

ATTACHMENT 3 to BOD SPCL MEETING MINUTES FROM October 10, 2023

Date: September 15, 2023

To: Windermere Oaks Water Supply Corporation Board

Through: Rene Ffrench – WOWSC Secretary/Treasurer

Charges in the Removal Petition of Richard T. Schaefer — President of Windermere Oaks Water Supply Corporation Board: Presented in Person during the WOWSC Open Board Meeting – Sept 15, 2023

We, the concerned members of Windermere Oaks Water Supply Corporation, are resolute in our commitment to safeguard our water company from continued mismanagement and financial instability. We petition for the immediate and necessary removal of Rich Schaefer from his position as a director and president of the Windermere Oaks Water Supply Corporation and request a call for a Special Meeting to exercise our rights. The charges are listed below.

Fiduciary Duty Breach:

- **Inappropriate Payment to Joe Gimenez:** Under the Board leadership of Richard , a non-voted, unilateral decision was made to continue compensating Joe Gimenez, a former board member, at a rate of \$400 as a public information officer. This decision resulted in Mr. Gimenez collecting over \$4,000, a clear violation of the Texas Business Organization Code § 22.231, which restricts officer terms to a maximum of three years. Mr. Gimenez's extended service and the financial compensation he received were contrary to the legal parameters set forth by the code. Mr. Schaefer has remained reticent regarding the issue of Mr. Gimenez refunding the \$4,000 payment, which was in breach of statutory requirements.
- **Advocacy for Sustained High Rates and the Speeder of Bankruptcy:** In his capacity as president, Mr. Schaefer has consistently advocated for maintaining our current rate levels. Furthermore, he has instructed the legal representatives at Lloyd Gosselink to assert that any decision by the commission in favor of rate reductions and subsequent refunds to ratepayers would trigger bankruptcy, thus imperiling the continuity of our water system.
- **Lack of Oversight and Unilateral Decision Making:** Mr. Schaefer has permitted General Manager George Burns to exercise significant decision-making authority for the corporation without seeking input from the current board. According to the corporation's bylaws, that the Corporation may appoint from time-to-time agents and registrars, who shall perform their duties under the supervision of the secretary- treasurer this is a responsibility that Mr. Schaefer has retracted from Rene Ffrench. Mr. Schaefer is under the supervision of Mr. Ffrench as the agent of the corporation. Additionally, Mr. Schaefer was privy to the termination of Corix, but he deliberately withheld this pivotal information from fellow board members. Mr. Schaefer has unilaterally along with support from the attorneys at Lloyd Gosselink stricken Rene Ffrench's authority per the bylaws as the Secretary/Treasurer that he shall give or cause to be given notice of all meetings of the members and all meetings of the

board of directors. Mr. Schaeffer is clearly undermining the provisions in the bylaws and is acting in violations of this governing document.

- **TCEQ Violations:** Under Mr. Schaefer's leadership, Windermere Oaks Water Supply Corporation has incurred unresolved TCEQ (Texas Commission on Environmental Quality) violations, which have not been appropriately addressed or transparently communicated to the members and customers of the WOWSC.
- **Legal Counsel Supremacy Over Corporation Stability:** Mr. Schaefer's administration prioritizes the maintenance of a team of attorneys over the corporation's stability and the best interests of its membership. This prioritization infringes upon the fiduciary duty owed to the members and places the corporation's financial well-being at risk.
- **Loss of Trust:** The continued presence of Rich Schaefer erodes members' trust in the board's ability to act in our best interests. We believe that our water company deserves leaders who prioritize transparency and financial stability.
- **PUC Compliance Filing:** The recent PUC compliance filing underscores the mismanagement and neglect that has occurred under their watch. This filing raises serious questions about his ability to protect our interests and uphold the integrity of our member-owned member-controlled water corporation.

Petition to Removal Richard Schaeffer

We, the undersigned members of Windermere Oaks Water Supply Corporation, respectfully demand the immediate removal of Richard Schaefer from his position as a director of the board. We firmly believe that his actions and decisions have compromised the financial stability, integrity, and welfare of our member-