

RENE FFRENCH, JOHN RICHARD	§	IN THE DISTRICT COURT
DIAL and STUART BRUCE SORGEN,	§	
each on his own behalf and as a representative	§	
of WINDERMERE OAKS WATER	§	
SUPPLY CORPORATION,	§	
	§	
<i>Plaintiffs,</i>	§	
	§	
vs.	§	BURNET COUNTY, TEXAS
	§	
FRIENDSHIP HOMES & HANGARS,	§	
LLC, WINDERMERE OAKS WATER	§	
SUPPLY CORPORATION and its Directors	§	
WILLIAM EARNEST, THOMAS MICHAEL	§	
MADDEN, DANA MARTIN, ROBERT	§	
MEBANE and PATRICK MULLIGAN,	§	
	§	
<i>Defendants.</i>	§	33 rd JUDICIAL DISTRICT

SUPPLEMENT TO PLAINTIFFS’ CONSOLIDATED RESPONSE TO PLEAS AND MOTIONS SET FOR SUBMISSION JANUARY 30, 2020

COME NOW LAWRENCE RENE FFRENCH, JR., JOHN RICHARD DIAL and STUART BRUCE SORGEN (“Plaintiffs”) and file this Supplement to their Consolidated Response to the Pleas and Motions of Defendants Set for Submission on January 30, 2020 and would show the Court as follows.

1. In their brief in support of their Rule 91a Motions and Pleas to the Jurisdiction, the WSC and the Individual Defendants criticize Plaintiffs’ pleadings on the grounds that “Plaintiffs even go so far as to make the unfounded accusations that the Directors committed felonies, even implying in discovery requests that the Directors

took bribes, which is flatly false. *See, e.g.*, (Pl. 2nd Am. Pet at 9.04).¹ They urge that Plaintiffs' claims lack substance and suggest Plaintiffs should not be allowed to pursue their claims even though the law affords them standing to do so.

2. Plaintiffs acknowledge that their allegations that the so-called "disinterested directors" were improperly influenced to approve the 2016 fire sale and the Piper Lane giveaway were circumstantial and based largely upon common sense: that is, that no prudent and reasonable Director would have approved or implemented a series of transactions this egregious unless he or she had a personal stake or was acting pursuant to some sort of undue pressure. As Defendants point out, Plaintiffs' discovery seeks to get to the bottom of this matter.

3. Plaintiffs learned yesterday, however, one so-called "disinterested director" – Bill Earnest – has hardly let the ink dry on the Piper Lane giveaway before moving forward to realize benefits he appears to have received in connection with his involvement in the fraudulent scheme.

4. Earnest was a director when the Board supposedly approved the 2016 fire sale conveyance of Tracts H1 and H2 to Martin's alter ego FHH. Earnest declined to attend the illegal December 19, 2015 meeting at which the Board purported to approve a contract with the then-nonexistent FHH (with Martin's name never mentioned). However, the meeting minutes² reflect that he was in attendance at the February 22,

¹ That paragraph states "[t]he limitation on recovery set forth in § 41.008 does not apply because Plaintiffs seek recovery of exemplary damages based on conduct described as a felony in Penal Code § 32.45 (misapplication of fiduciary property) that was committed knowingly or intentionally."

² The minutes are the best evidence of what occurred, or not, at the meeting. *Farber v. Servan Land Co., Inc.*, 662 F.2d 371, 379 (5th Cir. 1981).

2016 meeting at which the Board purported to adopt the Sham Resolution – the only type of approval by which a transfer of corporate property could legally have been authorized.³

5. Earnest resigned from the Board shortly after the 2016 fire sale transaction closed in March 2016. He sold his home in Windermere Oaks, moved out of the community, attended no other Board meetings and had no further participation in WSC affairs. He retained an indirect ownership interest in a hangar lot property but was very seldom seen in or around the airport. Presumably because of the medical condition that cut short his career as a commercial pilot, Earnest was seen in an aircraft only once or twice during that time.

6. When this lawsuit was filed, Earnest abruptly returned to the community and filed an application to run for the Board. Running for the Board was not without effort and expense; Earnest had to reinstate a defunct LLC, transfer title to a hangar into his name and vigorously campaign for a seat on the Board. He told several members of the community he had one thing left to accomplish as a member of the Board.

7. The “Amending and Superseding Agreement” between the Board and Martin, which both now claim terminates this dispute, was approved on or about October 29, 2019. That agreement purported, *inter alia*, to “ratify” the conveyance of Lots H1 and H2 for \$203,000 and to “complete” the original transaction by giving the

³ Martin has now admitted that the Board never adopted the Sham Resolution or any other resolution for conveyance of any property; the Sham Resolution put together by the title company so the transaction could close. See Martin at pp. 255-6. Excerpts of the Martin deposition referred to herein are collected in Exhibit 1. All Exhibits are incorporated herein by reference.

Piper Lane taxiway to Martin for no consideration.⁴ Within 30 days or so after the closing documents were signed and recorded, Earnest again resigned from the Board.

8. Plaintiffs learned yesterday that on January 22, 2020 – just days after his resignation – Earnest (by and through an entity called Accommodation Services, LLC Series Earnest 2020 Exchange) acquired title to a 0.447-acre tract of raw land (the “Five J Tract”) adjacent to land Martin acquired in the 2016 fire sale and plans to develop.⁵ Earnest’s deed, a true and correct copy of which is attached as Exhibit 2, was notarized by Martin. Earnest doesn’t fly anymore and has no use for a hangar lot property tract -- other than to make money on it.

9. Earnest acquisition of the fortuitously-located Five J Tract – which Martin had marketed for some time at a price of \$199,900 or more – is just the tip of the iceberg. Earnest and Martin have also come up with a purported 2015 “Agreement” apparently signed by Robert Mebane as President of the WSC Board that claims to make the Five J Tract instantly far more valuable. A copy of the recently recorded document is attached as Exhibit 3.

10. Back in 2013, Clay Johnson, the owner of the Five J Tract, got into a dispute with the WSC over Johnson’s claimed taxiway rights across the WSC tract that is the subject of this lawsuit. Martin was Johnson’s real estate agent and the lawyer who now represents FHH was Johnson’s attorney. Earnest, then on the Board, was sent to meet with Johnson about the matter. Thereafter, at the Board’s meeting on March 24,

⁴ As briefed previously, no one other than Martin claims that was ever part of the original deal.

⁵ See Martin at pp. 181-2, 193-4, 240 & 286-7.

2014 the Directors formally voted 4-1 not to grant Johnson a taxiway easement.⁶ Only Earnest voted in favor. In September 2014, Johnson offered to purchase a taxiway easement across the WSC tract. The Board observed during its September 25, 2014 meeting that it had previously voted not to sell a taxiway easement and the Directors did not vote again - ever.

11. Nevertheless, on January 15, 2020, just days before Earnest acquired the Five J Tract, a document entitled “Agreement” was recorded in the Official Public Records of Burnet County. The “Agreement” purports to have been signed by Robert Mebane on June 28, 2015 and by its terms grants a taxiway easement and related rights for the benefit of the Five J Tract. Martin clearly was involved in the preparation of the “Agreement”; by its terms, the Agreement sets aside complete control of the taxiway area to Martin’s entity Windermere Airpark, LLC. See paragraph 1.A.

12. Setting aside the fact that the Board voted *not* to grant an easement for the Five J Tract in 2014 and never revisited that issue, it could not possibly have been in the best interests of the WSC and its Members to encumber the “nest egg” Members were counting on to pay off the outstanding debt with a free taxiway easement for the Five J Tract. Nor could it possibly have been in the best interests of the WSC and its Members for Martin to be given control over WSC land. That is likely why the “Agreement” was not disclosed until January 2020, when Earnest was about to cash in.

13. In June 2015, Mebane was President of the Board, Martin was Vice President and Earnest was a Director. There is, of course, no mention of any

⁶ A true and correct copy of the minutes are attached as Exhibit 4.

“Agreement,” the Five J Tract or the granting of a taxiway easement for Five J on any Board meeting agenda or in any meeting minutes after September 2014 when every Director other than Earnest voted not to grant a taxiway easement. The “Agreement,” if it in fact existed in June 2015, would have been responsive to any number of Public Information Act requests and to Plaintiffs’ discovery in this case, but it has never been produced or even mentioned and its discovery in the public records now was fortuitous.

14. The details about this “Agreement” are not yet known. What can be said with certainty is that Earnest, as the new owner of the Five J Tract, can now claim the benefit of taxiway access that was never before available and Martin, who even now doesn’t own the land the new taxiway purports to occupy, can now claim the benefit of control she would not otherwise have.

15. Earnest is also the Director who handled the WSC’s sale of other surplus hangar lot property in 2015. The Board sold that property to one of Martin’s clients for \$90,000, or more than \$550,000 per acre, just months before the 2016 fire sale to Martin was allegedly approved at less than 1/10th of that price. Earnest closed the 2015 sale in May, a month or so after Martin took office as Director and caused the WSC to pay Martin a personal commission on the sale. Neither the sale nor the personal commission Earnest facilitated for Martin was disclosed to the Membership at the time.⁷

16. Earnest (and the other Directors) later represented to the Membership that all of the proceeds from the sale Earnest handled were used to reduce outstanding

⁷ Martin recently produced a document purporting to be Board minutes for a meeting on April 25, 2015 that mention the sale (but not the commission Earnest facilitated). These “minutes,” however, have never been posted on the WSC website or otherwise shared with the Membership.

WSC debt. That representation was not true. Setting aside the commission Earnest made available for Martin, the minutes from the meeting on October 31, 2015 reflect that the WSC's accountant could only account for \$56,000 in sales proceeds. It is not yet known what became of the remaining proceeds from the sale Earnest handled.

17. For the reasons set forth in their briefing herein, Plaintiffs believe that their standing to redress their grievances for this and other misconduct is well-established under long-standing Texas law. This new evidence, which makes clear that Earnest has actually received financial and other benefits in connection with his dealings with Martin while both were on the Board make the situation all the more egregious.

18. As the United States District Court concluded in *Bridgewater v. Double Diamond-Delaware, Inc.*, 2011 WL 1671021 (N. D. Tex. 2011), the line between direct and derivative claims is very fine. Even if the Court were to conclude that some of Plaintiffs' claims are truly derivative in nature, direct claim standing may be recognized in a case such as this as necessary to avoid the absence of a remedy for clearly injured parties:

[E]ven if Plaintiffs' claims were more properly construed as asserting claims based on harm to the property owners' association, the Texas Non-Profit Corporations Act does not provide a derivative suit mechanism that would allow White Bluff property owners to assert claims against Ward and Curran on behalf of the property owners' association. Without such a mechanism, and if the individual property owners are not found to have a individual cause of action against these directors, it would be impossible for anyone to assert breach of fiduciary duty claims against directors violating this duty, if the directors do in fact, as alleged here, control the property owners' association board.

Id. at *8.

19. Should the same be necessary, Plaintiffs request leave to file this Supplement. Despite reasonable diligence, Plaintiffs did not have the information about Earnest's recent real estate acquisition or the purported 2015 "Agreement" prior to their earlier briefing and therefore could not have included the same. The Defendants have not yet filed their replies, and therefore will not be prejudiced by the Court's acceptance and consideration of this Supplement.

WHEREFORE, premises considered, Plaintiffs respectfully request that the Court grant leave as appropriate, deny all Pleas and Motions within the Submission Matters or, alternatively, direct Plaintiffs to replead as necessary or appropriate and award Plaintiffs such other and further relief, at law or in equity, to which they may show themselves justly entitled.

Respectfully Submitted,

THE LAW OFFICE OF KATHRYN E. ALLEN,
PLLC
114 W. 7th St., Suite 1100
Austin, Texas 78701
(512) 495-1400 telephone
(512) 499-0094 fax

By: /s/ Kathryn E. Allen

Kathryn E. Allen
State Bar ID No. 01043100
kallen@keallenlaw.com

Attorneys for Plaintiffs

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document has been sent via electronic service to all lead counsel of record on this 29th day of January 2020.

/s/ Kathryn E. Allen

Kathryn E. Allen

Respectfully Submitted,

THE LAW OFFICE OF KATHRYN E. ALLEN,
PLLC

114 W. 7th St., Suite 1100
Austin, Texas 78701
(512) 495-1400 telephone
(512) 499-0094 fax

By: /s/ Kathryn E. Allen

Kathryn E. Allen
State Bar ID No. 01043100
kallen@keallenlaw.com

Attorneys for Plaintiffs

CERTIFICATE OF CONFERENCE

The undersigned circulated drafts of this Motion and the proposed order to all counsel prior to filing and requested to know whether the Motion is opposed. The undersigned received no responses prior to filing.

/s/ Kathryn E. Allen

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document has been sent via electronic service to all lead counsel of record on this 31st day of December 2019.

/s/ Kathryn E. Allen

Kathryn E. Allen

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CAUSE NO. 48292

RENE FFRENCH, JOHN RICHARD * IN THE DISTRICT COURT
DIAL and STUART BRUCE SORGEN,*
each on his own behalf and *
as a representative of *
WINDERMERE OAKS WATER SUPPLY *
CORPORATION, *
Plaintiffs, *
vs. * BURNET COUNTY, TEXAS
*
FRIENDSHIP HOMES & HANGARS, *
LLC, WINDERMERE OAKS WATER *
SUPPLY CORPORATION and its *
Directors WILLIAM EARNEST, *
THOMAS MICHAEL MADDEN, DANA *
MARTIN, ROBERT MEBANE and *
PATRICK MULLIGAN, *
Defendants. * 33RD JUDICIAL DISTRICT

ORAL VIDEOTAPED DEPOSITION
DANA MARTIN
December 10, 2019

ORAL VIDEOTAPED DEPOSITION OF DANA MARTIN,
produced as a witness at the instance of the PLAINTIFFS,
and duly sworn, was taken in the above-styled and
numbered cause on the 10th day of December, 2019, from
10:06 a.m. until 5:50 p.m., before Paige S. Watts,
CSR/RPR, in and for the State of Texas, reported by
machine shorthand, at the Law Office of Enoch Keever,
5918 West Courtyard Drive, Suite 500, Austin, Travis
County, Texas, pursuant to the Texas Rules of Civil
Procedure.

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1 Q. Well, you were on the board of directors. Are
 2 you aware of any contemporaneous record of the executive
 3 sessions that were held December 19, 2015, or
 4 February 22nd of 2016?
 5 A. I've never seen any or heard any.
 6 Q. Okay. Now, this corporate resolution that is
 7 Gimenez 22, could not possibly have been adopted at the
 8 meeting on February the 22nd, could it?
 9 MR. DE LA FUENTE: Object to form.
 10 MS. MITCHELL: Object to form.
 11 MR. O'BRIEN: Object to form.
 12 A. I -- I think it was, but that's -- you know, I
 13 mean, that's my opinion.
 14 Q. (By Ms. Allen) Well, read what it says. "This
 15 resolution has been adopted by the board of directors."
 16 Read paragraph 2.
 17 A. You know --
 18 Q. Can you read paragraph 2? That's my question.
 19 MR. DE LA FUENTE: Of the resolution?
 20 MS. ALLEN: Where it says, "This
 21 resolution has been adopted by the board of directors."
 22 THE WITNESS: Oh. That's paragraph 7 or
 23 No. 7.
 24 MR. DE LA FUENTE: Yeah, I'm sorry.
 25 Q. (By Ms. Allen) My bad. It happens. Paragraph

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1 2 of paragraph 7, how's that?
 2 A. So there again, the title company prepared
 3 this. Not the board of directors and --
 4 Q. How did the title company know what the heck
 5 the board of directors had done?
 6 MR. DE LA FUENTE: Object to form.
 7 A. Well, she left blanks to be filled out; but
 8 she had -- she had down here the tract and the recorded
 9 platting information.
 10 Q. (By Ms. Allen) And that's how we know that it
 11 couldn't possibly have been done on February the 22nd,
 12 isn't it, because the plat was not recorded until March
 13 the 8th?
 14 A. Well, the -- this -- the -- I guess the
 15 notarizing and signing of this was on March the 13th and
 16 the title company probably prepared this for that
 17 closing. So she already knew the platting process at
 18 the time.
 19 Q. I'm sure she did. I'm talking about what the
 20 board did. The board couldn't possibly have authorized
 21 a sale of Tracts H1 and H2 of Tract H on Piper Lane, a
 22 subdivision in Burnet County, Texas, as shown by the
 23 plat recorded in Clerk Document No. 201601994 official
 24 public records of Burnet County, Texas, because that did
 25 not exist on February the 2nd[sic] of 2016; isn't that

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1 true?
 2 MR. DE LA FUENTE: Object to form.
 3 MR. O'BRIEN: Object to form.
 4 MS. MITCHELL: Objection, form.
 5 A. No, I don't read it that way.
 6 Q. (By Ms. Allen) The --
 7 A. Okay.
 8 Q. -- plat did not -- was not recorded on
 9 February the 22nd of 2016, was it?
 10 A. That is correct.
 11 Q. The title company did this because the title
 12 company thought it needed to do this for closing, right?
 13 A. I would assume so.
 14 Q. It does not reflect anything that was done by
 15 the board of directors, does it?
 16 MR. DE LA FUENTE: Object to form.
 17 MS. MITCHELL: Objection, form.
 18 MR. O'BRIEN: Object to form.
 19 A. I -- I would disagree in that the board of
 20 directors had a meeting on February the 22nd.
 21 Q. (By Ms. Allen) Yes, it did.
 22 A. And during that time, it's my recollection
 23 that we went into executive session or out of executive
 24 session, but we talked about extending the closing date
 25 and finally closing it, you know, in March.

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1 Q. You -- are you telling me now that that might
 2 have happened in open session?
 3 A. If it -- I don't see it anywhere in here; but
 4 I do think that, you know, it was done at least in the
 5 executive session if it wasn't done in open session.
 6 Q. You will agree with me that if this is the
 7 authority for the convenance of that land, the only
 8 authority that there is, is to convey Tract H1 and Tract
 9 H2 of Tract H?
 10 A. Yes.
 11 Q. Okay.
 12 A. Can I add one other thing?
 13 Q. I told you that you could.
 14 A. Okay. The title company was -- did not see
 15 the Piper Lane tract. It wasn't until almost a year
 16 later when I was re-platting H2, did we find out that I
 17 never got the balance of the land I had paid for.
 18 Q. Do you understand that it's the responsibility
 19 of the board of directors of the Water Supply Company to
 20 make sure that documents like this are accurate because
 21 they're operative documents?
 22 MR. O'BRIEN: Objection, form.
 23 MR. DE LA FUENTE: Object to form.
 24 MS. MITCHELL: Objection, form.
 25 A. I agree with you, yes.

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1 taxiway access to the remainder?
 2 MR. DE LA FUENTE: Object to form.
 3 MS. MITCHELL: Objection, form.
 4 MR. O'BRIEN: Object to form.
 5 Q. (By Ms. Allen) That there was no -- that there
 6 was no lawyer?
 7 MR. DE LA FUENTE: Object to form.
 8 MR. O'BRIEN: Object to form.
 9 MS. MITCHELL: Objection, form.
 10 A. I don't know what -- I disagree. I don't even
 11 know what you're referring to.
 12 Q. (By Ms. Allen) You think that when this
 13 transaction was done, there was taxiway access to the
 14 remainder?
 15 A. (No response).
 16 Q. Let me rephrase that.
 17 A. Uh-huh.
 18 Q. Do you believe that on March the 15th of 2016,
 19 the remainder tract behind what you bought had access to
 20 get to the runway, legal access?
 21 MS. MITCHELL: Objection, form.
 22 MR. O'BRIEN: Object to form.
 23 MR. DE LA FUENTE: Object to form.
 24 Q. (By Ms. Allen) For aircraft?
 25 MR. DE LA FUENTE: Object to form.

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1 A. For aircraft. Yes, because we had given a
 2 50-foot easement.
 3 Q. (By Ms. Allen) Who's "we"?
 4 A. Well, I say -- in the deed to Friendship
 5 Homes -- and we can pull that up -- they've maintained
 6 in the deed a 50-foot easement right-of-way.
 7 Q. For taxiway?
 8 A. Yes.
 9 Q. Okay.
 10 A. And --
 11 Q. We should be able to find those words then in
 12 the deed, "taxiway"; is that correct?
 13 MR. DE LA FUENTE: Object to form.
 14 MR. O'BRIEN: Object to form.
 15 A. I believe so.
 16 Q. (By Ms. Allen) Okay.
 17 A. And then it also has 50-foot access easement
 18 on the plat itself.
 19 Q. On the plat that the Water Supply Company did
 20 of its own property?
 21 A. Yes.
 22 Q. You think that the Water Supply Company could
 23 reserve an easement for itself on its own property?
 24 MR. DE LA FUENTE: Object to form.
 25 MR. O'BRIEN: Object to form.

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1 MS. MITCHELL: Objection, form.
 2 A. I think that's the intent on the deed, that it
 3 held back a 50-foot easement access.
 4 Q. (By Ms. Allen) Did it hold back the 25-foot
 5 building setback that you told me earlier was required
 6 in order for these airplanes to get by?
 7 A. No, it didn't at that time.
 8 Q. And so that meant that there was no adequate
 9 taxiway access to the remainder; isn't that right?
 10 MR. DE LA FUENTE: Object to form.
 11 MR. O'BRIEN: Object to form.
 12 A. No, I disagree.
 13 Q. (By Ms. Allen) Where was the building setback
 14 that you and I talked about at the very beginning of
 15 this deposition?
 16 A. I understand.
 17 MR. DE LA FUENTE: Object to form.
 18 MR. O'BRIEN: Object to form.
 19 A. But at the time, the agreement was a 50-foot
 20 easement and when a developer plans everything out, at
 21 that time when they're platting is when they do the
 22 building setbacks. And that building setback was always
 23 part of my original design when I came up with it, you
 24 know, in, you know, late 2016, beginning 2017.
 25 Q. (By Ms. Allen) Why wasn't it on the 2016 plat?

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1 A. It didn't need to be.
 2 Q. Well, why not?
 3 A. Because --
 4 MR. DE LA FUENTE: Object to form.
 5 Q. (By Ms. Allen) In order to use that for a
 6 taxiway, it needed to be on the plat, did it not?
 7 MS. MITCHELL: Objection, form.
 8 MR. O'BRIEN: Object to form.
 9 Q. (By Ms. Allen) The building setback line
 10 needed to be on the plat in order for that access
 11 easement to be a viable taxiway; isn't that true?
 12 MS. MITCHELL: Objection, form.
 13 MR. DE LA FUENTE: Object to form.
 14 MR. O'BRIEN: Object to form.
 15 A. No, that's not true.
 16 Q. (By Ms. Allen) Why not?
 17 A. Because when I'm developing it, then I would
 18 put the setbacks. Otherwise, I would be shooting my
 19 toes off to develop it without the setback.
 20 Q. Excuse me?
 21 A. I mean, why would I -- why would I develop it
 22 and not put a setback when I'm developing it for
 23 hangar -- when you develop a property and you have a
 24 50-foot right-of-way easement, when you start in and lay
 25 out the lots, that's when the design comes in --

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1 Q. How much --
 2 A. -- of the setbacks.
 3 Q. How much buildable area do the Mairs have if
 4 you put a 25-foot setback on their property?
 5 A. I believe we had to account for more. I think
 6 we had to account for -- no, I disagree. With a 25-foot
 7 setback, that's going to be a total of 75-foot, which is
 8 plenty wide enough. The wider the setback, you know,
 9 the bigger the airplanes can go in it.
 10 Q. I asked a bad question. You re-platted the
 11 property before you sold it to the Mairs, correct?
 12 A. Correct.
 13 Q. And the land that ended up getting sold to the
 14 Mairs, that tract H2-A, that was smaller than the
 15 original H2, correct?
 16 A. Correct.
 17 Q. If you put a 25-foot setback on the Mairs, how
 18 much buildable area do they have?
 19 A. They're going to have 80-by-80 hangars, that
 20 can be 80-by hangar -- 80-by-80 hangars, three of them
 21 on there.
 22 Q. You -- isn't it true that the Mairs could not
 23 develop that land for 80-by-80 hangars without there
 24 being a taxiway along the southern boundary line?
 25 A. Yes, and that's what would be put in.

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1 Q. Because that's what benefits the Mair tract,
 2 isn't that correct?
 3 A. It benefits the water board also.
 4 Q. If the easement had been retained, as you say,
 5 you would not be in control of it, would you?
 6 MS. MITCHELL: Objection, form.
 7 MR. O'BRIEN: Object to form.
 8 MR. DE LA FUENTE: Object to form.
 9 A. I don't know -- I don't know what you mean by
 10 that.
 11 Q. (By Ms. Allen) Who, in your understanding, is
 12 in control of the taxiway that was granted by the --
 13 what was it called -- nonexclusive access easement that
 14 was done in October?
 15 MR. O'BRIEN: Object to form.
 16 MS. MITCHELL: Objection, form.
 17 MR. DE LA FUENTE: Object to form.
 18 A. The -- are you referring to the easement
 19 agreement?
 20 Q. (By Ms. Allen) Yes, ma'am.
 21 A. Okay.
 22 Q. I don't remember what it's called, what its
 23 title is. But it's in this big book. We can look at it
 24 if we want to.
 25 A. Okay. So, to me, the easement agreement

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1 benefits both parties because either party can improve
 2 and whatever party is using that easement would be
 3 responsible for the upkeep of it.
 4 Q. Well, that's not quite true, is it?
 5 A. Okay.
 6 Q. I mean, it's in the book and it's at Tab 25.
 7 And it says in paragraph 3, "Grantee" -- that would be
 8 the people on the remainder tract -- "shall not have the
 9 right to place any improvements on the easement property
 10 or to change the topography slope or drainage in any
 11 manner without the prior written consent of grantor,"
 12 isn't that right?
 13 A. That's normal, yes.
 14 Q. If this were a retained easement, it would be
 15 retained by the Water Supply Company. Do you agree with
 16 that?
 17 A. No.
 18 MS. MITCHELL: Objection, form.
 19 MR. O'BRIEN: Object to form.
 20 MR. DE LA FUENTE: Object to form.
 21 Q. (By Ms. Allen) Who do you think would retain
 22 the easement if it were retained in the deed?
 23 MS. MITCHELL: Objection, form.
 24 MR. O'BRIEN: Object to form.
 25 MR. DE LA FUENTE: Form.

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1 A. If -- if -- are you talking in regards to the
 2 actual land under the easement?
 3 Q. (By Ms. Allen) No, ma'am.
 4 A. Are you talking about the -- you're just
 5 talking about the easement itself?
 6 Q. Yes, ma'am.
 7 A. This easement benefits the Windermere Oaks
 8 Water Supply Corporation.
 9 MS. ALLEN: I'm going to object to form.
 10 Q. (By Ms. Allen) But go ahead and finish your
 11 answer if you have more to it.
 12 A. No, that's it.
 13 Q. All right. You told me there was an easement
 14 retained in the deed. Do you remember that?
 15 A. Yes.
 16 Q. And we can find that in your declaration. Do
 17 you still have your declaration up there? It's got the
 18 deeds attached to it.
 19 A. Do you remember what number it is?
 20 Q. Your declaration is No. 36 and it's kind of a
 21 thick stack with a clip on it. There you go. And I
 22 find a deed at page 31. And remember, that's little
 23 handwriting pages that are just for convenience.
 24 A. Okay. Just on No. 2, "Grantor" -- that's down
 25 near the bottom?

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1 A. So the board was asking to -- for me to
 2 consider giving back the property or giving them half a
 3 million dollars and, you know, our position was not in
 4 agreement with that and...

5 Q. What was your position?

6 A. That I had made a good faith offer on the
 7 property at the time and there was full disclosure and,
 8 you know, we didn't -- you know, I was not going to be
 9 giving back the property or, you know, giving up half a
 10 million dollars on it.

11 Q. Do you know how much you made on the Mair
 12 sell? Do you know what your profit was? I bet you do.
 13 Do you?

14 MR. DE LA FUENTE: Object to form.

15 A. No. I would have to look. I don't know.

16 Q. (By Ms. Allen) Even a ballpark?

17 A. Yeah.

18 Q. 96,000 and something? 96,000 and change, does
 19 that sound about right?

20 MS. MITCHELL: Objection, form.

21 Q. Does that sound about right?

22 MR. DE LA FUENTE: Object to form.

23 MR. O'BRIEN: Object to form.

24 A. I would have to get with my CPA to see what's
 25 on there, plus there's some commitments for future

Page 287

1 assistance for him to develop it. So my time and energy
 2 and our putting in the utilities later to facilitate the
 3 infrastructure --

4 Q. (By Ms. Allen) Is that in writing somewhere?

5 A. No. No, because --

6 Q. Some discussion that you had with him?

7 A. That's right.

8 Q. Okay. Is there any -- you know, when I asked
 9 you all these expenses that you had, I wanted to know
 10 every one of them. Is there any that you need to add?

11 A. I'll supplement later if I figure out
 12 something that wasn't given to you.

13 Q. Okey doke, fair enough. Has there ever been a
 14 time when Friendship or you have asserted a claim
 15 against the Water Supply Company?

16 A. I don't recall ever having a claim against the
 17 Water Company.

18 Q. Well, that was going to be my next question.
 19 Is it your view that either you or Friendship has a
 20 claim against the Water Supply Company?

21 MR. DE LA FUENTE: Object to form.

22 A. I'm going to leave that up to the lawyers and
 23 what they -- what my lawyers feel.

24 Q. (By Ms. Allen) Fair enough. And don't tell me
 25 what they've told you or anything like that. But all I

Page 288

1 want to know is have you undertaken to this date, up to
 2 this date, have you undertaken to try to determine
 3 whether you have claims against the Water Supply
 4 Company?

5 MS. MITCHELL: And if there's anything
 6 involving me, which I can't imagine otherwise, don't
 7 answer that question.

8 Q. (By Ms. Allen) I don't want to know what she
 9 said. I just want to know whether you've taken the
 10 initiative.

11 MS. MITCHELL: But if it's something
 12 you've said to me or asked me questions exploring
 13 possible claims, I don't want you to talk about that.
 14 If there's anything outside of that, which again I can't
 15 imagine, you can tell them.

16 A. Yeah, there's nothing outside of anything that
 17 I've discussed with my attorney.

18 Q. (By Ms. Allen) Okay. Just so the record is
 19 clear -- I'm not badgering you. Just so the record is
 20 clear, I'm simply asking you a yes-or-no question:
 21 Whether you have ever undertaken to try to determine do
 22 you have claims against the Water Supply Company? And
 23 I'm asking that so that you can answer it, "Yes, I
 24 have," or "No, I haven't," and I'll stop right there. I
 25 don't know whether --

Page 289

1 MS. MITCHELL: And I'm directing you not
 2 to answer that at all --

3 MS. ALLEN: Okay.

4 MS. MITCHELL: -- if you can't do so
 5 without disclosing attorney/client discussions. If you
 6 can, you may answer.

7 A. I can't -- I can't discuss it.

8 Q. (By Ms. Allen) Okay. So is it fair to say
 9 that after the settlement agreement and the documents
 10 that were executed in connection with the settlement
 11 agreement, title to Tracts H1 and H2 have become in
 12 Friendship effective March of 2016?

13 MS. MITCHELL: Objection, form.

14 MR. O'BRIEN: Objection, form.

15 Q. (By Ms. Allen) Let me ask it differently
 16 because they're objecting and I want it on the record.
 17 I want it clear.

18 A. That's what I understand.

19 Q. As a result of the settlement, is it your
 20 understanding that title to Tract H1 and H2 is vested in
 21 Friendship effective March 2016?

22 MS. MITCHELL: Objection, form.

23 A. That's what I understand.

24 Q. Okay. Is it your understanding that
 25 Friendship has given -- has received an additional



NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

42856 STC

WARRANTY DEED

DATE: January 22, 2020

GRANTOR: FIVE J HOLDINGS, LLC, a Texas limited liability company,

GRANTOR'S MAILING ADDRESS: 6425 SOTER PKWY, AUSTIN, TX, 78735

GRANTEE: Accommodation Services, LLC Series Earnest 2020 Exchange

GRANTEE'S MAILING ADDRESS: 1117 MAJESTIC DR., SPICEWOOD, TX, 78669

CONSIDERATION: TEN AND NO/100 (\$10.00) DOLLARS, and other valuable consideration paid to Grantor, and the receipt of which is hereby duly acknowledged and for which no lien either express or implied is herein retained, has granted sold and conveyed by these presents does hereby grant, sell and convey to the grantee all of the following tracts or parcels of land, to-wit:

PROPERTY (including any improvements):

Tract I: Being a 0.447 acre tract of land, more or less, out of the Maria Salinas Survey No. 17, Abstract No. 776, in Burnet County, Texas; said tract to be more fully described in Exhibit "A" attached hereto and made a part hereof for all pertinent purposes.

Tract II: Being a 30' Taxiway easement from Windermere Oaks Water Supply Co. to Five J Holdings, LLC, recorded in Clerk's Document No. 202000715, Official Public Records of Burnet County, Texas.

Tract III: Being a non-exclusive drive-way easement out of the Maria Salinas Survey No. 17, Abstract No. 776, and being that same easement described in Easement Deed, as Easement No. I, recorded in Volume 323, Page 801, Deed Records of Burnet County, Texas.

Tract IV: Being a non-exclusive Runway/Taxiway easement out of the Maria Salinas Survey No. 17, Abstract No. 776, and being that same easement described in Easement Deed as Easement No. II, recorded in Volume 323, Page 803, Deed Records of Burnet County, Texas.

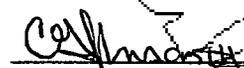
RESERVATIONS FROM AND EXCEPTIONS TO CONVEYANCE AND WARRANTY:

This conveyance is made subject to any and all restrictions, covenants, conditions, assessments, reservations and easements, if any, relating to the hereinabove described property, but only to the extent they are still in effect, shown of record in the herein mentioned County and State and to all zoning laws, regulations and ordinances of municipal and/or other governmental authorities, if any, but only to the extent that they are still in effect, relating to the herein described property.

Grantor, for the consideration and subject to the reservations from and exceptions to conveyance and warranty, grants, sells, and conveys to Grantee the property, together with all and singular the rights and appurtenances thereto in any wise belonging, to have and hold it to Grantee, Grantee's heirs, executors, administrators, successors, or assigns forever. Grantor binds Grantor and Grantor's heirs, executors, administrators, and successors to warrant and forever defend all and singular the property to Grantee and Grantee's heirs, executors, administrators, successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the reservations from and exceptions to conveyance and warranty.

When the context requires, singular nouns and pronouns include the plural.

FIVE J HOLDINGS, LLC
a Texas limited liability company


Clarence Johnson,
Managing Member

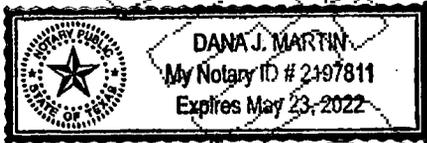
STATE OF TEXAS

COUNTY OF *TRAVIS*
TRAVIS

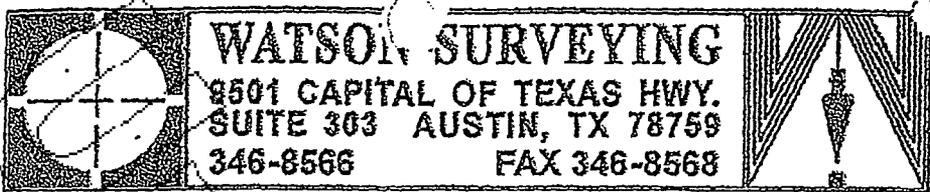
This instrument was acknowledged before me on the *23rd* day of January, 2020, by Clarence Johnson Managing Member of FIVE J HOLDINGS, LLC, a Texas limited liability company.

[Signature]

Notary Public, State of Texas



Unrecorded Document



WATSON SURVEYING
 9501 CAPITAL OF TEXAS HWY.
 SUITE 303 AUSTIN, TX 78759
 346-8566 FAX 346-8568



FIELD NOTES FOR 0.447 ACRES OF LAND, MORE OR LESS, LOCATED IN THE MARIA SALINAS SURVEY NO. 17, ABSTRACT NO. 776, BURNET COUNTY, TEXAS, BEING PART OF A 1.056 ACRE TRACT CONVEYED TO SPENCER I. MANN BY DEED RECORDED IN VOLUME 323, PAGE 801, BURNET COUNTY DEED RECORDS (BCDR), SAID 0.447 ACRES BEING DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING FOR REFERENCE at a mag nail with washer set in asphalt at the northeast corner of said 1.056 acres, PROCEEDING S00°05'00"W 50.00 along the east line of said 1.056 acres to a mag nail with washer set in asphalt, for the northeast corner and POINT OF BEGINNING hereof;

THENCE S00°05'00"W 150.00 feet with the east line of said 1.056 acres to a mag nail with washer set in asphalt at the southeast corner of said 1.056 acres, also the northeast corner of a 0.792 acre tract conveyed to Spencer I. Mann by deed recorded in Volume 280, Page 77, BCDR, for the southeast corner hereof;

THENCE N89°55'00"W 130.00 feet with the mutual line of said 1.056 acres and 0.792 acres, to a mag nail with washer set for the southwest corner hereof;

THENCE N00°05'00"E 149.75 feet through the interior of said 1.056 acres to a 1/2" steel pin with orange cap set at a fence, for the northwest corner hereof;

THENCE N88°58'18"E 130.00 feet generally following a fence through the interior of said 1.056 acres to the POINT OF BEGINNING, containing 0.447 acres of land, more or less.

Bearing basis is east line of parent 1.056 acre tract and this tract
 See survey map for more information

Surveyed 7 November 2008 by:

Stuart Watson
 Stuart Watson, RPLS 4550

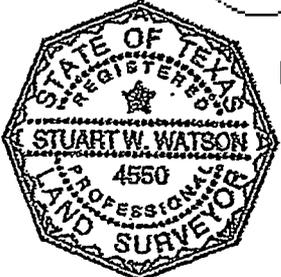


Exhibit "A"

SUBMITTED
 2008 NOV 10 10:50 AM

Unofficial Document



FILED AND RECORDED
OFFICIAL PUBLIC RECORDS

Janet Parker

Janet Parker, County Clerk

Burnet County Texas

1/24/2020 4:02:53 PM

Fee: \$38.00

202001107

D



Janet Parker

Janet Parker, County Clerk

Burnet County, TX

Pages: 4 AG Fee: \$38.00

AGREEMENT

This Agreement (the "Agreement") is entered into this 28th day of June 2015 between Windermere Oaks Water Supply Co. ("WOWSC") and Five J Holdings, LLC ("Five J") concerning that certain 0.264 acre tract located in Burnet County, Texas, more particularly described on Exhibits A and B hereto ("WOWSC Property"). Five J and WOWSC are sometimes referred to together as the "Parties."

1. Five J is the owner of the tract of land adjacent to the WOWSC Property, as well as several easements, including taxiway and access easements encumbering the WOWSC Property. Disputes have arisen between WOWSC and Five J concerning Five J's right to construct a taxiway per the terms of its easement on the WOWSC Property, as well as its right to remove a fence along the property line between the two properties. In order to reconcile differences, and to buy peace, the parties have entered into this agreement to clarify their respective rights going forward. WOWSC and Five J have agreed as follows:

A. WOWSC agrees that Five J and its invitees and guests have the right to construct a taxiway on the WOWSC Easement Property, taxi and pass in and along the WOWSC Property, together with the right of access associated with the use of the WOWSC Property as a taxiway. Five J shall not construct or place any improvement on WOWSC Property, save and except paving, dirt work, road work or the construction of a taxiway. The rights granted by this agreement shall run with the land and shall be binding on the parties' respective successors in title. All construction shall be approved by Windermere Airpark, LLC as assignee of Charles Winston, Trustee Deed rights.

B. **Five J does, by signing this agreement, release WOWSC from all claims, causes of action and damages accrued prior to the date of this Agreement a) associated with the prior exclusion of it from the WOWSC Property, b) associated with the delay in construction of the taxiway and c) incurred by Five J as a result of the prior refusal of WOWSC to acknowledge Five J's right to use the WOWSC Property for a taxiway. In return WOWSC also release Five J from all claims, causes of action and damages accrued for any cause prior to the date of this Agreement.**

C. If there is a disagreement about what this Agreement means or there is a need to enforce its terms, suit shall be brought in Burnet County, Texas. Both parties have read and understand this agreement, and both participated in its preparation.

WOWSC Oaks Water Supply Co.

By: *Ronald E. [Signature]*

Five J Holdings, LLC

By: *[Signature]*

STATE OF TEXAS
COUNTY OF Burnet

Before me, on this day personally appeared Robert E. McBratz of the
WOWSC Oaks Water Supply Co., known to me to be the person whose name is subscribed to
the foregoing instrument, and acknowledged to me that he/she executed the same for the
purposes and consideration therein expressed.

Given under my hand and seal of office this 28 day of June 2015.

Karri Gibson
Notary Public, State of Texas

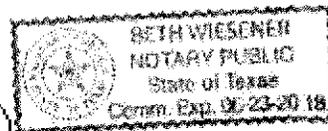


STATE OF TEXAS
COUNTY OF TEXAS

Before me, on this day personally appeared Clarence G. Johnson of the
Five J Holdings, LLC., known to me to be the person whose name is subscribed to the foregoing
instrument, and acknowledged to me that he/she executed the same for the purposes and
consideration therein expressed.

Given under my hand and seal of office this 6th day of January 2016.

Beth Wiesener
Notary Public, State of Texas

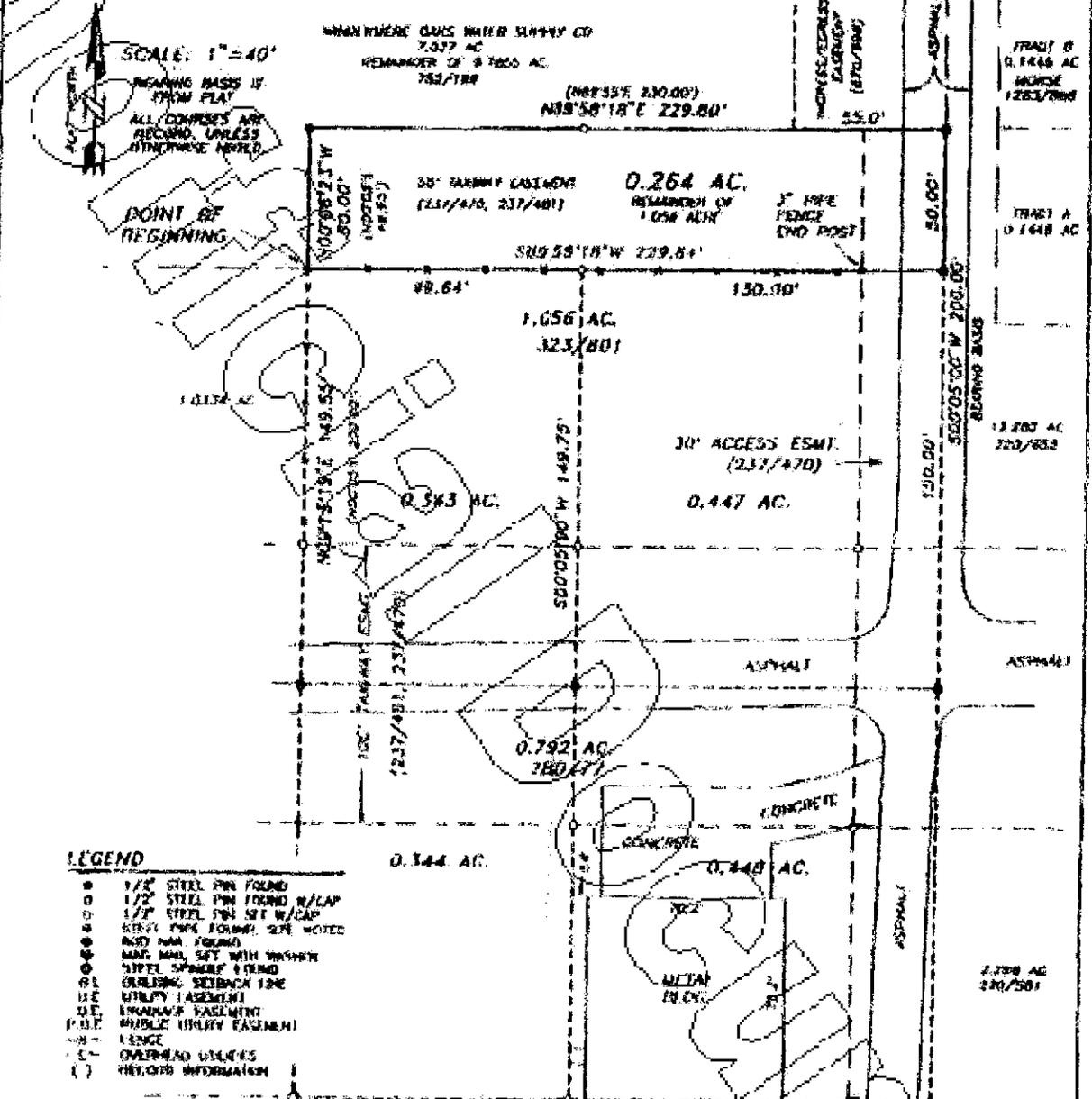


DUPLICATE DOCUMENT

EXHIBIT A-1

WATSON SURVEYING
 1301 CUP OF TEE HWY. 2303
 ALBUQU. TEXAS 76128
 PHONE (512) 348-2584
 REFERENCE 02844444

SKETCH TO ACCOMPANY FIELD NOTES FOR 0.284 ACRES OF LAND, MORE OR LESS, LOCATED IN THE MARCA SALINAS SURVEY NO.17, ABST. NO.776, BURNET COUNTY, TEXAS, BEING PART OF A 1.056 ACRE TRACT AS RECORDED IN VOL. 323, PG. 801, BURNET COUNTY DEED RECORDS



- LEGEND**
- 1/2" STEEL PIN FOUND
 - 1/2" STEEL PIN FOUND W/CAP
 - 1/2" STEEL PIN SET W/CAP
 - STEEL PIPE FOUND, 2 1/2" HOLES
 - 80% PIN FOUND
 - MARK. MND. SET WITH W/STAKE
 - STEEL SPARKS FOUND
 - BOUNDING SURVEY LINE
 - UTILITY EASEMENT
 - EASEMENT EASEMENT
 - PUBLIC UTILITY EASEMENT
 - - - FENCE
 - - - OVERHEAD UTILITIES
 - () HISTORY INFORMATION

RECORDER'S
 MEMORANDUM:
 ALL OR PARTS OF
 THE TEXT ON THIS
 PAGE WERE NOT
 CLEARLY LEGIBLE
 FOR
 RECORDATION.

DATED 27 DAY OF JULY 2019

Stuart W. Watson
 STUART W. WATSON, REGISTERED
 PROFESSIONAL LAND SURVEYOR
 TEXAS LICENSE NUMBER 4550



UNAPPROVED

EXHIBIT A 2

WATSON SURVEYING
 8501 CAPITAL OF TEXAS HWY.
 SUITE 303 AUSTIN, TX 78769
 345-8556 FAX 345-8558




FIELD NOTES FOR 0.284 ACRE OF LAND, MORE OR LESS, OUT OF THE NATIA BALINAS SURVEY NO. 17, ABSTRACT NO. 770, IN BURNET COUNTY, TEXAS, BEING PART OF A 1.056 ACRE TRACT AS RECORDED IN VOLUME 323, PAGE 107, BURNET COUNTY DEED RECORDS, SAID 0.284 ACRE BEING DESCRIBED BY METES AND MEASURES AS FOLLOWS:

BEGINNING AT a 1/2" steel pin found at a southeast corner of a 9.7855 acre tract conveyed to Windermere Oaks Water Supply Co. by deed recorded in Volume 752, Page 189, Burnet County Deed Records, in the west line of said 1.056 acre tract, for the southeast corner hereof;

THENCE NORTH 23°W 50.00 feet with the actual line of said 1.056 acre and 9.7855 acres to a 1/2" steel pin found at the northwest corner of said 1.056 acres, for the northwest corner hereof;

THENCE S89°58'18"E 229.80 feet with the north line of said 1.056 acres and south line of said 9.7855 acres, to a peg nail with washer set in asphalt at the northeast corner of said 1.056 acres, for the northeast corner hereof;

THENCE N10°00'00"W 50.00 feet with the east line of said 1.056 acres and west line of a 13.282 acre tract as recorded in Volume 279, Page 682, Burnet County Deed Records, to a peg nail with washer set in asphalt, for the southeast corner hereof;

THENCE S28°58'18"W 229.64 feet crossing said 1.056 acres, generally following a fence, to the POINT OF BEGINNING, containing 0.284 acre of land, more or less.

descriing basis is east line of 1.056 acres (323/101)

See accompanying survey map for more information.

Field notes prepared 27 July 2012 by:

Stuart Watson

Stuart Watson, RPLS 4550



cyf

RECORDER'S
 MEMORANDUM:
 ALL OR PARTS OF THE
 TEXT ON THIS PAGE
 WERE NOT CLEARLY
 LEGIBLE FOR
 RECORDATION.

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS



Janet Parker

201289136

November 13, 2012 01:23:35 PM

FEE \$32.00

Janet Parker, County Clerk
 Burnet County, Texas

EMBEDDED



Windermere Oaks Water Supply Corporation

424 Coventry Rd
Spicewood, Texas 78669

2014 Board of Directors:
Pat Mulligan, President
Bill Earnest, Vice President
Dorothy Taylor, Secretary
Mike Madden, Director
Scott Penner, Director

Open Board of Directors meeting held: Monday, March 24, 2014

Board Members Present:

Pat Mulligan, President
Bill Earnest, Vice President
Dorothy Taylor, Secretary/Treasurer
Mike Madden, Director
Scott Penner, Director

MINUTES

President Mulligan called the meeting to order at 6:04 pm . Quorum Present.

Minutes from the previous Open Board Meeting held February 18, 22, 2014 were presented for approval. Mike Madden made motion to approve, Scott Penner 2nd the motion. Approved by all board members.

George Burriss gave his Manager's Report. **WOWSC MONTHLY REPORT MARCH 2014:**

Since the 5" rainfall episode in November, the lake level rose to the 628' area and has been within a foot of that mark since then. Unfortunately, the short term forecast is for no significant change in the weather pattern. However, the National Weather Service has issued a statement that there is a chance of the emergence of an El Nino pattern developing around the end of the year. Historically, this pattern has been associated with increased precipitation in our area.

In the meantime, however, LCRA has projected the level to be below 600' by the end of August if there is no change in the current condition. For us, when the level drops below the 614' area, there will be water in our "reservoir" only as the releases from Starcke Dam make water available. We need to be aware that as releases from the upstream dams draw down the level of Lake Buchanan, and without significant rainfall, the level of Buchanan will fall to some point at which LCRA will curtail further releases from the upper lakes.

If the worst of the alternatives becomes reality, we will probably be hauling water by the end of the year. In order to prepare for such an eventuality, a new SCADA technician is working on reconfiguring some of the meters in the water plant so that every drop of water which goes through the treatment process can be tracked and counted. The goal, of course, is to reduce the lost water to zero.

There are a few projects which would increase the accuracy of determining the unaccounted for water. Having the leak detection company, Samco, come out and survey the distribution pipes would give us confidence of the integrity of the water pipes. Another would be to complete the meter replacement project for any meters which have registered a total of 1 million gallons. As these meters wear, the result normally is for them to register less than the actual amount of water going through them.

Probably the most important change would be to recycle the backwash water so that it is sent back through the treatment process. Presently that water is collected in the backwash pond, and then pumped to the sewer plant. This water could be blended with the raw water which is pumped from the lake. However TCEQ would have to approve this change,, and the application might need to be prepared by an engineer. Nevertheless, it could be done even though it might cost in the neighborhood of \$10,000.00.

So far as the new WWTP project is concerned, the site for the new plant has had all of the cedar trees cut down, and about half of them have been turned into cedar chips. A new culvert has been installed where the plant access road will intersect Exeter, and PEC has scheduled the installation of the new pole and power lines which will feed the plant. The next step will be to install the road from Exeter up to the plant site, and prepare the foundation for the new plant.

TCEQ is moving along in their review of the permit application and the engineering plans. They have instructed us to publish a public notice of the permit application in the local paper and post a copy of the application at the Burnet County Courthouse. Both of these items were take care of on March 14th.

Other Developments:

- Burnet County has granted an exemption from county property tax.
- Dana Martin had requested that she be allowed to employ one grinder pump for two hangars. The question was referred to Mark Zeppa, and he advised against it. A copy of his response is attached.
- Another review of the real estate in the Air Park has been completed, and copies of deeds have been forwarded to Mr. Dryden.
- All of the flush pipes in the distribution system have been painted black to denote that they are not to be considered "fire hydrants".
- Ricky and Larry have signed new agreements with Water Management. Ricky will work three days per week, and his compensation is now \$2000. per month. Larry's routine is now Monday through Friday from 8:00-4:00, and his compensation is \$2,800 per month.
- On February 14 the lift station in front of the Slimp residence overflowed, and spilled approximately 50-100 gallons which Larry quickly disinfected with chlorine, and then he cleaned up the street. Mr. Slimp reported the problem to Dave, and by the time Larry was contacted, he had already cleaned up the problem and restored the lift station to service, which he determined to be a tripped breaker. However, Mr. Slimp contacted a local attorney, and he has been referred to Mark Zeppa.
- All of the water lines at the Hill Condos have been located, and a plan to install individual meters for each of the units has been developed. The cost of the project is estimated to be \$2500.00.

Respectfully submitted, George Burriss

Dorothy Taylor questioned the statement that LCRA was projecting 600' msl by August, but rather they are projecting a possible combined storage level of Lakes Buchanan and Travis to be 600,000 acre feet in August. George said he had seen information on the LCRA website.

George also mentioned that in the event the WOWSC needed to haul water into the community we might be able to partner with Corix in the use of a truck.

George stated on the new WWTP that he is waiting for 2 Things: 1) LCRA to issue an erosion control permit. (LCRA needed a sealed Engineer Report for approval of our plan for silt fences) 2) Funding

Pat Mulligan stated that Southwest Fluids has been paid \$126,106.48 and is owed \$138,000.00. WOWSC has approx. \$235,000 in the bank.

George Buriss will need \$10,000 for Road (LCRA can specify construction criteria); \$25,000 for Pad and \$25,000 for electrical (PEC)

Pat Mulligan stated the appraisal by bank for 36 acres was \$360,000. (In 2006 it was Approx. \$790,000) The application with the bank included 3 pieces of property as collateral. Bank required WOWSC to agree that we would not pledge the 36 acres to any other bank. Mike Madden made a motion to approve this agreement, Scott Penner seconded. All board members approved.
The bank is to meet Wednesday night and then if loan ok'd, funding could happen in a week.

George stated that Southwest Fluids would be ready by the end of April.

George advised the Pat Haas was to do the road.

George still working on the size of the ponds/lagoons as required by TCEQ. We will need 2 ponds plus place for additional 2 ponds as needed in the future.

George stated that the Burnet County exemption from taxes is for the property that has WOWSC working systems on it.

Pat Mulligan stated that he is still waiting to work out the waiver of the reverter clause with Mr Lucas.

There was a discussion if the hydrant on the big green tank could be used for fire emergency. George stated that the 8" line outside on tank would not have pressure. A pumper truck could suck, but would need 200 feet of pipe which could cost in the \$6,000 range.

George stated that both Ricky and Larry would be working on Wednesdays – plan to make that the “project day”

There was discussion of a problem near Mr Slimp's property. Need to find out what happened and rectify it.

Dorothy Taylor gave an update of status of LCRA's Water Management Plan and an update of the contested case hearing at TCEQ on Feb 17th re: LCRA's Emergency Drought Order that was contested by CWIC/Rice Farmers.

Pat Mulligan stated the \$9,600.00 was paid to Insurance.

Pat Mulligan reviewed the Budget he prepared. Depreciation expenses not used on taxes filing. 2014 Profits 60 plus 35 = \$95,000. Expenditures for plant out of the Balance sheet. Owe \$478,160.27. Mike Madden made a motion to approve the Budget, seconded by Scott Penner. Approved by all.

Pat Mulligan stated election procedures for directors to WOWSC Board. If Board recommended candidates were unopposed and no one else came forward to serve, the Board could declare with a resolution that recommended candidates are elected. And resolution would be read at the annual meeting.

Pat Mulligan stated we would update strategic plan to include: water line and fire hydrant, condo, hangar split, Tennis Village station.

Dorothy Taylor and Mike Madden are working on updating information on past due accounts to determine correct owner and correct past due amounts. Liens notices will be sent with a 30-day notice as advised by WOWSC attorney. If payment not received, Liens will be filed with the Burnet County Clerk's office.

Board discussed Clay Johnson's request to be able to build the taxiway on WOWSC property. Dorothy Taylor made a motion to vote on this issue, Mike Madden seconded. Board vote was 4 against allowing Mr Johnson to build. 1 voted in favor. Pat Mulligan was to draft a letter to Mr. Johnson.

There was Board discussion about whether to include the current property that was being used as a storage area when WOWSC sells their property in the airport area. Dorothy Taylor made a motion to vote on this issue, Bill Earnest seconded. All Board members voted to include the stated property in the sale. Dorothy Taylor is to draft a letter to WOPOA President, Bob Mebane.

There being no further old business or new business, motion was made by Mike Madden to adjourn, Bill Earnest seconded. All board members approved. Meeting adjourned 8:45pm

Submitted By Dorothy Taylor

Email from Attorney, Mark Zeppa regarding 2 customers sharing one grinder pump.

From: "Mark Zeppa"

Subject: **WOWSC waiver of individual grinder pumps 1-17-14**

Date: January 17, 2014 3:45:35 PM CST

To: "Dorothy Taylor"

THE BOARD SHOULD NOT GRANT A WAIVER OF THE SEPARATE GRINDER PUMP REQUIREMENT IN THE TARIFF. IF THE PROPERTIES ARE SOLD OR THE NEIGHBORS HAVE A FALLING OUT, YOU WILL HAVE TWO NONCOMPLIANT SEWER PRODUCERS ON YOUR SYSTEM WITH NO WAY TO FORCE THEM TO WORK OUT THE COST OF FIXING THE PROBLEM. TO CUT THEM OFF WOULD REQUIRE A FILING WITH THE TCEQ/PUC WHICH WILL BE EXPENSIVE. PUTTING IN A GRINDER PUMP FOR ONE OF THE CUSTOMERS AFTER THE FACT WILL BE EXPENSIVE. A LOT OF FUTURE HEAD ACHES CAN BE AVOIDED IF YOU HOLD EVERYONE TO THE STANDARD OF THE TARIFF AND NOT LET A FEW OFF THE HOOK BECAUSE IT MAY TEMPORARILY BE CHEAPER IN SOME CASES.

Mark

Mark H. Zeppa Law Offices of Mark H. Zeppa, PC
Independent Water & Sewer Companies of Texas
4833 Spicewood Springs Road, Suite 202 Austin, Texas 78759
(512) 346-4011