



Windermere Oaks Water Supply Corporation

NEWSLETTER

April 10, 2018

WOWSC Members,

If you have read information from the TOMA Integrity Inc. group and the letter from Patricia Flunker, Mark McDonald and Oren McDonald you must be pretty confused.

It's very interesting that the group putting up signs in the neighborhood with "Save the System" are the very ones that support a lawsuit against your water supply corporation. Some of these individuals seem to have a history in Windermere Oaks with lawsuits on various issues that have cost this community tens of thousands of dollars over the years.

These individuals have a lot of information to share of how things should be done, but they don't seem to want to help solve and maintain a sustainable water supply corporation. Certainly a lawsuit is not serving the best interest of this entity. These attacks on the current Board are purely political. The current Board is trying to deal with and address issues that they "inherited" from past actions or inactions of previous Boards and do it in the best way possible and with the least amount of costs to the corporation and you.

There is no fearmongering by the current WOWSC Board regarding the financial implications of a judgement against your water supply corporation. The WOWSC Board is truly concerned that if the TOMA Integrity, Inc. lawsuit against the corporation is successful, and if the judge rules for a reversal of the land sale, a loan will be needed to cover the cost of the reversal of that land sale. Plus, the utility will face the possibility of being sued by the purchaser of the land, the purchaser of a parcel of the land that was sold by the original purchaser, and these suits may cost the utility tens of thousands of dollars in legal fees and other costs. How is this in the best interest of the utility? If the plaintiffs in the TOMA lawsuit are truly interested in lowering rates for the customers of Windermere Oaks WSC, then why do they pursue a lawsuit that will assure the need for a major increase in rates if these plaintiffs win their lawsuit?" The previous WOWSC Boards had determined that the airport property was not necessary to keep for future needs of the corporation and, the previous Boards had planned all along to sell the property to pay down a loan which had been obtained to finance the construction of the new waste water treatment plant. None of the current Board members were on the Board of Directors during the December 2015 meeting where a decision was made to accept a contract on the sale of approximately 4 acres of property in the airport. That Board in 2015 had consulted with multiple real estate professionals and determined that the contract amount offered was a good price for the water supply corporation to obtain for that property.

As far as selling the additional airport property, the current Board has discussed in Board meetings, the steps this Board should take before proceeding. We are currently waiting for a survey of the remaining WOWSC owned acres in the airport and there was discussion of how best to proceed given that there were rumblings last summer from individuals doubting that a proper value had been obtained on the previous 4 acres sold. A current Board member also expressed during a Board meeting discussion, if consideration should be given of growth headed in our direction, if it might be better to hold off on selling right away, maybe the market might be better at a later date. No final decision has been made by the current Board on the timing of next steps, but this asset is not being overlooked.

The letter from Patricia Flunker, Mark McDonald and Oren McDonald is complaining that no action was taken by previous boards on rates, Tennis Village upgrades etc, yet when the current Board chose to now address and take action on some of these issues, these individuals are crying foul and mismanagement.

When the Board back in November of 2016 stated that a rate review needed to be considered since it had not been addressed since 2012, Patricia Flunker recommended that WOWSC work with the Texas Rural Water Association (TRWA) to have them conduct a rate analysis. Because of her work at TRWA, Ms. Flunker knows that the WOWSC Board has a fiduciary responsibility to make the corporation sustainable. If she had a problem with TRWA's analysis, why didn't she speak up during the year it was being done?

TRWA's final recommendation to the WOWSC Board regarding rates was based on our cost to own and operate the system. Is she now saying that we should ignore the TRWA rate analysis? The Board did not vote to increase the rates now as much as the TRWA recommended.

WOWSC Equity Buy in fees collected in the past have been used for system upgrades and WOWSC completed a new water treatment plant in 2008 and a new waste water treatment plant in 2014. Given that in some years there might have only been 2 new homes built, so only \$8,000 of Equity Buy in fees collected, the WOWSC Board recognized that Equity Buy in fees would not be enough to cover capital expenditures and so in January of 2017, the Board approved the transfer of \$3,000 each month to a reserve fund for future projects if checking account had a balance of at least \$25,000 at the end of each month. They also made a one time transfer of \$50,000 from the Money Market account to the reserve fund.

Boards have not ignored planning, throughout the history of the WOWSC system there has been a long term plan for upgrades to the system and these have been prioritized by the WOWSC Boards as most needed and as revenue allowed.

Regarding the backup generator, this is an item that previous Boards have been reviewing as part of a strategic long-term plan. Because of the recent increased new home construction by Chris Elder Homes, the timeline to obtain a generator was accelerated. The previous new construction in Windermere was 1 or 2 homes per year so the estimated timeline was completely altered. The current Board was advised of a possible free generator, but delays because of hurricane Harvey kept the donor from being ready to give up the generator. After months of waiting, we were able to check it out, and determined that it was not in good working order and the Board decided to pass on the offer. The Board felt that it would have been financially irresponsible not to pursue that generator possibility. Again, the Board is trying to review options and make the best possible decision on behalf of the corporation.

Previous WOWSC Boards did not ignore the Tennis Village, as is the case with other items, this was on the long term plan, so over the years there was much time devoted to come up with a solution that was the right solution and design for that section of the water system, that met TCEQ requirements and the needs of the residents of the Tennis Village. There was no serious health hazard.

The letter stated that Board meetings have always taken place at the Pavilion, which is a total misstatement. WOWSC has conducted Board meetings at the water plant office for years. Member annual meetings have either been held at the Pavilion or at the Spicewood community center. They seem to want to portray that the Board is doing something wrong.

Financial summaries are done at the next WOWSC Board meeting following the end of month report done by the WOWSC bookkeeper. Upon request, financial information will be shared with anyone. Financial information is also made available at the annual member meeting.

The lawsuit and the misstatements made by these folks will not solve any WOWSC problems. The current Board is trying to deal with the business of the corporation, but dealing with the lawsuit doesn't make it easy for the Board to focus on the items they should be addressing. The Board members have volunteered their personal time to help maintain the WOWSC member owned utility. It would be nice if the folks that see everything wrong would offer constructive solutions and work together to help solve problems instead of spreading their false propaganda to portray the Board members as the "enemy".

This WOWSC Board continues to work to protect the Water Supply Corporation and you, the members. If you have any questions, please let us know.

Thanks,

WOWSC Board of Directors: Dorothy Taylor, President; Jerry Ingham, Vice President; Jeff Hagar, Secretary/Treasurer; Bill Billingsley, Director

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