



Windermere Oaks Water Supply Corporation

424 Coventry Rd
Spicewood, Texas 78669

Board of Directors:

Bob Mebane, President
Dana Martin, Vice President
Dorothy Taylor, Secretary/Treasurer
Jerry Ingham, Director
Jeff Hagar, Director

Special Member Meeting and Open Board of Directors meeting held at the Windermere Oaks Pavilion: Saturday, March 11, 2017.

Board Members Present: Bob Mebane, Dana Martin, Jeff Hagar, Jerry Ingham, Dorothy Taylor

Minutes

Bob Mebane called the meeting to order at 10:00 AM. A quorum was established.

Bob reminded everyone that there was a sign up sheet for anyone who wanted to speak and then he outlined the procedures that would be followed for this special meeting regarding the recall petition as outlined in the agenda.

Bob gave a brief history of the actions of the WOWSC Board over the past years regarding the sale in March 2016 to Friendship Homes and Hangars of the property that is involved in the petition discussion. Bob stated that the neighborhood as well as people in the airport were aware of plan to sell WOWSC property in the airport since it was announced during August 2013 WOWSC Board meeting. That meeting was a discussion of the upcoming construction of a new wastewater treatment plant, and it was stated that WOWSC would be selling property (11 acres identified) in the airport to reduce the debt on the new plant construction.

Bob stated that prior to him joining the board, a previous board member had consulted with a real estate agent as to the value of the property. Bob also noted there was a lot in the airport that WOWSC sold in 2015. When Bob got on the board in 2015 he started investigating various sources to understand the "value" of the WOWSC property in the airport. He had discussions with several people, a small airport developer, a member with the State of Texas Aviation agency, a real estate agent familiar with small airports in the area and also the agent that was previously contacted in 2013 by another WOWSC Board member. Bob stated that he spoke with various people in the neighborhood, their primary concern was to not allow helicopters.

At a WOWSC Board meeting on Dec 19th 2015 Friendship Homes and Hangars presented a contract to purchase 4 of the 11 acres owned by WOWSC in the airport. The Board then went into executive session without Dana Martin present and discussed the contract presented and all of the research and previous offers that had been received in the past years for WOWSC property. The contract from Friendship Homes and Hangars included a right of first refusal for the remaining 7 acres in the airport. The board came out of executive session and based on negotiations with Ms. Martin, reached an agreeable contract with Friendship Homes and Hangars for the approximately 4 acres and the WOWSC Board voted to approve the contract.

There are still approximately 7 acres remaining for sale in the airport.

The right of first refusal means that if WOWSC gets an offer on the remaining acres in the airport, Friendship Homes and Hangars would be contacted by WOWSC and made aware of the offer. Friendship Homes and Hangars would have 10 days to notify WOWSC that they wish to purchase the property matching the offer or their right of first refusal to purchase the property would be

waived.

The WOWSC Board felt they executed the property sale and agreement that was in the best interest of the water supply corporation.

Bob invited petition's representative to speak.

Mark A. McDonald introduced himself and stated that he would be the spokesperson for the petitioners and read his written statement. Mark stated that the petition was signed by people who want directors that serve in the best interest of the utility. As customers they depend on WOWSC for their water supply and expect Board members to take their fiduciary responsibility seriously and have good judgment and integrity to look out for the best interest of the utility.

Petition was filed because of frustration that valuable assets and the right of first refusal on remaining airport property were obtained by a WOWSC Board member and felt that the property contract was voted on during a closed session in violation of Open Meetings Act.

Petitioners felt that conflict of interest outlined in the bylaws was not followed by the "disclosure of any real or apparent conflicts of interests" on the matter by the Board member.

Mark stated that a conflict of interest policy was not signed by Ms. Martin prior to the sale.

The recall petition was intended to let the Board including Ms. Martin know that petitioners want to be able to count on the Board and trust them to conduct the business of running the utility for the community. Mark indicated that the petitioners did not believe that voting was handled properly according to our bylaws and they object to the lack of opportunity to cast ballots by mail for this meeting. Petitioners did not agree with the WOWSC attorney's direction on mail in voting. Mark stated that all members could vote at the annual meeting.

Mark stated that the petitioners urge Ms. Martin and the Board to take care of this community, which depends on financially secure Water Supply Corporation and at a future date to rescind the right of first refusal contract and put the remaining property on the market and allow the market to drive the price. He stated that after the annual meeting the newly elected Board members will have an opportunity to consider petitioners' specific and broader concerns and petitioners could possibly submit another petition. Mark concluded with stating that the Petitioners expect that Ms. Martin's duty as a Board member is to look out for the utility and its member's best interests.

Bob Mebane invited Dana Martin to speak.

Dana asked if the WOWSC attorney could speak regarding the voting procedure being followed for this meeting.

Mark Zeppa introduced himself as the attorney that has represented WOWSC for the last 30 years. In regards to the question about voting in person in a recall election: Zeppa explained that there are 2 kinds of elections, First is the election of directors and state law gives all members a chance to get on the ballot. Ballots are mailed out to the members and members are allowed to vote by mail or in person. Proxy votes are no longer allowed in this process.

The other voting is in a recall election and the petitioners are entitled to a hearing and there will be a vote at that hearing on whether or not the director will be removed.

This requires the members to be there and hear the charges and evidence and then vote.

Based on his 40 years as a water utility attorney, Zeppa's opinion is that anyone that does not attend the hearing and hear the discussion is not able to vote. He noted that if voting was allowed by mail, why have a hearing, a vote could be based on neighborhood rumors rather than information heard during the hearing.

Jeff Hagar stated that it appeared that the petitioners left the meeting so they will not be present to hear the other side.

Bob Mebane invited Dana Martin to speak.

Dana Martin stated that she has lived in Windermere for over 26 years and that few people in the neighborhood are not aware of her many hats. She has dedicated herself to Windermere Oaks, the

Spicewood airport and her friends. The property sale contract was approved by the WOWSC Board of Directors and signed on Dec 19, 2015. Ms. Martin stated that she hoped in the future, concerned members should bring up questions at meetings or call Board members and avoid costly attorney fees and drama in the neighborhood. Ms. Martin stated that a conflict of interest would arise if she had not informed the Board that the buyer was her company. After the sale of the property, in July of 2016 a Conflict of interest form was sent for signature to all Board members, which states that "a conflict does not disqualify someone from serving as a director and is not a legal basis to remove a director from office". Ms. Martin stated that she believes since she made a full disclosure there was no conflict.

At the Dec 19th Board meeting Ms. Martin presented her offer and explained her reasoning for requesting the right of first refusal. The Board members went into executive session without her present. She waited outside and after about 30 minutes the Board members came out of executive session and called her back into the meeting. The Board let her know how much they needed to net after closing costs and that they would require a deed restriction on the land against all helicopter use. She agreed to their changes. The Board then took a vote and she abstained from the voting. Explaining why she requested right of first refusal to be part of the agreement: Ms. Martin feels what she does on the 4 acres will add value to the 7 acres and so it was only fair that she would get right of first refusal to buy in the future. Because of her history with the airport she has been sensitive to the airport and the relationship with the community.

She explained that the right of first refusal grants her a time period to match a 3rd party offer or waive her right of first refusal.

Ms. Martin stated that WOWSC debt has been reduced which made a savings of over \$3,000 per month on the loan on the new wastewater treatment plant. Ms. Martin concluded that the Board has been looking out to make the best decisions for the benefit and safety of all members of this community.

Bob called for rebuttal from the representative of petitioners, none were present to speak.

Question came up of how the property was offered for sale. Bob described that he talked to several entities and organizations about the value of the property. He also spoke with the real estate agent that had been involved with the property over the last 5 years, so he felt he had a good indication of the value of the property and what WOWSC could have netted. Bob also noted that appraisal work was started prior to him joining the Board.

Bob gave everyone time to turn in their voting ballot, then the meeting continued.

Dana Martin made motion to approve minutes from the Nov 19, 2016 and January 14, 2017 meetings. Seconded by Jerry Ingham, unanimous approval by the BODs.

Jeff Hagar reviewed the list of those signed up to speak and there were 3 people that wanted to speak, they were asked to come forward to speak and each had 3 minutes.

Mark O McDonald stated that he is the other Mark McDonald. He spoke that he had a file that was Ms. Martin's resume in the subdivision, available from the county clerk's office.

He stated that he had emails from 21 years and stated his concern over Ms. Martins's conflict of interest. He believes there have been conflicts that happen over and over again.

Spoke of a past lawsuit Ms. Martin was part of and he doesn't believe Ms. Martin is sensitive to the needs of the community. If you choose to ignore history, it will be repeated.

Mark stated we should hold Ms. Martin accountable. Courthouse has permanent record.

Pat Mulligan spoke and indicated while he was on the Board, WOWSC did have offers for the

property that were less than Dana's offers and nothing was hidden. There are 5 entities in the neighborhood. POA, Water Supply Corporation, Airport and 2 marinas.

He doesn't think there is much participation in the water board meetings even though Pat feels it's the most important thing in this community because it supplies water to the community. Shout out to George Burriss our manager. If you have an issue, please bring it up, he felt petition was unnecessary. The POA spent a year fighting with marinas and both sides spent a lot of money and only benefitted the attorneys and insurance companies.

Scott Martin spoke and said that one of the reasons that some come live here is because of the airport. The airport is part of the community and that is why some have moved here. All of the hangars are customers of the water supply corporation. There are a lot of customers that Ms. Martin helps support and the work she does is for the community. He doesn't feel right of first refusal is a negative, and actually keeps the value of future property for sale at market value.

Announcement was made that since comments were made in regards to the petition, Jeff stated that if anyone wanted to change their vote, it was possible to do so now. No one wanted to change.

Bob announced the vote results. 15 to keep and 5 to remove. It was stated that not everyone in attendance at the meeting voted. The attorney, Mark Zeppa stated that under Bylaws, 51% of the people present make a quorum.

Bob announced the special meeting was over and we were continuing with the Board meeting.

Upcoming Election : Jeff and Bob have been working on this. Jeff nominated Micki Bertoni as Election Auditor for the election at the annual meeting. There are 3 positions open and the Credentials committee has certified 4 candidates that met the qualifications and all 4 will be on the ballot. Jeff made motion for Micki to be Election Auditor, seconded by Bob Mebane, unanimous approval by the BODs. 4 candidates on the ballot are: Bill Billingsley, Dana Martin, William Stein and Dorothy Taylor. Election materials will be mailed out by March 23rd.

Bob gave a reminder for members to sign up on the new website.

Manager's report: George Burriss: nothing new to report at this time.

Review of Tennis Village lift station: Jeff indicated that we had our engineer design our grinder pump solution with catch basin, these changes have been submitted to TCEQ and we are waiting for their approval. Once approved by TCEQ, we will get bids and then move forward with installing. George has meeting tomorrow with the Tennis Village to answer questions about our proposal for them to pay for the catch basin portion of the grinder pumps and WOWSC will pay to remove their existing grinder pumps.

Review of financial reports: Karri Gibson gave a review of January financials. Money was moved into the reserve fund in January, which is only an internal entry. Secretary requested the Board restate their vote from January's meeting, which was approval of establishing the reserve fund. Motion was made by Jeff Hagar, seconded by Dana, unanimous approval by the BODs. It was noted that after the property sale the loan was modified, we now have a locked in five year rate which is lower than previous rate. Goal is to be debt free, we are ahead of original payoff scheduled when plant was built. George mentioned that generally the life of plants are about 30 years and loans on them are typically for 20 years. Bob reminded that George is available if people are interested in a tour of the WOWSC plants.

Jerry Ingham stated that the WOWSC has been functioning beautifully since WOWSC was formed and more people need to volunteer and get on the Board rather than criticize what the Board doesn't do.

Karri continued with review of February financials. Dana made motion to approve the January & February financials, seconded by Jeff and unanimous approval by the BODs.

Old Business/ New Business:

Ms. Martin asked for WOWSC Board to consider waiving the 2nd standby fee for the owners that incurred delay by county for approval in December of replat of their 2 lots into one in condo area which had the fire. It would be for 3 standby fees of \$216.00 each to be credited to owners. Dorothy made motion that \$216.00 be credited to each owner that did a replat of 2 lots into one in the Condo area, seconded by Bob, unanimous approval by the BODs.

We also need to look into accounting of refund of membership that was in the end of month report.

NEW Business: Jerry Ingham stated that he is willing to cut down cedars on water board property. Jeff makes motion and seconded by Dana to allow Jerry to trim cedars on WOWSC Property with George's direction, Jeff made a motion, seconded by Dana, unanimous approval by the BODs. Jerry also mentioned additional property in Windermere that should have cedars cut, it was noted this would need to go before the WOPOA. WOWSC Board gave approval only for cedars on WOWSC property.

A question came up about getting additional fire hydrants. Bob stated that in order to put fire hydrants around the community there would have to be a major change and upgrade to the piping system. It would take a 6" pipe. George stated that they don't know what the existing pipes are and what their specifications are and with his 20 years experience of working on pipes in this neighborhood that he doesn't believe the pipes we have could carry the velocity and pressure. Even if it was possible to add fire hydrants, Bob stated the fire department still would have to go to the hydrant to fill up their truck and then travel to the fire. After the condo fire, the Spicewood fire department requested WOWSC install the fire hydrant and it has been a major improvement.

No other business. Jeff Hagar made a motion to adjourn, seconded by Dana Martin, unanimous approval by the BODs. Meeting adjourned at 11:40am

APPROVED BY WOWSC Board on May 23, 2017

