



# Windermere Oaks Water Supply Corporation

424 Coventry Rd  
Spicewood, Texas 78669

**2017-2018 Board of Directors:**  
Dorothy Taylor, President  
Jerry Ingham, Vice President  
Jeff Hagar, Secretary/Treasurer  
William Stein, Director  
Bill Billingsley, Director

**Open Board of Directors meeting held on: March 12, 2018.**

**Board Members Present:** Dorothy Taylor, Jeff Hagar, Jerry Ingham, Bill Billingsley, Bill Stein

## Minutes from the Meeting

### Items from the Agenda:

- 1) The meeting was called to order at 6:31 PM by Dorothy Taylor.
- 2) A quorum was established with all Board Members present.
- 3) Citizens and or members with comments: Danny Flunker signed in to speak. Danny Flunker questioned the insurance coverage for the TOMA Integrity Lawsuit based on comments made by Jeff Hagar at the town hall meeting, that there was no coverage. Les Romo, the Attorney for the Corporation, clarified that the coverage hasn't been rejected, negotiations with the insurance carrier are ongoing, and that none of the items Danny listed as concerns regarding coverage were included in the letter from the insurance company. Jeff Hagar clarified that when he made the statement in the town hall meeting, regarding coverage, he told everyone at that time, that he hadn't seen the letter, so he didn't know why coverage was being rejected. The insurance company did agree to cover the first \$5,000 of the claim, but in Hagar's opinion, that was essentially a denial of coverage, considering the value of the financial exposure to the WO Water Supply Corporation.
- 4) Consider and take action to select an independent election auditor, finalize and approve the ballot, agenda and meeting packet for the member meeting. Recommendation from the committee is that Emily Cohen be considered for auditor, Beth Burdett and Kay McDonald for counters. A motion was made by Bill Stein to accept the committee recommendations, the ballot, the agenda and the member meeting packet. Seconded by Bill Billingsley. All voted in favor to approve.
- 5) At 6:39 PM the Governing Board of Directors met in Executive Session to discuss their duties, roles and responsibilities as directors of the Corporation, pending or contemplated litigation, settlement offers, and or the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of specific personnel, as permitted by Chapter 551, Government Code, the Texas Open Meeting Act. No action, decision or vote with regard to any matters discussed in close session was made in accordance with Chapter 551, Government Code. At 7:35 PM the Board ended the Executive Session and resumed the Open Board meeting.
- 6) Consider and take action deemed necessary and appropriate regarding the pending lawsuit filed by TOMA Integrity, Inc... PASS
- 7) Consider and take action regarding the Texas Rural Water Association rate evaluation, and regarding water and wastewater rate changes of the Corporation. Bill Stein reviewed process we've been through with TRWA and the options we're considering. Dorothy clarified that in November 2016 Board was made aware of the availability to use the TRWA rate analysis process. WOWSC started the process with TRWA in Feb 2017 by providing them with breakdowns of expenses and other information necessary. In February 2018, based on their evaluation TRWA provided WOWSC rate amounts for water and wastewater for consideration. Bill Stein opened for discussion on proposals. Jeff Hagar suggested the rates TRWA and George delivered to us. We analyzed our budget based on 1,500 gallons of usage, 2,500 gallons and 4,000 gallons to see the expected impact to the budget. Based on our budget, for 1,500 gallons we end up with a NI of \$61,000 less loan



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principal and reserves for a total NI of a negative (\$89,000). If we all use 2,500 gallons the loss is (\$58,000). This is basically telling us that since we haven't raised rates in six years, we're way behind and these recommendations from TRWA only get us about half of the way to where we need to be. Dorothy recommended that we not kick the can down the road any longer and do what's right by the Corporation to make it sustainable. The hope would be that in the future, Boards will review the rates every year or two years to see what adjustments need to be made. Jeff Hagar did also look into raising the equity buy-in fee and there has not been an adjustment since 2005. We could also adjust that to add revenue. Bill Stein pointed out the equity buy in fee was strictly for capital improvements. Bill Stein had an issue with the amount of the increase. He pointed out the rate for water would double and you lose the 2,000 gallons now included in your bill. He suggested a 15% increase in all of the fees, cut the water allotment in half and leave the rate as TRWA suggested. Dorothy reminded the group the allotment supplements those that don't use all of the allotment. Dorothy offered reducing the rate to \$3.55 per 1,000 gallons for the first 2,000, then \$6.50 for 2,000-5,000, then follow the schedule, 5,000-10,000, 10,000-15,000, the 15,000 and above, with nothing included in the service availability fee. This way the water rates don't change much for the people using less than 2,000 gallons. George pointed out that charging anything less than \$10.16 per 1,000 gallons, which is our variable cost to treat the water, we're losing money. Bill Stein commented that this shifts the burden to the heavy users. Jeff Hagar pointed out that based on our usage report, we have about 57 meters that don't use any water, 106 use less than 2,000 gallons and 62 use between 2,000 and 4,000, so that only leaves about 30 meters to make-up the shortfall as heavy users. That's not enough to wipe out the loss projection. Bill Stein pointed out we're still raising the Service Availability fee and the other fee increase. George pointed out we don't have any big users. The plant is the biggest user. Bill Stein is concerned about charging too much then people will cut back and we'll end up losing money because people conserve. George pointed out all systems are dealing with this issue. That's why TRWA recommended we get there in steps. Jeff Hagar wanted to clarify the 15% increase on fees. Bill Stein confirmed 15% across the board on all fees. Dorothy clarified \$3.55 per 1,000 gallons for the first 2,000, water availability rate at \$50.95, 2,000-4,000 would be \$6.50, 4,000-8,000 would be \$9.75, 8,000-15,000 at \$13.00, 15,000 and above \$15.00. Jeff Hagar made a motion to approve the above water rates, the 15% increase on fees (Stand-by, Equity Buy-in and Installation fees. Membership fee excluded) and adjust the sewer rates as recommended by TRWA, Sewer availability charge \$40.12 and treatment at \$3.94 for 10,000 gallons with no charge above 10,000 gallons. Jerry Ingham seconded the motion and all voted in favor to approve.

- 8) Consider and take action on the Corporation's 2018 Budget. Budget needs to be adjusted to reflect revenue changes from the new rates. Jeff Hagar motioned to table, Bill Stein seconded, all voted in favor to approve.
- 9) Discuss any new matter or business that is presented to the Board, and take action necessary thereon. There were no new matters or business presented to the Board for discussion.
- 10) Bill Stein made a motion to adjourn. Dorothy Taylor seconded and all voted in favor to approve. The meeting adjourned at 8:03 PM.

  
Submitted by: Jeff Hagar

**APPROVED BY WOWSC Board on March 20, 2018**