



# Windermere Oaks Water Supply Corporation

424 Coventry Rd  
Spicewood, Texas 78669

**2021 - 2022 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) Annual Members Meeting held: Saturday, March 19, 2022 at the Spicewood Community Center**

**2021 - 2022 Board Members Present:** Joe Gimenez, Mike Nelson, Rich Schaefer, Dorothy Taylor

## Minutes

- 1) Presiding director calls the meeting to order.
  - a) Joe Gimenez called the meeting to order at 10:02AM
- 2) Presiding director will ask the Election Auditor for a total of the members who have voted by mail, delivered, or in person the day of the meeting. The presiding director will report the total number of members who voted, and declare a quorum and that the meeting and election counting may proceed. The Independent Election Auditor will begin counting the official ballots.
  - a) Total number of members who voted by:
    - i) Mail and drop box: 114 + 1 provisional
    - ii) In person: 33 + 3 provisional
  - b) Total number of members who voted: 147 + 4 provisional
  - c) Total number of ballots not counted due to defects:
  - d) Total number of ballots not counted provisional:
  - e) Joe declared a quorum at 10:10AM and that election counting was to proceed.
- 3) Comments from citizens and members who have signed sign-up sheet to speak (3-minute limit per person).
  - a) Josie Fuller:
    - i) Josie and Patti Flunker are leading the Rate Payers' PUC rate case
    - ii) WOWSC continues to fight in the PUC rate case
    - iii) Joe is WOWSC PIO
    - iv) WOWSC has had over \$1M in legal expenses
    - v) Doesn't believe WOWSC should pay legal fees
    - vi) WOWSC Y2020 budget has \$260K in legal payments
  - b) Pattie Flunker:
    - i) Is a Rate Payers representative in the PUC rate case
    - ii) WOWSC member for sixteen years
    - iii) Board declined to add agenda item for Rate Payers' update on the PUC rate case
    - iv) PUC is the second largest utility commission in the USA. Read to attendees a PUC amicus brief submitted to ALJs supporting legal fees not be included in rates.
  - c) Danny Flunker:
    - i) In 2019 Pattie Flunker ran for WOWSC Board
    - ii) Judgement was made in WOWSC's favor in the Insurance Company fees.
  - d) Mikki Bertino
    - i) Spicewood news is not WOWSC's.
  - e) Joe Gimenez
    - i) Apologized to Dick Dial and Bruce Sorgen for poorly written comment on Next Door regarding stolen signs.

- 4) Approval of Member Meeting minutes of March 27, 2021.
  - a) Motion made and carried by all to approve the March 27, 2021 WOWSC Annual Member Meeting minutes with feedback from Dorothy.
  
- 5) Report of Board President to summarize events and accomplishments of the corporation in the past year as well as challenges and issues going forward.
  - a) Joe created and published a managers report on Spicewood news
  - b) WOWSC needs to follow Texas law
  - c) Board does its best effort to follow Texas law
  - d) Joe does his best to not make inaccurate statements, but is not perfect
  - e) George manages WOWSC operations and contracts with Corix for 24/7 operations coverage.
  - f) WOWSC has a perfect water quality record for the past five years
  - g) WOWSC owes a big debt of gratitude to George for his excellent work over the years
  - h) Winter storm in February 2021 knocked-out power across Texas. WOWSC installed a generator in Y2020. The generator maintained power to WTP and kept the water running.
  - i) Board approved a \$300K CoBank loan for a new storage tank and retro fit of the old storage tank into a clarifier.
  - j) CoBank provides a dividend at the end of each year to customers effectively reducing the interest rate.
  - k) CoBank loans have a twenty-year duration which matches the lifetime of the assets and spreads loan payments to folks using those assets over the twenty years.
  - l) Provided CoBank with legal update. CoBank showed confidence in WOWSC in lending money.
  - m) WOWSC's clarifier is old and is a retrofitted smaller tank that has rust / has aged and needs to be replaced.
  - n) WOWSC needs a larger clarifier to meet water demands, 27K gallons.
  - o) George recommended converting WOWSC's old water storage tank 125K gallons.
  - p) George knows the Granite Shoals WTP management who have agreed to donate their old fly bridge to WOWSC.
  - q) Zebra mussels are a big concern for WOWSC as they restrict the flow of water within the system.
  - r) George and Joe investigated WOWSC's barge for mussels.
  - s) Initial filter system from Israel would have been ~\$80K solution. George found another filter system that is ~ half the cost. George has been testing filters and water flow.
  - t) TCEQ instructed George to obtain approvals from the LCRA and TPW for the zebra mussels filter project.
  - u) George generated a five year plan
    - i) Generator completed Y2020
    - ii) New storage tank completion target in Y2022
    - iii) Four houses across from the Windermere Oaks entrance will need to pay for ~one mile of six-inch water pipe and a sewer line if decided in Y2022.
    - iv) Water recycling WTP & WWTP completed in Y2021
    - v) Irrigation field expansion moved to Y2023
    - vi) System valve replacement project moved to Y2024. Valves have started failing.
    - vii) Adding new business opportunities: Neighbor communities have contacted WOWSC regarding providing water and waste water treatment. New property west of the airport. Ridge Harbor has approached WOWSC. Costs are spread across WOWSC's 287 members. Would be additional members.
    - viii) Member asked if new storage tank and clarifier have sufficient capacity for a fully built out Windermere Oaks? Yes
    - ix) Manager and Board will need to evaluate if capital expenditure is required to meet requests from neighbors.
    - x) Developers will need to fund expansion.
  - v) Lack of fire hydrants in community. WOWSC's pipes cannot handle multiple fire hydrants. Insurance companies want more fire hydrants and it might reduce insurance costs. Fire department doesn't like the roads' speed bumps.
  - w) POA is examining roads in the community. WOWSC to work with POA on exploring upgrading water pipes to handle additional fire hydrants
  - x) Airport pilot association plan to use 4 acre grass landing strip as an effluent field is on hold. Airport pilot association, Patricia Gerino signed contract where WOWSC would supply effluent and SAPA does the rest. Project went on hold when SAPA was awaiting an engineering review and approval when COVID-19 hit.
  - y) Do not know of a requirement that fire hydrants use treated water. Could fire hydrant water be pulled from the lake?
  - z) Thanks to Dorothy Taylor for implementing E-Payment in November 2021.

- aa) Dorothy working to implement E-Billing. Members will need to opt into E-Billing.
  - bb) New Texas legislation presumes members want their information to be private and not shared.
  - cc) Member made request for individuals who have member records from previous years to delete them.
  - dd) One function of the corporation is to respond to public information requests. Joe is WOWSC's PIO and is paid \$416/mo when responding to requests. Joe shared hard copy of Y2021 PIA responses for anyone who would like to view them.
  - ee) Through reviews by PUC & CoBank and the PIA responses should confirm the lack of evidence supporting claims of corruption.
  - ff) Joe provided hard copies of court rulings to each table in the audience
  - gg) First lawsuit filed in late Y2017 case# 47531 TOMA vs WOWSC.
    - i) WOWSC legal cost ~\$80K
  - hh) Second lawsuit filed in Y2019 case# 48292 Dial Ffrench Sorgen vs WOWSC and Directors. Law requires separation of interests, WOWSC separate from Board Directors. May 2019 until May 2021
    - i) In the May 2021 Motion for Summary Judgement the Judge ruled a Take Nothing Order for seven of eight Board Directors
    - ii) ~\$300K legal cost for WOWSC
    - iii) ~\$300K legal cost Directors
    - iv) Trial to be held week of August 22, 2022
  - ii) Insurance (Director and Officer insurance) was to cover the Directors' legal expenses
    - i) February 8, 2022 and February 24, 2022 affirmation of judge ruling.
      - (1) If ruling stands, insurance pays Directors' legal expenses + interest on payments made
        - (a) Could tally \$400K, paying remaining Director legal fees and paying towards other legal balances
        - (b) Possible rate reduction
        - (c) Appeal would go to Fifth Circuit. 93% of cases are upheld
      - (2) The underlying case from Nov 2019 included the names of ten Directors, two of which were later removed from the case by plaintiffs.
  - jj) The PUC rate case was initiated by rate payers.
    - i) Briefs were filed by the end of January 2021
    - ii) Rate payers hired a lawyer in December 2021
    - iii) Three parties: Rate Payers, PUC Staff, WOWSC
    - iv) WOWSC raised rates in Y2020 to make legal payments of \$20,000 per month
    - v) Proposal for Decision to be submitted by ALJs followed by responses from Rate Payers, PUC Staff, & WOWSC.
    - vi) Then the PUC Commission reviews the ALJs PDF and the responses from Rate Payers, PUC Staff, & WOWSC and then makes a decision.
    - vii) WOWSC legal expenses > \$300K, are not covered by insurance and members will need to pay for all costs.
      - (1) \$340K/287 \$38 per month over 24 months and \$29 per month over 36 months
  - kk) The Board makes decisions on the sale of WOWSC assets that are no longer needed.
  - ll) The 2015 – 2016 Board decided to sell the airport property to pay down the loan on the new WWTP.
  - mm) WOWSC owns ~seven acres in the airport that could be sold. But the case# 48292 plaintiffs placed a les pendens on the ~seven acres in the airport.
  - nn) Member requested sales of assets be voted on by Members.
  - oo) Law states utilities must pay legal defenses of its Board Directors.
  - pp) When the les pendens is released from the ~seven acres in the airport, the members will be informed.
  - qq) WOWSC Board Directors have two-year terms.
  - rr) Rate updates are likely to occur after the PUC case ruling and insurance case ends.
- 6) Update reports
- a) Report of corporation manager, to include report on system's operations, update of projects and strategic plan for 2022.
    - i) Survived February 2021 storm because of the generator
    - ii) Expansion of plants when developers request expansion are paid by the developers.
      - (1) Four houses across from the Windermere Oaks entrance will need to pay for ~one mile of six-inch water pipe and a sewer line if decided.
      - (2) Section F of the Tariff details the requirements for non-standard service requests.

- (3) Ridge Harbor made a proposal to WOWSC to expand effluent fields as Ridge Harbor does not have space for more effluent fields.
  - (4) Why does WOWSC have to accept additional members and neighbors?
    - (a) Economy of scale. The more rate payers you have lowers the rates.
    - (b) Member requested member vote on adding neighbors. Address at and upcoming Board Meeting
  - iii) 2022 Five Year Plan
    - (1) Construct new storage tank
    - (2) Retrofit old storage tank into the new clarifier
    - (3) Zebra Mussel mitigation
    - (4) Irrigation field expansion:
      - (a) Ridge Harbor and Barton Creek Lakeside have contacted WOWSC regarding using WOWSC's dispersant fields as they do not have sufficient area in their dispersant fields.
    - (5) Distribution system valve replacements:
      - (a) Replacing ~40 year old valves that have reached their end of life
  - iv) SAPA grass landing strip as dispersant field project at expense of SAPA
  - v) TCEQ inspection of the WWTP found no violations
  - b) Treasurer's report of Board approved 2022 Budget
    - i) Reviewed the
      - (1) 2021 Year-End Summary of Income / Expense
      - (2) 2021 Year-End Balance Sheet
      - (3) 2021 Year-End Profit & Loss
        - (a) Total Income = \$720.8K
        - (b) Legal expenses = \$265.4K
        - (c) Net Ordinary Income = \$64.6K
      - (4) 2022 Budget
        - (a) Total Income = \$707.1K
        - (b) Legal expenses budget = \$260K
        - (c) Net Ordinary Income = \$4.4K
- 7) Presiding Director to read the February 7, 2022 Board approved Resolution declaring unopposed candidate of WOWSC Election.
- a) Joe read the following:

RESOLUTION DECLARING UNOPPOSED CANDIDATES OF  
WINDERMERE OAKS WATER SUPPLY CORPORATION 2022 ELECTION

WHEREAS, Windermere Oaks Water Supply Corporation posted notice of the opportunity for candidates to submit applications to run for 2 positions on its Board of Directors pursuant to Texas Water Code Section 67.0052(b); and

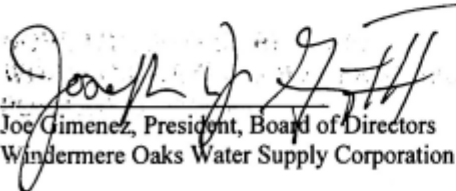
WHEREAS, only 1 person submitted an application for position 4, thus creating an unopposed election for the one position pursuant to Texas Water Code Section 67.0055;

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF WINDERMERE OAKS WATER SUPPLY CORPORATION DECLARES ELECTED TO POSITION 4: **Marcus Vidrine**

The Board of Directors so orders that this resolution be posted at the Corporation's main office and read into the record at the Corporation's annual meeting, pursuant to Texas Water Code Section 67.0055.

TEXAS WATER CODE SECTION 67.0055

PASSED AND APPROVED this 7<sup>th</sup> day of February, 2022.

  
Joe Gimenez, President, Board of Directors  
Windermere Oaks Water Supply Corporation

ATTEST:

 2/7/2022  
Mike Nelson, Secretary, Board of Directors  
Windermere Oaks Water Supply Corporation

- b)
- 8) Election Results Independent Election Auditor submits official report to presiding officer.
- a) Independent Election Auditor submits official report to the presiding officer of the election results for director position and any other propositions voted on by the members. Auditor emails written results to Board.
  - b) Presiding director announces election results.
    - i) Position 5:
      - (1) Dorothy Taylor: 74
      - (2) Jeffrey Walker: 73
    - ii) Four provisional votes not counted.
      - (1) Need to determine how to deal with provisional votes and will work with WOWSC's legal team
      - (2) Provisional ballots are sealed
      - (3) Full transparency was requested
    - iii) No propositions were voted on
  - c) Presiding director introduces newly elected directors, declares them as board members and announces New Board of Directors meeting to elect officers upon adjournment.

- i) Joe introduced Marcus Vidrine and declared him as a Board Director and announced the new WOWSC Board of Directors will elect officers at the open WOWSC Board Meeting immediately following the conclusion of this Annual Members Meeting.
- 9) Closing comments by presiding director.
  - a) Thank you for attending and participating in today's meeting
- 10) Meeting is adjourned.
  - a) Motion made and carried by all to adjourn at 12:07PM



Submitted by: Mike Nelson

APPROVED BY WOWSC Board on April 15, 2023

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