

WINDERMERE OAKS WATER SUPPLY CORPORATION

424 COVENTRY ROAD, SPICEWOOD, TX 78669

NOTICE OF SPECIAL MEETING

The Board of Directors of the **Windermere Oaks Water Supply Corporation**

Saturday October 26, 2019 at 9:00 a.m.

at the Spicewood Community Center, 7901 County Road 404, Spicewood TX, 78669

For members needing access through the Windermere Oaks gate, temporary gate code – 8900 – has been activated for your use.

TAKE NOTICE THAT A MEETING OF THE ABOVE-REFERENCED BOARD OF DIRECTORS OF WINDERMERE OAKS WATER SUPPLY CORPORATION will commence at the time and location as noted above to consider and act by motion, resolution or otherwise upon any matter in connection with the subjects as listed below. This public meeting is being held pursuant to Texas Government Code § 551.001 et seq. All deliberations of the Board shall be made in Open Meeting unless made in Executive Session pursuant to Government Code, Chapter 551, Subchapter D to discuss an item listed below or under the specified agenda item for Executive Session. In the event of an Executive Session, no action will be taken by the Board until the Board has closed the Executive Session and returned to the noticed Open Meeting. All open and closed meetings shall be recorded if required in accordance with Government Code, Chapter 551, Subchapters B and E, respectively. Members who desire to address the Board regarding an item on the agenda for the open meeting may do so before or during the consideration of the item by the Board, subject to reasonable rules established by the Board, including a time limit.

AGENDA:

1. Call to Order.
2. Roll call.
3. REPLACEMENT OF BOARD VACANCY – Article 8, Section 9 of the WOWSC Bylaws states that “Any vacancy occurring in the board of directors may be filled by affirmative vote of the remaining directors, though less than a quorum of the board. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.” Following the resignation of board member David Bertino, the board shall consider and act upon filling that vacancy.
4. ADOPTION OF ELECTION PROCEDURES FOR THE ANNUAL MEMBERS MEETING – Board will consider possible action needed to begin adoption of election procedures for 2020 annual meeting, including but not limited to assigning specific board seats as “Place 1, Place 2, Place 3,” etc., consistent with the WOWSC Bylaws.
5. ANNOUNCEMENT OF AMENDED AND SUPERSEDING AGREEMENT REGARDING SALE OF PIPER LANE PROPERTY FOR BOARD CONSIDERATION (proposed terms and other considerations summarized on page 3 of this agenda).
6. Comments from citizens and members who have signed sign-up sheet to speak (5-minute limit per person).¹
7. Executive Session under Texas Government Code § 551.071(1) and (2) 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, 33rd Jud. Dist., Burnet County Dist. Ct.; and
 - b. TOMA Integrity, Inc., et al. v. Windermere Oaks WSC, Cause No. 47531, 33rd Jud. Dist., Burnet County Dist. Ct., on appeal at 6th Ct. of Appeals, No. 06-19-00005-CV.
 - c. Appeal of Attorney General ruling filed in Travis County Court in the case of WOWSC v The Honorable Ken Paxton, Attorney General of Texas, for protection of corporate rights and privileges during ongoing litigation.

¹ The Board is not allowed to take action on any subject presented that is not on the agenda, nor is the Board required to provide a response; any substantive consideration and action by the Board will be conducted under a specific item on a future agenda.

8. CONSIDERATION AND VOTE ON AMENDED AND SUPERSEDING AGREEMENT AS DESCRIBED IN AGENDA ITEM 5 AND PAGE 3 OF THIS AGENDA, AND POTENTIAL MEMBER COMMUNICATION REGARDING SAME.
9. New business and discussion and possible action on agenda for next meeting.¹
10. Set date, time, and place for next meeting.
11. Adjourn.

The undersigned certifies that this notice has been duly and properly posted at least 72 (seventy-two) hours preceding the scheduled meeting in a place accessible to the public at all times, at the corporation's office located at 424 Coventry, Spicewood, Texas 78669, and this notice has been provided to the Burnet County Clerk or on the corporation's Internet Web site for posting at least 72 (seventy-two) hours preceding the scheduled meeting pursuant to Section 551.054, Texas Government Code.

A handwritten signature in black ink, appearing to read "Joe Gimenez". The signature is stylized with a large initial "J" and "G".

Joe Gimenez, Board President

Agenda Item 5

SUMMARY OF TERMS OF A PROPOSED AMENDED AND SUPERSEDING AGREEMENT BETWEEN WOWSC AND FRIENDSHIP HOMES AND HANGARS, LLC TO BE SUBJECT TO PUBLIC COMMENT, BOARD DELIBERATION AND POSSIBLE BOARD ACTION

- Friendship will surrender and terminate its existing “right of first refusal” as to the remaining 7.01 acres +/- tract;
- Stewart Title Guaranty Company shall pay WOWSC the sum of \$20,000, \$2,500 of which shall be payable upon closing of the real property transactions above, and \$17,500 of which is to be held in trust until the dismissal with prejudice or a final judgment in Friendship’s favor of all claims against it and Dana Martin in the currently pending “*Ffrench et al v. Friendship Homes and Hangars LLC et al*” lawsuit (with the first \$2,500 being subject to refund if the litigation is not dismissed as described above within one year); the payment of such sum is additional purchase money for Friendship’s acquisition of the 3.86 acre +/- Piper Lane tract;
- In place of the current easement, a formally recorded 50-foot non-exclusive access easement in favor of WOWSC, providing WOWSC standard easement rights, including the right to maintain, repair, and improve the easement, and the right to enforce against encroachments, in common with Friendship Homes and Hangars, with Friendship Homes to obtain similar easement grant from Hans and Johannes Mair;
- Friendship will impose and record 25 foot setback on the northern boundary of the easement to the extent allowed LCRA and/or the county;
- WOWSC will execute a deeded conveyance to Friendship of a certain .5151 acre +/- portion/tract that was included in the sales contract but not deeded;
- WOWSC will record a restrictive covenant covering the remaining 7.01 acres +/- tract providing that if any or all of the property is sold as airport lots, the owners must become Class A members of the Spicewood Airport Pilots Association;
- Upon dismissal or final judgment as described above, WOWSC, Friendship, and Dana Martin shall be responsible for their own court costs and attorney’s fees;
- WOWSC on one hand and Friendship and Dana Martin on the other shall sign a broad mutual release of the other, conditioned upon dismissal or final judgment as described above in favor of WOWSC, its former directors, Friendship, and Dana Martin as to all claims in the lawsuit; and
- Authorizing two members of the Board to coordinate with legal counsel to finalize and then execute on WOWSC’s behalf the Amended and Superseding Agreement between WOWSC and Friendship Homes and Hangars, LLC, as well as any and all other agreements, contracts, and closing documents necessary to effectuate the terms and transactions described above.



October 18, 2019

Dear WOWSC member,

The Windermere Oaks Water Supply Corporation Board of Directors will hold a special board meeting on October 26 for its consideration of the items listed on the enclosed agenda (a copy of which may also be viewed on our website at <https://www.wowsc.org/>). The board strongly encourages all members to attend this meeting.

The item "Consideration and Vote on Amended and Superseded Agreement" refers to potential changes to and replacement of the 2016 contract between WOWSC and Friendship Homes & Hangars, LLC, in which WOWSC sold approximately 3.86 acres of land to Friendship, including additional related terms.

As many of you are aware, the contract and its original approval were the subject of litigation in 2017-19. As recently as May, 2019, a second lawsuit was filed against the WOWSC as well regarding this transaction. The first case has been decided in favor of the WOWSC in multiple rulings, with acknowledgement that in two instances laws governing the posting of agenda items were not followed, but ordering no additional relief that the plaintiff requested and confirming that the transaction is otherwise valid (view the rulings at www.wowsc.org/rulings). Despite the judgment denying any further relief, the litigant has continued its appeals all the way to the Texas Supreme Court, at the cost of tens of thousands of dollars to the WOWSC. The second case is in its early stages of court proceedings, but may cause WOWSC to incur similar legal expense.

Three different WOWSC boards, following the counsel of three different sets of attorneys since 2017, have authorized spending these sums to protect WOWSC from the litigants. The judgments they have sought from the courts would potentially enmesh the corporation in even more litigation and potential liability. More importantly, the paths they proposed were not, in the opinion of our counsel and in the evaluation of the board, legally viable or beneficial to the corporation.

In the course of the ongoing litigation, authorized representatives of this board have worked to resolve the underlying issues of dispute and concern, so as to put an end to this costly process and to act in the best interests of WOWSC. At the October 26 meeting, the board will review, consider, and vote upon a proposed amended and superseding agreement between WOWSC and Friendship Homes and Hangars, including specific terms that are described in the posted agenda for that meeting. The meeting will set aside time for member comments on that agenda item prior to any action by the board. The meeting will also include comments from WOWSC's attorneys and will provide information about the business decisions of previous boards with respect to the original contract.

We hope to see you at the October 26 meeting of the WOWSC Board of Directors.

Sincerely,
Joe Gimenez
Board President and Public Information Officer