not kill pathogens but renders them to where they cannot reproduce
  - iv) Adding chlorine to water is likely biggest boon to public health
  - v) Will still need to add chlorine to water
  - vi) UV can reduce the amount of chlorine that needs to be added
  - vii) Clearer the water, the better UV works
  - viii) Once clarifiers are added, adding UV disinfection should be considered
  - ix) Clarifiers cost ~\$400,000
  - x) UV disinfection costs ~\$35,000
  - xi) Maintenance issues on UV disinfection is considerable. Bulbs need to be cleaned and replaced.
  - xii) Considerable energy is needed to power UV lights
  - xiii) UV often improves taste and odor of water
  - xiv) Quantity of pathogens modifies the amount of chlorine added to the water
  - xv) Reducing the amount of chlorine added to the water reduces the amount of chlorine by-products which are thought to be carcinogenic.
  - xvi) Joe requested George write a paragraph on UV disinfection and add it to the one-page description of the Pre-Treatment facility that is now part of the five year plan.
- e) Member Comment
- i) Rene Ffrench: Where are the samples collected after a power outage?
    - (1) George: Water samples are collected at the end points of water mains.
  - ii) Mikki Bertino: Did not receive alert for Boil Water Notice along with other neighbors. But, did receive Board meeting notice.
- 5) FINANCIAL REPORT – The Treasurer will provide overview of previous month's financial report and advice especially on legal expenses incurred for defending the corporation against two lawsuits, gaining legal advice on Public Information Act requests, the petition for removal, and conforming with bylaws for the petition for removal.
- a) October Income: \$50.7K
    - i) October Water + Sewer revenue: \$37.6K
    - ii) Year to date (YTD) Water + Sewer revenue at \$310.9K of YTD budget \$295.8K
    - iii) YTD Equity Buy-in Fees revenue at \$46.0K versus annual budget \$27.6K
    - iv) YTD Water & Sewer Taps revenue at \$19.0K versus annual budget \$10.4K
  - b) October Expenses: \$30.6K
    - i) \$7.2K legal fees paid in October
  - c) October Net Income: \$20.1K
  - d) YTD Net Income: \$93.9K
  - e) YTD Legal/Appraisal at \$95.6K of annual budget \$38.0K

- f) YTD Water + Sewer Repairs at \$22.8K of annual budget \$45.0K
  - g) October 2019 Metrics:
    - i) Debt to Service Coverage Ratio (DSCR): 0.54
      - (1) Three month rolling average: 0.80
    - ii) Debt to Capital Ratio: 0.15
      - (1) Three month rolling average: 0.16
    - iii) Days of Cash on Hand: 193 days
      - (1) Three month rolling average: 211 days
  - h) October 2018 Metrics:
    - i) DSCR: 0.05
    - ii) Debt to Capital Ratio: 0.19
    - iii) Days of Cash on Hand: 192 days
  - i) WTP is now ten years old and has two variable speed pumps. Wear and tear on pumps. ~\$5,000 to repair each pump. Y2019 budget included pump repair. Pumps are run at optimum point of performance curve. Our WTP and WWTP are too small to gather mass quantities of data for predictive maintenance.
    - i) Should we consider purchasing a spare pump as lead times are three to four months?
  - j) Four attorneys attended Joe's deposition: two for WOWSC, one attorney for current and previous Board members named in suit, and one attorney for the Title Company. Legal fees could be ~\$160,000 this year to defend the corporation.
  - k) Member Comment
    - i) Danny Flunker: Requested Troupe Brewer, attorney at Lloyd Gosselink, introduce himself.
  - l) Motion made and carried by all to accept the October Financial Report
- 6) CONSIDERATION OF BUDGET FOR 2020 – The budget committee will advise on its progress in creating a budget, with particular attention to: (a) a performance bonus for the manager in view of the pumping barge restoration project (b) an amendment to manager contract adjusting fee for inflation (c) WOWSC paying for manager's insurance related to license (d) signage for George Burriss Water Treatment Facility of Windermere Oaks Water Supply Corporation (e) CPA audit of financial records for 2018 and/or 2019 (f) financial planning workshop provided by NewGen Strategies.
- a) Joe requested the above topics be included in our budget.
  - b) George went well above and beyond keeping water service to all of our members after the flood knocked away our water intake barge; and the repair of the pumping barge required significant effort outside the current contract.
  - c) Manager contract does not have an adjustment clause for inflation. George is a key man for WOWSC. ~3% inflation adjustment is recommended. WOWSC needs to remain competitive in George's compensation.
  - d) George pays for his own manager's top license insurance. Corix provides proof of insurance to George for their operators. George provides proof of insurance to WOWSC.
  - e) Signage for George Burriss Water Treatment Facility of WOWSC should be added to budget with the caveat that it needs to be compliant with WO POA, so maybe affixed to the building
  - f) WOWSC has a CPA for bookkeeping and a different CPA for filing taxes. George requested quotes for 2018 and 2019 financial audits. WOWSC has never had a financial audit. Y2019 financial audit quote from our bookkeeper was to not exceed \$11K.
  - g) NewGen Strategies workshop for financial guidance, ~\$5,000 budget proposed
    - i) TRWA did a good job with our previous rate study and follows TCEQ rules
    - ii) NewGen gives guidance for five-year financial planning, matching expected financial status with operations and expectations for infrastructure improvements. NewGen can apply rate studies to plans for infrastructure improvements and will charge for it. NewGen knows water and waste water rates.
  - h) WOWSC server with back-up separate from WOWSC's financial server for directors' email and work space and for electronic storage of WOWSC files.
    - i) Cyber security should be considered
  - j) Member Comments
    - i) Patti Flunker
      - (1) WOWSC is not required to do a cyber security risk assessment.

- (2) Discussing personnel should be in Executive Session
- (3) Salary rates study can be purchased

- 7) **CONSIDERATION OF PROCESS FOR RATE INCREASE** – In view of 2019 expenditures on legal counsel for litigation, public information act requests, petition for removal, election procedures, open meeting act compliance, revision of bylaws, as well as preceding item for operational expenses, the Board will discuss whether a rate increase should be explored.
  - a) No end in sight for on-going litigation
  - b) Ask TRWA to do rate analysis. Rate analysis for both WTP and WWTP.
  - c) Use a complete year of data, Y2019, for rate analysis
  - d) Include in Y2020 budget analysis
  - e) Member Comments
    - i) None
  
- 8) **CONSIDERATION OF MEMBER COMMUNICATION** – The Board will consider and take possible action regarding correspondence to membership to summarize present and ongoing challenges facing the WOWSC, the corresponding significant expense of WOWSC funds, and how all the above may impact members individually.
  - a) Member Comments
    - i) None
  - b) Motion made and carried by all to authorize legal committee to work with attorneys to draft a Member communication on items above with regards to rates and ongoing litigation
  
- 9) **Executive Session under Texas Government Code § 551.071(1) and (2) regarding:**
  - a) Jay Grissom Letter to WOWSC advising of intent to take issues to small claims court.
  - b) Ffrench, et al., Intervenor-plaintiffs and Double F Hangar Operations, LLC, et al. v. Friendship Homes & Hangars, LLC, Windermere Oaks WSC, et al., Cause No. 48292, 33rd Jud. Dist., Burnet County Dist. Ct.; and
  - c) Discuss legal issues related to notice, ballots and communications regarding recall petition procedures sent by non-Board Members and legal remedies necessary to implement applicable procedures.
    - i) Entered session at 8:00PM
    - ii) Exited session at 9:20PM
  
- 10) **DISCUSSION AND APPROVAL OF PROCESS REQUIRED BY PETITION FOR REMOVAL** – Board will discuss and take possible action regarding removal petition for Director Joe Gimenez in accordance with WOWSC bylaws and applicable law including, but not limited to, establishing petition hearing procedures, authorizing communications with members regarding removal petition and hearing, and establish date(s), venue(s), and voting procedures.
  - a) Reconvened Open Board meeting at 9:23PM
  - b) Joe recused himself from this agenda item
  - c) Bill Earnest became presiding officer and read Special Member Meetings resolution to meeting attendees

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF WINDERMERE OAKS WATER SUPPLY CORPORATION  
CALLING SPECIAL MEMBERS MEETING**

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 Certificate of Convenience No. 12011 issued by the Public Utility Commission of Texas;

WHEREAS, on October 9, 2019 the Board of Directors of WOWSC (the "Board") received a petition for the removal of Director Joe Gimenez signed by over 10% of the WOWSC membership;

WHEREAS, Article VIII, Section 9 of the WOWSC's Bylaws require such a petition to be voted at the next regular or special meeting of the membership;

WHEREAS, Article VII, Section 2 of the WOWSC's Bylaws allows the Board, by resolution, to call a special meeting of the membership;

WHEREAS, for the purposes of voting on the removal petition submitted to the Board on October 9, 2019, and to allow Director Gimenez the opportunity to be heard in person or by counsel, to present witnesses and other evidence in rebuttal of the charges against him, and to question other witnesses, with the persons bringing charges against him having those same rights, the Board desires to call a special meeting of the membership of the WOWSC;

WHEREAS, the Board hereby appoints Vice President Bill Earnest as the Presiding Officer over the petition proceeding at the special meeting of the membership, and hereby approves the formation of a subcommittee to facilitate the preparation of documents, correspondence, and other items relevant to the petition proceeding, which shall consist of the Presiding Officer, Mr. Earnest, and Director Dorothy Taylor; and

WHEREAS, notice of the special membership meeting shall provide additional information on procedures related to the removal petition proceeding, including those related to voting and other procedures as may be established by the Presiding Officer for the efficient and orderly conduct of the proceeding, and such notice will be subsequently issued in accordance with the deadlines prescribed by WOWSC Bylaws.

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 Board of Directors of WOWSC hereby calls a special meeting of the WOWSC membership to be held on the 14<sup>th</sup> day of December 2019, at 9:00 AM at the Spicewood Community Center, located at 7901 County Road 404, Spicewood TX, 78669.

3. The Board of Directors of WOWSC hereby authorizes the Presiding Officer and the petition subcommittee, with the advice of and in coordination with legal counsel for WOWSC, to take all necessary steps to implement this resolution and prepare for the special meeting of the membership.

PASSED AND APPROVED this the 20<sup>th</sup> day of November, 2019 by a vote of 3 in favor, 0 against, and 1 abstaining.

  
Bill Earnest, Vice President

  
Mike Nelson, Secretary/Treasurer

  
Dorothy Taylor, Director

abstaining  
Joe Gimenez, President

**WINDERMERE OAKS  
WATER SUPPLY CORPORATION**

- d) Member Comment
- i) Danny Flunker:
    - (1) Resolution was to be discussed in front of the membership
    - (2) Proposal for ballots
  - ii) Mark McDonald: Plans to hold meeting on November 23<sup>rd</sup> will continue regardless. Invited everyone present to attend.
- e) Motion made and carried by all three remaining Board Directors to adopt resolution as presented
- 11) Consideration and possible action on items discussed in Executive Session.
- a) Member Comments
    - i) Mark McDonald: Is it less expensive to pay Mr. Grissom \$1500?
    - ii) Danny Flunker: Small claims court cost is a few hundred dollars
  - b) Motion made and carried by all to direct legal counsel to respond to Mr. Grissom and his threat of litigation to settle before reaching small claims court.
- 12) New business and discussion and possible action on agenda for next meeting.
- a) Approve minutes from previous Board meetings
  - b) Managers' report
  - c) November financial report
  - d) Y2020 WOWSC Election
  - e) Y2020 annual budget
  - f) D&O insurance review
  - g) Member Comment
    - i) Danny Flunker: Requested update to Sept 18<sup>th</sup> minutes

13) Set date, time, and place for next meeting

a) Target Thursday, December 19<sup>th</sup>, at 6:00PM at Spicewood Community Center

14) Motion made and carried by all to adjourn at 9:38PM



Submitted by: Mike Nelson

APPROVED BY WOWSC Board on December 19, 2019

Billing Questions: (830) 598-7511 Ext 1  
Water or Sewer Emergency: Phone (830) 598-7511 Ext 2