



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) meeting held: Tuesday, March 9, 2021 via videoconference using Zoom

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. A quorum was established with all five Board Members present.

- 1) Comments from citizens and members who wish to speak on agenda or non-agenda items (3-minute limit per person)
 - i) Mikki Bertino: Mikki was without water and had to bring-in water. Thought we had to raise rates. Did not believe company is in financial position to give out bonus.
 - ii) Patti Flunker: Wants to piggy-back on what Mikki Bertino said. WOWSC does not have any direct employees and said it was interesting giving bonus to contract labor.
 - iii) Danny Flunker: Has had a chance to review legal invoices and reviewed the December 2018 invoice that mentioned the Bolton appraisal and that Dana Martin's attorney threatened to sue WOWSC. Why was that kept from members?
 - iv) Ken Epich: Had a horrific nine to ten days during the recent severe storm. Had to boil water. Many folks in Texas were without water. Thanked WOWSC Board and Corix for keeping water flowing to WOWSC members.
 - v) Jordan Newell: Appreciates the hard work and effort during the storm. Has worked six days per week during COVID-19 and is not in favor of paying a bonus given WOWSC's financial status.
- 2) Approval of Board Meeting Minutes
 - a) December 16, 2020
 - b) December 17, 2020
 - c) January 21, 2021
 - d) February 11, 2021
 - i) Adding Joe's feedback to minutes that Mike read to others during the meeting.
 - e) Motion made and carried by all to accept all four meeting minutes.
- 3) TREASURER REPORT –
 - a) Review and acceptance of January and February reports.
 - i) January 2021
 - (1) January Income: \$75.7K
 - (a) Water + Sewer revenue: \$50.8K
 - (b) Standby Fees: \$17.8K
 - (c) Year to date (YTD) Water + Sewer revenue at \$50.8K of YTD budget \$45.0K
 - (d) YTD Standby Fees revenue at \$17.8K versus annual budget \$33.0K

- (e) YTD Equity Buy-in Fees revenue at \$4.6K versus annual budget \$27.6K
- (f) YTD Water & Sewer Taps revenue at \$1.7K versus annual budget \$10.4K
- (2) January Expenses: \$67.1K
 - (a) Legal: \$21.5K
 - (i) YTD Legal at \$21.5K versus annual budget \$250.0K
 - (b) Repairs and Maintenance: \$6.5K
 - (i) Repairs and Maintenance at \$6.5K versus annual budget \$50.0K
- (3) January Net Income: \$8.6K
- (4) 2021 Metrics:
 - (a) Debt to Service Coverage Ratio (DSCR): 4.21
 - (b) Debt to Capital Ratio: 0.23
 - (c) Days of Cash on Hand: 176 days
- (5) 2020 Metrics:
 - (a) DSCR: 0.50
 - (b) Debt to Capital Ratio: 0.16
- (6) Days of Cash on Hand: 150 days
- (7) Motion made and carried by all to accept the January 2021 financial report.
- ii) February 2021
 - (1) February Income: \$60.0K
 - (a) Water + Sewer revenue: \$48.8K
 - (b) Standby Fees: \$6.0K
 - (c) Year to date (YTD) Water + Sewer revenue at \$99.6K of YTD budget \$90.0K
 - (d) YTD Standby Fees revenue at \$23.8K versus annual budget \$33.0K
 - (e) YTD Equity Buy-in Fees revenue at \$9.2K versus annual budget \$27.6K
 - (f) YTD Water & Sewer Taps revenue at \$3.4K versus annual budget \$10.4K
 - (2) February Expenses: \$53.6K
 - (a) Legal: \$21.0K
 - (i) YTD Legal at \$42.5K versus annual budget \$250.0K
 - (b) Repairs and Maintenance: \$7.0K
 - (i) Repairs and Maintenance at \$13.5K versus annual budget \$50.0K
 - (3) February Net Income: \$6.4K
 - (4) 2021 Metrics:
 - (a) Debt to Service Coverage Ratio (DSCR): 3.69
 - (b) Debt to Capital Ratio: 0.23
 - (c) Days of Cash on Hand: 181 days
 - (5) 2020 Metrics:
 - (a) DSCR: 0.90
 - (b) Debt to Capital Ratio: 0.16
 - (6) Days of Cash on Hand: 115 days
 - (7) Motion made and carried by all to accept the February 2021 financial report.
- b) Consider and take possible action on accepting revised financial policies provided by NewGen Strategies.

Memorandum

To: Joe Gimenez, Windermere Oaks WSC
From: Grant Rabon, NewGen
Date: January 22, 2021
Re: Financial Policies

NewGen facilitated a public discussion with the Windermere Oaks Water Supply Corporation Board (“Board”) on October 12 to examine possible financial policies that the Board may want to adopt. This memorandum codifies the key conclusions from that discussion and provides possible financial policies that the Board may want to review, modify (as appropriate), and, ultimately, adopt. NewGen is happy to provide further guidance, as desired, on the adoption of financial policies and/or assistance developing a plan to become compliant with the adopted policies thereafter.

Possible Financial Policies for Consideration

- The term of debt generally shall not exceed the useful life of the asset(s) financed and shall not generally exceed 30 years.
- Debt service coverage of at least 1.50x shall be targeted (and actual debt service coverage shall be in compliance with all relevant debt covenants).
- Ongoing routine, preventive maintenance should be funded on a pay-as-you-go basis from current revenues.
- Major capital projects¹ should be financed through a combination of cash (i.e., equity) and debt. An equity contribution ratio of at least 15% is desirable.
- The utility shall target an unrestricted² operating reserve balance of cash and other liquid investments equivalent to a range of 90 to 120 days of budgeted cash operations and maintenance expenses.
- Rates shall be designed to generate sufficient revenues to:
 - support the full cost of operations and debt;

¹ Major capital projects for the purposes of implementing this financial policy are *generally* (but not exclusively) defined as involving assets with a useful life greater than five years with an overall cost of \$50,000 or more.

² Unrestricted, for the purposes of implementing this financial policy, shall be defined as the operating reserve balance of cash and other liquid investments excluding any funds restricted by agreement (e.g., debt covenant) or reserved for a specific purpose (e.g., capital projects).

Memorandum

January 22, 2021

Page 2

- provide debt service coverage and meet other debt covenants, if applicable;
- ensure adequate and appropriate levels of reserves and working capital; and
- ensure sufficient funding for capital renewals and replacements.³

³ This level of capital reinvestment is primarily concerned with maintaining the capability of the existing facilities. Equity buy-in fees or other capital contributions from new customers are intended to help fund system expansions.

- ii) PUC's feedback was to not include depreciation in the funding for capital renewals and replacements item.
- iii) Motion made and carried to adopt the proposed financial policy

4) CUSTOMER AUTO PAY OPTION –

- a) Consideration and authorization to investigate an auto pay system for customer payments.
 - i) Joe requested Lori who does WOWSC's billing to investigate auto pay systems.
 - ii) Rich requested Lori investigate electronic billing.

- iii) Rich said he was familiar with QuickBooks and believes it has capability to pay by selecting invoice.
- iv) Rich plans to review his knowledge of QuickBooks with Lori.
- v) Patricia said she was also proficient in QuickBooks.
- vi) George said Lori uses QuickBooks and that WOWSC purchased QuickBooks Pro ~ 1.5 years ago.
- vii) Patricia believes auto pay and electronic billing would involve adding merchant services in QuickBooks Pro.
- viii) Will need accurate email addresses from members who want to participate in electronic billing.
- ix) Motion made and carried by all to include investigation of electronic billing.
- x) Motion made and carried by all to investigate electronic billing and auto payment systems.

5) MANAGERS REPORT –

- a) SYSTEM PERFORMANCE REPORT – Manager to provide overview of events occurring during and after the freeze event of February 11-19, including thoughts on leaks, tanks, pumps, clarifier and the performance of key equipment, such as the generator and SCADA system.
 - i) George was relieved that WOWSC had no major damage during the severe freeze.
 - ii) Breakdowns were on customers' side of meters
 - iii) On Feb 10th the temperature dropped to 32 degrees.
 - iv) On Feb 12th the temperature dropped to 25 degrees.
 - v) The temperature did not rise to 32 degrees until Feb 21st.
 - vi) George believes the temperature dropped to a low of 5 degrees and Joe said he saw 2 degrees.
 - vii) A transducer on WTP's storage tank #2 froze and stopped working when the outside temperature dropped to 9 degrees.
 - viii) On Feb 16th the water demand was larger than what could be provided. The team debugged the large water demand by shutting down zones to locate it and found the large water demand to be on the west side of the system. The team reviewed meters at homes and found significant water leaks at ~seven homes and turned them off. Some homes with exposed pipes had pipes burst causing significant water leaks that had to be turned off until they were repaired.
 - ix) WOWSC received calls in the middle of the night regarding significant leaks and responded to maintain water pressure.
 - x) On Feb 16th WOWSC shut down water to the west side enabling refill of WOWSC's water tank to keep water pressure for the entire system and service was restored in less than 24 hours.
 - xi) The new generator kept power to WOWSC's WTP system and pumps during the initial power outage and the rolling power outages. This kept water moving in pipes keeping them from freezing and bursting avoiding significant damage to the system, homes, and hangars.
 - xii) Neighboring WSCs had no power to monitor and control their systems and to keep water flowing. Corix manages fourteen systems including WOWSC and only WOWSC's maintained water service. AquaTexas manages Barton Creek Lakeside and it was also down. Many WSCs are still repairing their systems from the severe freeze.
 - xiii) Rolling blackouts compounded neighboring WSCs' systems' issues as their water pipes froze and burst without water running through them.
 - xiv) The new generator completed installation at the WTP on 25Feb2020.
 - xv) On Feb 25th the boil water notice for the west side of the system was rescinded.
 - xvi) Joe complimented George on his decisions to get WOWSC prepared for and to work through the severe storm.
 - xvii) Joe heard about a statewide critical infrastructure registry with power utilities.
 - xviii) WOWSC is in a rural area. WOWSC's manager, George, knows and has a working relationship with the PEC area manager. George plans to register WOWSC in the statewide critical infrastructure registry.
 - xix) WOWSC is registered with several alert systems in an emergency sharing cooperative approach. In an area wide episode, like the severe freeze, all the neighboring large systems used their generators and did not have any available to share.
 - xx) WOWSC's WTP new propane tank reached ~45% full level during the severe freeze. The propane supplier is expected to top off the tank in the next two weeks.
 - xxi) Every Tuesday morning the new generator gets exercised / turns on automatically and then shuts down automatically. ~ one third of the tank's propane was used for maintenance over the year since installation and ~20% of the tank's propane was used during the severe freeze.
 - xxii) The entire team worked during the severe freeze. Operator hours more than doubled. Ben usually works ~three hours per day and worked 12 to 15 hours on some days. Enrique worked 50 to 60 hours per week. Corix

personnel were exhausted from working on their other systems when they arrived to help. Corix flew in workers from Alaska who had experience in this type of weather.

- xxiii) Ben told Joe that he was worried about a 200 gallons/minute outflow / leak with the WTP only producing 70 gallons/minute. The team's work to locate the leaks and turn them off reduced the system's outflow to 30 gallons/minutes. Ben also told Joe that his four-wheel drive truck was fishtailing on his travels to & from work. The road conditions were horrendous.
- b) LCRA GRANT PROJECT – Update on implementation of conservation projects.
 - i) The WWTP recycle project was completed in October 2020.
 - ii) The WTP recycle project is in progress and is ~50% complete. George anticipates its completion in the next couple of months.
 - iii) George mentioned that the LCRA requested WOWSC apply for another water conservation project grant.
 - iv) George applies for project grants that are appropriate for WOWSC.
 - v) WOWSC received the \$14,000 grant from LCRA in early Y2020 for the recycle projects.
 - vi) Dorothy helps George with submitting grant applications.
- c) CLARIFIER AND ZEBRA MUSSELS – Update on efforts to receive permit applications for zebra mussel treatments and to secure purchase and installation of clarifier.
 - i) Zebra mussels:
 - (1) WOWSC is working to mitigate zebra mussels. TCEQ has WOWSC's application to use a strainer. TCEQ recognizes it will need to grant variances to return strained mussels to the lake and placed the burden on WOWSC to work with the Texas Parks and Wildlife and the LCRA to gain their consensus. George is getting help from Gary Young to work with both to gain their consensus. Gary has spoken with Texas Parks and Wildlife, but not yet with LCRA.
 - (2) As a potential negotiating position, Rich asked if a barge could be placed next to WOWSC's water intake barge to collect the strained mussels if needed.
 - (3) WOWSC does not own a boat.
 - (4) TCEQ has communicated with George regarding WOWSC's zebra mussel application and it is on hold pending gaining consensus with LCRA and Texas Parks and Wildlife.
 - ii) Clarifier:
 - (1) TCEQ has communicated with George regarding the clarifier application. The clarifier application is active and TCEQ requested additional information from our engineer.
 - iii) Rich requested George include a twelve-month view of the water usage at the top of the monthly EIOM report.
 - iv) WOWSC produces ~2M gallons per month this year up from ~1.5M gallons per month last year.
 - v) WOWSC is nearing 300 connections. WOWSC has added ~fifty homes in the past four to five years.
- 6) PERFORMANCE BONUS – Consider and take possible action on awarding performance bonuses to those Water Management and Corix contractors and employees who kept our system running in February.
 - a) Mike and Joe discussed the outstanding work by George, Ben, and Enrique to keep WOWSC's water running during the severe freeze.
 - b) Rate payers backed out of PUC rate case mediation costing WOWSC tens of thousands of additional dollars.
 - c) The Board wants to demonstrate that WOWSC has its priorities proper.
 - d) Joe suggested a commemorative plaque. Rich suggested a recognition dinner and presenting the plaque to keep cost down.
 - e) Lori also worked long hours during the severe freeze.
 - f) Joe requested Mike develop a bonus proposal for discussion at an upcoming Board meeting.
 - g) George works for a contracted agreed price. Ben is a Corix hourly employee who gets paid overtime. Enrique is contract labor through George.
 - h) Joe proposed tabling this item.
- 7) ANNUAL MEETING AND ELECTION – Update regarding WOWSC members meeting.
 - a) Meeting packets were mailed to members thirty days prior to the March 27th Annual Member Meeting.
 - b) Completed ballots are to be received by noon March 26th
 - c) In person voting is from 8:30 – 10:00am on Saturday, March 27th, at the Windermere Oaks Pavilion.
 - d) The Annual Member Meeting is at 11:00am via Zoom.
 - e) Texas has been relaxing COVID-19 protocols.

- f) The Texas disaster declaration was extended through April which enables remote meetings for non-profit corporations.
 - g) Folks cannot sue Burnet County. However, folks can sue WOWSC.
 - h) Dorothy spoke with Trent Hightower of TRWA regarding Texas recent relaxation of COVID-19 protocols. Trent encourages folks to mail-in their votes and limit face to face interactions during these COVID-19 times.
- 8) PUBLIC UTILITY COMMISSION AND CASE #48292 – Update on procedural schedule in the ratepayer protest case filed by Patti Flunker and Josie Fuller and the case filed by Dial, Ffrench, Sorgen versus Friendship Homes & Hangars, WOWSC and directors.
- 9) **The Board may go into executive session under Texas Government Code § 551.071 (Consultation with Attorney) to discuss Item 9.**
- a) No Executive Session was held at today’s meeting.
 - b) CASE #48292:
 - i) The motion for summary judgement was submitted in November by the WOWSC Directors’ attorney. Six depositions have been held since then.
 - ii) The plaintiffs are to file their response to the motion for summary judgement by the end of the week.
 - iii) The Directors’ attorney is to respond the plaintiffs’ response by one week later.
 - c) PUC Rate Case:
 - i) The rate payers scuttled mediation in the PUC rate case.
 - ii) Joe, George, and Mike are providing testimony this week to the PUC.
 - iii) A decision on the PUC rate case is anticipated in July.
- 10) RESOLUTION ON HOLIDAY CALENDAR – Discussion and possible action on modifications to Resolution Adopting WOWSC Business Hours and Holiday Calendar.
- a) Rich proposed Dec 20th through Jan 2nd and return to work Jan 4th, full two weeks of holiday.
 - b) After discussion, consensus was reached on closing WOWSC Corporate business five business days before Dec 25th and reopening on the next weekday following Jan 2nd.
 - c) Motion made and carried by all to approve the updated resolution.

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF WINDERMERE OAKS WATER SUPPLY CORPORATION
ADOPTING CORPORATE BUSINESS HOURS
AND HOLIDAY SCHEDULE**

WHEREAS, Windermere Oaks Water Supply Corporation ("WOWSC") is a nonprofit water supply corporation, operating under the authority of Chapter 67 of the Texas Water Code and the holder of retail water utility and sewer service Certificates of Convenience and Necessity Nos. 12011 and 20662 issued by the Public Utility Commission of Texas;

WHEREAS, the WOWSC Board of Directors (the "Board") desires to establish a standing policy regarding Corporate business hours in observance of state and federal holidays, and to establish specific business hours and dates upon which WOWSC will be effectively closed for Corporate business during holidays;

WHEREAS, the Corporate business hours hereby established are different than the WOWSC operating hours for the water and sewer utility system, which shall remain operational day-to-day and year round; and

WHEREAS, the standing policy on Corporate business hours and specific holiday schedule of WOWSC is hereby adopted by the Board as further established below.


NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF WINDERMERE OAKS WATER SUPPLY CORPORATION THAT:

1. The above recitals are true and correct.
2. The Board of Directors of WOWSC hereby adopts this standing policy and holiday schedule relating to WOWSC Corporate business hours and dates of closure for WOWSC during each annual holiday season.
3. WOWSC shall be closed in observance of all state holidays established by the Texas Comptroller (including "skeleton crew" and "optional" holidays) and federal holidays.
4. WOWSC shall be closed for Corporate business beginning 5 business days before December 25 and shall reopen for Corporate business on the next weekday following January 2nd.
5. The aforementioned state and federal holidays, and specific dates of closure, shall not constitute business days for the Corporation.

6. This Resolution shall be in effect until rescinded or superseded by the WOWSC Board of Directors.

5 This resolution is hereby PASSED AND APPROVED this 9th day of March, 2021 vote of in support, 0 against, and 0 abstaining.

WINDERMERE OAKS
WATER SUPPLY CORPORATION


Joe Gimenez, President

ATTEST:


Mike Nelson, Secretary/Treasurer

- 11) NEW BUSINESS – Discussion and possible action on agenda for next meeting.
 - a) Executive session for legal update
 - i) Insurance
 - ii) Performance bonus
 - b) President’s report for Board that will be presented at Annual Meeting
- 12) NEXT MEETING – Set date, time and place for next meeting.
 - a) Tuesday, March 16th, at 6:00PM
- 13) Motion made and carried by all to adjourn at 7:54PM



Submitted by: Mike Nelson

APPROVED BY WOWSC Board on March 16, 2021

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