



February 12, 2021

Dear Windermere Oaks Water Customers,

The Board has posted on the company's YouTube site several audio recordings of meetings the 2015-16 Board had in Executive Sessions. These closed-to-the-public discussions are allowed by state laws about certain topics, like real estate sales.

The company provided the recordings to plaintiffs Richard Dial, Rene Ffrench and Bruce Sorgen at their lawyer's petition and by order of the presiding judge in the Dial, Ffrench, Sorgen case against the water company and eight past and current directors. That is the only lawfully prescribed process for a company to release recordings of closed Executive Sessions. As such, the tapes are now part of public record and available to you.

Spoiler alert: the tapes are not the stuff of Hollywood intrigue, nor mafia-style racketeering. If you choose to listen to them, it is quickly apparent that they are deliberative conversations of six neighborhood volunteers who were attempting best efforts at selling water company land to reduce debt incurred to build a new wastewater treatment plant for the community. The tapes reflect their efforts at due diligence, asking experts on land values for advice on pricing available at the time. They offer insight into various marketing activities – activities which were widely known enough to have been discussed at the May 2, 2015 annual meeting of the Spicewood Pilots Association, seven months before the Board's December 19, 2015 sale of the land. There's much more, most of which can be summed as showing a spirit of "Let's make things work" for our neighborhood.

The voices you will hear are the former volunteer directors who are now being sued for \$1 million in damages and penalties to be paid from their personal finances. They are Bob Mebane, Pat Mulligan, Mike Madden, Bill Earnest, Dorothy Taylor and Dana Martin. Most of the directors are retirees. The lawsuit also seeks damages and penalties from current volunteer Board directors Joe Gimenez and Mike Nelson. Gimenez and Nelson were not on the Board in 2015 or 2016, but are included as defendants, with Taylor, for voting, at the October 26, 2019 open meeting to amend, with significant community input, a superseding 2016 land sale contract.

Once you listen, the Board encourages you to contrast the ordinary Board discussions that actually took place with the various extreme allegations that the plaintiffs and others in their small group have made in the last four years, embroiling the company in one legal entanglement after the other, causing the company to raise monthly water rates to pay for the legal counsel needed to manage these entanglements. While the Board is doing everything it can to recoup some of these fees from an insurance company, all legal fees the company incurs to defend itself and its volunteer directors are paid directly by all members, including the Board members. Large portions of our legal counsel's work does

not qualify for coverage, but not because of the wrongdoing which the plaintiffs' allies allege in the neighborhood.

The Board also recently voted to release legal invoices reflecting the costs it has incurred to operate a legal defense and run the company in the last three years. The entire, unredacted invoices were demanded of the water corporation by various parties. The company offered the invoices, with redactions of information it deemed as privileged client-attorney communication. The Board wanted to protect its strategies in the cases filed against the company and its directors since 2017. Our offer of redacted invoices was rejected, causing further legal entanglements. Since the second case has moved in different directions, the legal strategies may not be as relevant or worth the cost of protection. In the interest of incurring no further costs to protect them, the Board has decided not just to release them to the requesting parties, but to release them to the entire public. As such, the invoices have been posted on the company website in their entirety. Links provided below.

It is our hope that release of these tapes and invoices provide you with even more transparency as to the operations of the company.

Sincerely,

Board of Directors



Joe Gimenez

Patricia Gerino

Mike Nelson

Dorothy Taylor

Rich Schaefer

Links to the WOWSC recording of Board meetings.

3.7.2015 <https://youtu.be/t5BrxGMM0Tw>

10.1.2015 <https://youtu.be/-8Xah0M1l20>

10.31.2015 <https://youtu.be/n-SPR-KgNc>

12.7.2015 <https://youtu.be/39yPWI-PDi0>

12.19.2015 <https://youtu.be/r5xVmzpy2A>

2.22.2016 <https://youtu.be/yAWI9D8vQYU>

Invoices Suit 1 <https://bit.ly/3jD9M9F>

Invoices Suit 2 <https://bit.ly/3aMMbPX>