



Windermere Oaks Water Supply Corporation

424 Coventry Rd
Spicewood, Texas 78669

2019 - 2020 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) meeting held: Tuesday, May 19, 2020 via videoconference using Zoom

2019 - 2020 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. A quorum was established with five Board Members present.

- 1) Comments from citizens and members who have signed sign-up sheet to speak (3-minute limit per person)
 - i) Patti Flunker:
 - (1) Pointed out that Patricia Gerino signed a rate appeal at her home.
 - (2) Board instructed attorney to reach out to Attorney General regarding redactions to legal invoices in PIA.
- 2) Review, consider and take action to approve minutes of prior meetings:
 - a) February 11, 2020 and May 11, 2020
 - i) Motion made and carried by all to approve the February 11, 2020 and May 11, 2020 minutes
- 3) **MANAGER'S REPORT** –
 - a) **CORONAVIRUS** – Update on any recommendations from public health officials and water associations regarding concerns with water treatment.
 - a. Two-pronged attack: First is water quality. Water treatment process is based on bacteria and virus elimination. WOWSC's normal water treatment process eliminates viruses and bacteria. There is no need to do anything special to eliminate viruses. Second is to protect operators. George is working with Corix to ensure workers use tablets to communicate and minimize contact with each other, managers, and suppliers.
 - b) **EASEMENT RELEASE** – Consideration and possible action on easement release on the common lot line between lots 7 & 8, now replatted as Lot # 7-A.
 - a. George does not see granting this easement release inhibiting WOWSC providing services.
 - b. Motion made and carried by all to approve easement release
 - c) **PRE-TREATMENT FACILITY AND IRRIGATION PROJECT** – Updates on pricing for new clarifier, UV treatment equipment, dispersant field enhancements.
 - a. Lots of ongoing development in water treatment. George is reviewing many options. George is working with one manufacturer and sent water samples for analysis to a lab in California they use.
 - b. UV disinfection of water is dependent on pre-treatment and won't be pursued until a pre-treatment decision is made.
 - c. Dispersant field enhancements to spray heads is ongoing. Cleaning spray heads is painful maintenance. WOWSC has started installing strainers to the WWTP ponds' outlet pipes. George is investigating expanding the irrigation field both north and south of the existing spray field.
 - d) **SAPA IRRIGATION PLAN** – An update on plans and progress being made by Spicewood Airport Pilots Association for irrigation of 3 acres using WOWSC effluent.

- a. Project is waiting on TCEQ to send their approval letter of WOWSC's WWTP. George expects to receive the approval letter at any time. Project can start once approval is received.
 - e) SCADA AND SECURITY SYSTEMS – Update on water control and security systems needed for regulatory compliance.
 - a. WTP has a twelve-year old SCADA system which will no longer be supported August 1st. WIP upgrading the computer system hardware and software. Project completion is expected by mid June.
 - b. WIP installing security system at our WTP and WWTP that will be connected to the SCADA system.
 - f) LCRA CONSERVATION PROJECT – Update on progress of plan to reduce WOWSC use of potable water for backwash processes at wastewater treatment plant.
 - a. LCRA plans to mail checks to WOWSC this week.
- 4) Executive Session under Texas Government Code § 551.071(1) and (2) and § 551.072 regarding:
- a) 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, 33rdJud. Dist., Burnet County Dist. Ct.
 - b) Attorney consultation regarding Ratepayers Appeal of Water and Sewer Increases by the WOWSC filed with the Public Utility Commission of Texas
 - c) Deliberations regarding the potential purchase, exchange, lease, or value of real property
 - d) Discussion of appeal of Attorney General ruling filed in Travis County District Court in the case of WOWSC v The Honorable Ken Paxton, Attorney General of Texas, Cause No. D-1-GN-19-006219, for protection of corporate rights and privileges during ongoing litigation including potential settlement of same;
 - e) Attorney consultation regarding pending Public Information Act requests.
 - i) Entered Executive Session: 6:31PM
 - ii) Exited Executive Session: 7:09PM
 - iii) Resumed Open Meeting: 7:30PM
- 5) Consideration and possible action on items discussed in Executive Session.
- a) No actions
- 6) TREASURER'S REPORT
- a) Review of Financial statements, April receivables and deposits.
 - b) January 2020
 - i) January Income: \$56.2K
 - (1) Water + Sewer revenue: \$32.4K
 - (2) Standby Fees: \$23.2K
 - ii) January Expenses: \$37.3K
 - (1) Legal: \$14.9K
 - iii) January Net Income: \$18.9K
 - iv) 2020 Metrics:
 - (1) Debt to Service Coverage Ratio (DSCR): 0.50
 - (2) Debt to Capital Ratio: 0.16
 - (3) Days of Cash on Hand: 150 days
 - v) 2019 Metrics:
 - (1) DSCR: 0.83
 - (2) Debt to Capital Ratio: 0.18
 - (3) Days of Cash on Hand: 185 days
 - c) February 2020
 - i) February Income: \$43.9K
 - (1) Water + Sewer revenue: \$29.4K
 - (2) Standby Fees: \$3.1K
 - (3) Year to date (YTD) Water + Sewer revenue at \$61.3K of YTD budget \$65.0K
 - (4) YTD Standby Fees revenue at \$26.3K versus annual budget \$33.0K

- (5) YTD Equity Buy-in Fees revenue at \$9.2K versus annual budget \$27.6K
- (6) YTD Water & Sewer Taps revenue at \$3.4K versus annual budget \$10.4K
- ii) February Expenses: \$28.6K
 - (1) Legal: \$0.4K
- iii) February Net Income: \$15.3K
- iv) 2020 Metrics:
 - (1) Debt to Service Coverage Ratio (DSCR): 0.90
 - (2) Debt to Capital Ratio: 0.16
 - (3) Days of Cash on Hand: 115 days
- v) 2019 Metrics:
 - (1) DSCR: 1.41
 - (2) Debt to Capital Ratio: 0.18
 - (3) Days of Cash on Hand: 204 days
- d) March 2020
 - i) March Income: \$39.4K
 - (1) Water + Sewer revenue: \$30.1K
 - (2) Standby Fees: \$1.9K
 - (3) Year to date (YTD) Water + Sewer revenue at \$91.4K of YTD budget \$97.5K
 - (4) YTD Standby Fees revenue at \$28.2K versus annual budget \$33.0K
 - (5) YTD Equity Buy-in Fees revenue at \$13.8K versus annual budget \$27.6K
 - (6) YTD Water & Sewer Taps revenue at \$5.2K versus annual budget \$10.4K
 - ii) March Expenses: \$59.7K
 - (1) Legal: \$20.0K
 - iii) March Net Income: (\$20.3K)
 - iv) 2020 Metrics:
 - (1) Debt to Service Coverage Ratio (DSCR): (0.57)
 - (2) Debt to Capital Ratio: 0.19
 - (3) Days of Cash on Hand: 89 days
 - v) 2019 Metrics:
 - (1) DSCR: 0.15
 - (2) Debt to Capital Ratio: 0.20
 - (3) Days of Cash on Hand: 204 days
- e) April 2020
 - i) April Income: \$29.6K
 - (1) Water + Sewer revenue: \$28.3K
 - (2) Standby Fees: \$0.7K
 - (3) Year to date (YTD) Water + Sewer revenue at \$119.7K of YTD budget \$130K
 - (4) YTD Standby Fees revenue at \$28.9K versus annual budget \$33.0K
 - (5) YTD Equity Buy-in Fees revenue at \$13.8K versus annual budget \$27.6K
 - (6) YTD Water & Sewer Taps revenue at \$5.2K versus annual budget \$10.4K
 - ii) April Expenses: \$37.8K
 - (1) Legal: \$10.0K
 - iii) April Net Income: (\$8.2K)
 - iv) 2020 Metrics:
 - (1) Debt to Service Coverage Ratio (DSCR): 0.30
 - (2) Debt to Capital Ratio: 0.19

(3) Days of Cash on Hand: 70 days

v) 2019 Metrics:

(1) DSCR: 0.35

(2) Debt to Capital Ratio: 0.21

(3) Days of Cash on Hand: 50 days

f) Motion made and carried by all to accept the January, February, March, and April month end financial reports

g) For benefit of newer Board members, Joe presented WOWSC's Jan 2019 thru April 2020 income, bank balances, loan balance, days cash on hand, legal payments (\$60.0K paid to date in Y2020), and outstanding legal bills (\$146.0K)

i) Most companies strive for 90 days of cash on hand

7) LOANS – Update on status of talks with First United Bank on balloon note and line of credit, as well as talks with CoBank on renewing our application for loan.

a) Joe and Patricia have been in discussions with CoBank and re-applied for the \$500K loan with CoBank. Joe believes CoBank is cautiously optimistic about approval.

b) Interest rates are coming down. Interest rate was 3.75% in the previous CoBank loan offer. The interest rate may be even lower now.

c) Previous loan was for twenty years.

d) WOWSC can get a line of credit at First United. A previous WOWSC line of credit at First United expired in 2018.

8) NEWGEN STRATEGIES – Consideration and possible action regarding ad hoc services and workshops to be provided by NewGen strategies for financial planning.

a) Joe met Grant Rabon of NewGen Strategies at the Y2019 TRWA conference.

b) Grant presented an overview of NewGen Strategies to the WOWSC Board in May 2019 at a Board meeting.

c) Joe and Patricia discussed NewGen Strategies' services and capabilities with Grant recently.

d) Grant has been working with Texas WSCs since 2005 providing financial planning, rate analysis, help with rate cases and rate appeals at PUC, rate case management, and financial consulting.

e) WOWSC will likely need an independent rate analysis. Grant recommends discussing using NewGen for an independent rate analysis with our legal counsel.

f) Motion made and carried by all for Joe and Patricia to work with Grant Rabon to prepare a proposal to present to the Board for adhoc services from NewGen Strategies.

9) PUBLIC INFORMATION OFFICER REPORT – Update on recent increases in public information act inquiries and fulfillment.

a) Joe became WOWSC's PIO when no other Board Member accepted the position.

b) Since becoming WOWSC's PIO, Joe has responded to 58 PIA requests including twelve in Y2020.

c) At a Board meeting, Joe submitted a motion for WOWSC's PIO to become a paid position at \$416/month and has not submitted an invoice for last two months because there were few to no PIA requests. \$416/month is considerably lower than the rate quoted by our legal counsel for paralegals.

d) WOWSC received few PIA requests in Y2018.

10) New business and discussion and possible action on agenda for next meeting.

a) May 19th meeting minutes

b) Manager's report

c) Financial review

d) Legal

e) Loan application

f) NewGen Strategies

11) Set date, time, and place for next meeting.

a) June 16th at 6:00PM likely using Zoom

12) Motion made and carried to adjourn at 8:22PM

Michael EA Nelson

Submitted by: Mike Nelson

APPROVED BY WOWSC Board on June 16, 2020

Billing Questions: (830) 598-7511 Ext 1

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