

September 23, 2022

WOWSC members,

At the annual meeting in March, the WOWSC Board President described recent requests for service from nearby developers. These new business opportunities would require an expansion of the WOWSC water system but would also ultimately spread WOWSC's costs across a larger customer base and thus lower bills. These are important issues that require careful consideration of the WOWSC Board. Given the nature of these requests, we are seeking input from the membership before pursuing any non-standard service agreement with these nearby developers. Please accept this overview of how the company will assist our members in evaluating these opportunities.

The goal is to take a slow, methodical approach to evaluate these opportunities, while informing the WOWSC membership of the impacts and other factors to consider, before making an informed decision on whether to extend service.

We plan to hold virtual informational work sessions to ensure the Board is fully informed as it considers these opportunities, and to ensure our customer-members are also in the loop and informed. These work sessions will be held via Zoom, and will be made accessible to the full community, though a quorum of the WOWSC Board will not be present and no decisions will be made at these work sessions. The primary purposes of these will be to receive information relevant to considering these opportunities.

For example, we plan to hold one-hour conversations via Zoom with representatives of the Lower Colorado River Authority, the Central Texas Water Coalition, the Texas Rural Water Association, the Texas Commission on Environmental Quality, Corix Utilities, and others. The meetings will be recorded and posted on YouTube for WOWSC members to view at their convenience. We will also invite representatives of the developments coming to our region to provide Zoom and in-person presentations to our membership. Ultimately, the design and construction of any system facilities expansions requested by developers *will be paid by the developers*. The Board will only consider expansions of the WOWSC system that will serve to further update and improve our water production capabilities. Stay tuned for updates on this series of work sessions.

Please know that NO Board decisions have been made regarding these non-standard service requests, and no such decisions will be made without properly noticed meetings that comply with the Texas Open Meetings Act. We anticipate holding one or more Board meetings after this series of Zoom meetings. We will hold some Saturday meetings, with opportunities before and after for you to ask questions and provide input.

Now, onto some other WOWSC news:


- Our new 125,000-gallon storage tank is piped and being prepared for service. The storage tank provides more capacity and resilience to the WOWSC water system, particularly during daily peak demand. Thank you for your patience one Monday a few weeks ago as we turned off our pumps. The backup interconnection with Ridge Harbor's system, which was approved by the Board in June, allowed the WOWSC to provide continuous, uninterrupted service even with our pumps off.
- The August 22 trial for one 'interested director' in the lawsuit filed by Plaintiffs Dial, Ffrench, and Sorgen against the WOWSC and its directors was postponed until November 14 due to a medical emergency. A pre-trial hearing occurred Aug. 23. The court admonished parties from discussing the particulars of this case in public any more than is necessary, and the WOWSC intends to abide by the judge's instructions. We can share what was reflected in open court: The judge defined the scope of the case she intends to try in November. She made it clear that, because of her May 3, 2021 ruling **dismissing** all of the WOWSC's current directors and all of its former directors (except Dana Martin) as defendants, and because the WOWSC acts only through its directors, she will **not** be considering any claims for relief against the WOWSC; if any money damages are awarded to the WSC by virtue of the plaintiffs' claims against Ms. Martin, the judge did reserve the right to decide how those funds would be allocated, but that would only take place in the event a judgment resulted in funds coming in to the WSC. This significantly narrows the trial, and the WOWSC anticipates that its legal fees will be materially lower than they otherwise would have been. Likewise, the judge **denied** Plaintiffs' attempt to compel the WOWSC's attorneys to testify at trial. This will also save the WSC money. We will of course provide a full update after trial.
- Regarding the rate case (50788) filed against the water company at the Public Utility Commission, the Commissioners on June 30 remanded the case back to the State Office of Administrative Hearings for a complete review under Texas Water Code Section 13.043. The Commissioners believed that the Administrative Law Judges had previously applied the wrong standard of review in recommending dismissal. A prehearing conference was held on Sept. 19 to determine the evidence and hearings needed for the next steps. The parties determined that WSC needs to file supplemental evidence on the characteristics of its class of customers. Currently, parties are putting together a joint proposed procedural schedule to litigate this limited issue.
- A member has filed a complaint (53796) against the WOWSC at the Public Utility Commission regarding its election in March. The complainant is Jeff Walker, the candidate who lost the election 75-73. His pleading seeks to put the WOWSC into investigation and receivership by the State. The complaint lists a number of allegations, with the principal focus being the WOWSC's most recent annual meeting and director's election. The WOWSC Board's position is that the complaint is baseless, and that director's election was conducted in accordance with WOWSC's Bylaws, written election procedures, and the applicable statutory requirements. As such, WOWSC's Board will continue to defend itself. Unfortunately, this filing will increase WOWSC legal bills. Walker also contended that the WOWSC was operating without insurance, which is not a statutory requirement. The Board has since secured insurance, pending final quote on property insurance for flood and fire.

Please be on the lookout for notices regarding the guest-lecture informational series planned for the next few months.

Sincerely,



Joe Gimenez
The WOWSC Legal Subcommittee



Mike Nelson

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