

Windermere Oaks Water Supply Corporation

424 Coventry Rd
Spicewood, Texas 78669

2020 - 2021 Board of Directors:
Joe Gimenez, President
Patricia Gerino, Vice-President
Mike Nelson, Secretary/Treasurer
Rich Schaefer, Director
Dorothy Taylor, Director

Windermere Oaks Water Supply Corporation (WOWSC) Board meeting held Tuesday, February 11, 2020 at the Spicewood Community Center, 7901 Co Rd 404, Spicewood TX, 78669

2020 - 2021 Board Members Present: Patricia Gerino, Joe Gimenez, Mike Nelson, Rich Schaefer, Dorothy Taylor

Minutes

The meeting was called to order at 6:01PM by Joe Gimenez.

1. Comments from citizens and members who have signed sign-up sheet to speak (3-minute limit per person).¹
 - a. Joe Gimenez
 - i. Received letter from Patti Flunker on Executive Session agenda item 'Deliberations regarding the potential purchase, exchange, lease, or value of real property'
 1. Joe said there is No contract, no discussions, no marketing effort, nothing going on regarding sale of WOWSC property.
 2. Joe said the agenda item would help two new Board members, Patricia and Rich, to get up to speed on WOWSC's real estate
 3. Patti Flunker, Josie Fuller, and Danny Flunker have asked why WOWSC has not sold property to pay for legal bills
 4. Joe said that no action is planned to be taken on property after Executive session
 - b. Danny Flunker
 - i. On agenda item, Executive Session agenda item 'Deliberations regarding the potential purchase, exchange, lease, or value of real property', did not mention sale of WOWSC property.
 - ii. Handed out hard copy of an email from Gary Young from 2015 citing his assessment of issues with the WOWSC and explained why he would not run for the Board.
 - iii. Danny asked Joe to not turn-off recording equipment and to not touch equipment
 - c. Mikki Bertino
 - i. From Mikki's research of Burnet County records on lots 130 and 131, the records did not show a WOWSC easement on the lots' plats.
 - d. Patti Flunker
 - i. Glad to see an attorney is not present today
 - ii. Requested Board discuss with WOWSC's attorneys the Executive Session agenda item 'Deliberations regarding the potential purchase, exchange, lease, or value of real property.' Patti believes Texas Open Meeting Act Executive Session property discussion is specific to a third party.
2. Approval of Board Meeting minutes
 - a. January 23, 2020
 - b. February 1, 2020

¹ 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.

- c. Motion made and carried by all to approve the minutes for WOWSC Board Meetings held January 23, 2020 and February 1, 2020.

3. MANAGER'S REPORT –

- a. GENERATOR INSTALLATION PROGRESS –update on tests, propane tank installation and billings.
 - i. Installing propane tank underground outside the entrance gate. The hole is to be dug Wednesday and the tank installed underground on Thursday.
- b. PRE-TREATMENT FACILITY –Discussion of operator's findings on current clarifier and updates on pricing for new clarifier.
 - i. George's ongoing investigation for pre-treatment equipment is finding more options.
 - ii. A distributor believes he may have equipment that will work for WOWSC. This needs to be investigated and vetted.
 - iii. Recently, many new options are becoming available for water pre-treatment.
- c. TRWA ANALYSIS –Update on communications with TRWA regarding what-if rate scenarios.
 - i. James's initial analysis used WOWSC's Y2019 actual expenses
 - 1. WOWSC's Y2019 legal expense ~\$167,000 (which caused substantial part of rate increase of \$65.73 for 2020).
 - ii. At Board's request, James performed what-if scenarios for rates, keeping all expenses as they were in 2019, but changing the legal expenses to envision what rates might have been, or what might be in the future.
 - 1. At \$0, the impact is a reduction of ~ \$2 to the monthly base rate
 - a. From ~ \$91 to ~\$89
 - 2. At \$30,000, the impact is an increase of \$3 to the monthly base rate
 - a. From ~ \$91 to ~\$94
 - 3. At \$48,000, the impact is an increase of \$6 to the monthly base rate
 - a. From ~ \$91 to ~\$97
 - 4. At \$72,000, impact is an increase of \$10 to the monthly base rate
 - a. From ~ \$91 to ~\$101
 - 5. James did not provide a what if scenario impact for legal expenses of \$250,000
 - a. Rich's estimate is an increase of \$82 to the monthly base rate
 - i. From ~\$91 to ~\$173
- d. AUDIT –Update re communication with CPA regarding audit timing.
 - i. Joe and George have worked with accountant to perform tax-basis audit for approximately \$10,000
 - ii. Audit is being delayed until WOWSC can afford to pay for it
- e. REPLAT OF LOTS 130 & 131 –Documents from title company did not reflect water pipe location down center of replatted lots. Replat approved by WO POA. Owner requesting WOWSC or WO POA to cover the reallocation of the pipeline across nearly 220 feet along outside of new property line. POA Guidelines stipulate this is the owner's responsibility.
 - i. Original plats for Windermere Oaks (WO) proper properties have WOWSC easements
 - ii. Tennis Village was never a part of WO proper. Tennis Village original plats did not include WOWSC easements. It's not clear today where all WOWSC pipes in the Tennis Village are located.
 - iii. No known Tennis Village survey plat shows a WOWSC easement along the lot lines.
 - iv. George believes WOWSC's original covenants and deed restrictions have blanket easement statements that do not necessarily show in plats.
 - v. Request was made by the property owner for WOWSC or WO POA to pay for moving the water pipes.

- vi. ~200 ft of 4" pipe at \$10 to \$15 per ft.: ~ \$2,000 to \$3,000
- vii. WO POA restrictions state that owners are responsible for costs associated with easements when moving property lines (replatting)
- viii. Joe recommends a WOWSC attorney meet with a WO POA attorney to discuss this with the Title Company and owner.
- ix. Replat was done in 2017

4. SUBCOMMITTEE APPOINTMENTS –Review, discuss and take any appropriate action regarding assignments to subcommittees, including but not limited to Legal, Budget, Operations, Administrative, and Finances.

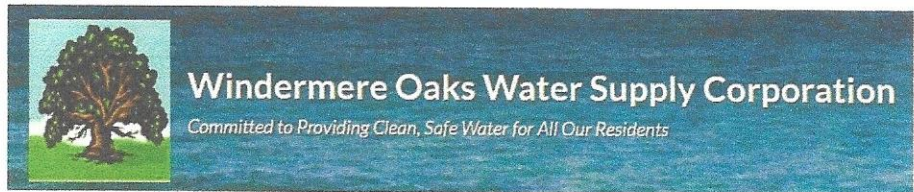
- a. Legal sub-committee:
 - i. Members: Joe and Mike
- b. Budget sub-committee:
 - i. Members: Mike
- c. Dispersal field at airport: grass runway
 - i. Members: Patricia asked Rich to join
- d. Pre-treatment facility upgrade:
- e. Finances: Loan, line of credit at bank
 - i. Members: Joe, Joe asked Patricia to join
- f. Administrative: resolutions, By-Laws, Tariffs
 - i. Members: Dorothy
- g. Committees are limited to two Board members per committee
- h. Tabled further discussion for today
- i. Formalize sub-committee assignments at future WOWSC Board Meetings

5. TREASURER’S REPORT

- a. Review of January financial statements if available.
 - i. WOWSC has not yet received our January financial report. It’s a very busy time of the year for our bookkeepers (accountants).
- b. Review legal budget billing worksheet and summarize payment plan proposals. Take action as necessary
 - i. Mike’s cash flow analysis found ~\$10,000 more in monthly revenue than monthly cost of goods sold and standard monthly expenses
 - 1. Mike to send Patricia, Dorothy, Rich the cash flow analysis for legal payments
 - ii. WOWSC has not yet received a check from LCRA for the water reduction projects
 - iii. Need to pay down legal invoices
 - 1. December 2019 legal invoices: \$62.1K
 - 2. January 2020 legal invoices: \$59.6K

6. TARIFF REVISION – Review, discuss and take any appropriate action including voting regarding updating of the Tariff to include the new rates approved at the February 1, 2020 Annual Board meeting.

- a. Joe read resolution regarding ‘NOTICE OF RATE/TARIFF CHANGES EFFECTIVE MARCH 23, 2020
- b. Motion made and carried by all approving an amendment to the resolution to include a rate review no later than September 2020.
- c. Motion made and carried by all to approve the amended resolution



DATE: February 11, 2020
 TO: ALL WINDERMERE OAKS WSC MEMBERS & CUSTOMERS
 RE: NOTICE OF RATE/TARIFF CHANGES EFFECTIVE MARCH 23, 2020

At its February 1, 2020 Annual Board meeting, the Board of Directors of WOWSC voted unanimously to increase water and wastewater utility rates and revise our Tariff accordingly. The new rates will be in effect beginning for utility service between March 23 through the April 2020 reading, and will be reflected on bills you receive in late April/early May. The rate changes are detailed below.

The amount of the rate increase was determined through an analysis of the Corporation's 2019 operating expenses by the Texas Rural Water Association. The rate analysis considered all the operating expenses we incurred, including \$169,000 in legal fees. This historically high amount reflected legal defense costs incurred due in large part to two lawsuits brought against WOWSC by TOMA Integrity, Inc. and by Rene Ffrench, John Richard Dial, and Stuart Bruce Sorgen. The Board also committed to revisiting these rates again in September. If the legal battles continue, or if other operational expenses arise, the Board may need to increase rates again. The Board also committed to reducing rates once the suits against it are dropped, settled, or decided in its favor.

The following sections of the Tariff, modified:

Section G. Rates and Service Fees

7. Monthly Charges

a.---Base Rate / Service Availability Charge

(1) Water Service

The minimum water Service Availability Charge

(5/8" x 3/4" & 3/4 " meter) shall be \$90.39

(2) Sewer Service

The minimum sewer Service Availability Charge

(5/8" x 3/4" & 3/4 " meter) shall be \$66.41

OLD RATES:

Section G. Rates and Service Fees

7. Monthly Charges

a.---Base Rate / Service Availability Charge

(1) Water Service

The minimum water Service Availability Charge

(5/8" x 3/4" & 3/4 " meter) shall be \$50.95

(2) Sewer Service

The minimum sewer Service Availability Charge

(5/8" x 3/4" & 3/4 " meter) shall be \$40.12

The above new rates become effective MARCH 23, 2020

The Windermere Oaks Water Supply Corporation achieved perfect results for water quality in 2019 from the Texas Commission on Environmental Quality. The legal expenses we are incurring to defend our corporation far exceed the expenses necessary to continue to provide clean drinking water and to effectively treat our effluent. It is our hope that once the legal expenses subside, we can lower these rates to a level reflective of those costs *without* ongoing litigation. If you have any questions, please email WindermereWater@gmail.com or call (830) 613-8137 and someone will get back to you. A copy of the revised tariff will be filed with the Water Utilities Division, Public Utility Commission of Texas, PO Box 13326, Austin, Texas 78711-3326.

From the Board of Directors of Windermere Oaks Water Supply Corporation.

Windermere Oaks Water Supply Corporation
 424 Coventry Rd. Spicewood, Texas 78669
 Billing Questions: (830) 598-7511 Ext 1
 Water or Sewer Emergency: Phone (830) 598-7511 Ext 2

7. MEMBER COMMUNICATIONS -- Review, discuss and take any appropriate action on necessary member communications to give members 30-day notice of rate change before the March 23 meter reading and offer information on legal matters.
 - a. Notify members 30 days or more in advance of a rate increase
 - b. Expect to read meters March 23rd.
 - c. Plan to communicate rate increase to WOWSC Members before February 22nd
 - d. Motion made and carried by all to mail WOWSC Members the rate increase notification this week

8. Executive Session under Texas Government Code § 551.071(1) and (2) and § 551.072 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.
 - c. Deliberations regarding the potential purchase, exchange, lease, or value of real property
 - i. Entered Executive Session: 7:02PM
 - ii. Exited Executive Session: 7:50PM
 - iii. Board meeting resumed: 7:55PM

9. Consideration and possible action on items discussed in Executive Session.
 - a. Initial claim made for \$12,000 by Jay Grissom for replacement of two industrial grinder pumps allegedly due to WOWSC sewer valve failures that affected Grissom and his neighbor's grinder pumps' ability to send wastewater to the system. Grissom's house is his second home and he was not able to take action to remedy. His neighbor who lives full time in neighborhood was able to shut off overflowing grinder pump. George had originally communicated to Grissom that a single pump would be sufficient and that a replacement should be ~\$1300. Grissom shared replacement bills of ~\$5,000. Board avoided small claims court through negotiation with Grissom and settled on a \$1500 no fault settlement payment. (During this part of meeting, member Josephine "Josie" Fuller moved her chair to within a few feet of the Board table, claiming that she wanted to hear better, but also said something to the effect that she wanted Board members "to look her in the eyes" when discussing this matter and some Board members felt threatened by this action. She made various outbursts disrupting subsequent parts of the meeting.)
 - i. Motion made and carried by Patricia, Mike, Rich, and Dorothy to approve the \$1500 no fault settlement with Grissom, authorize legal council to effectuate the no fault settlement, and for treasurer to make payment.
 1. Joe abstained from voting on the motion
 - b. Members have requested frequent communication on WOWSC issues
 - i. Motion made and carried by all for legal subcommittee, Joe and Mike, to work with attorneys on Member communication regarding the defense of lawsuits and the impact on rates and operation

10. New business and discussion and possible action on agenda for next meeting.
 - a. Financials
 - b. Meeting minutes review and approval
 - c. Manager's report
 - i. Replat issue for lots 130 & 131
 - ii. Generator installation
 - d. Executive session
 - e. Legal fees payment schedule
 - f. Credentials committee
 - g. Sub-committees discussion

11. Set date, time, and place for next meeting.
 - a. Tuesday, March 17th, at 6:00PM or Thursday, March 19th, at 6:00PM at the Spicewood Community Center

12. Motion made and carried by all to adjourn at 8:07PM

Michael E. Nelson

Submitted by: Mike Nelson

APPROVED BY WOWSC Board on May 19, 2020

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