



Control Number: 43146



Item Number: 16

Addendum StartPage: 0

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PUBLIC UTILITY COMMISSION
FILING CLERK

March 24, 2015

Public Utility Commission of Texas
Central Records
1701 N Congress PO Box 13326
Austin, Texas 78711-3326

RE: Docket No. 43146, Complaint of Carol D. Gillespie against Avalon Water Supply and Sewer Service Corp.
Comments to Response of AWS to Order No. 2

Dear Public Utility Commission:

I appreciate the Commission giving me an opportunity to submit my comments to the response of Avalon Water Supply (AWS) dated February 27, 2015. After reading AWS's response, I can state without a doubt that many of the statements in the document are inaccurate. It is apparent that Attorney Hess is trying to divert attention away from AWS's failure to follow their own bylaws and the law.

In my August 20, 2014 letter to the TCEQ, I stated that I did not wish to go back 2 ½ years and document issues with AWS. I wanted the complaint to address the issues since May 2014. However, the attorney for AWS has repeatedly brought up issues from the 2011 through 2013 time period, so I will now address "our history" to defend my actions and complaint where necessary.

First, Ms. Hess states that I did not send any of my complaints to AWS or its attorney. My complaint was originally filed with the TCEQ in July 2014. At that time, I was attempting to have the TCEQ re-open a previous complaint that I had filed in July 2013. That original complaint was investigated and AWS admitted to the issues. The TCEQ offered training to AWS on conducting meetings provided by TRWA and it was completed in December 2013 and January 2014. AWS was also required to submit notices/agendas and minutes of every meeting to the TCEQ. Once the last documents were submitted in June 2014, AWS stated in a meeting, "We are off the hook with the TCEQ," and the meetings again became an issue.

After jurisdiction over water supply corporations was transferred to the Public Utility Commission in September 2014, I was told that I should go to AWS's office and discuss the issues with them. However, I had recently received a letter from AWS's attorney stating that I could *"have no further communication at any time and in any form whatsoever, whether verbal, written, digital, telephonic or in any other form, with any officer, director, manager, employee, agent, contractor, or representative of Avalon other than in the case of the exceptions described in the third paragraph of this letter."* The third paragraph states, *"This request does not apply to payments due to Avalon or emergency requests for service or repair all of which should be directed to the Avalon office as usual."* After informing the Commission of this letter, my complaint was accepted.

Ms. Hess also states in her response, *"Avalon first learned of the need to file a response to these complaints when its attorney received a copy of Order No. 2 Requiring Responses in the mail on February*

13, 2015. *In fact, Avalon never received a copy of Order No. 1 either.*" If AWS did not know about the complaint until February 13th, how was a resolution to hire Ms. Hess to represent them in this matter dated February 12, 2015? Please see Exhibit A.

Not only does the date on this resolution bring into question the actions of AWS and its attorney, but the resolution is additional evidence supporting my complaint that AWS is not following the bylaws of the corporation. Article V, Section 4 of the bylaws state:

"The Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings Act, Article 6252-117, Tex. Rev. Div. Stat., including any subsequent amendment thereto. In the event of any conflict between the provisions of these bylaws and the requirements of the Open Meetings Act, the provisions of the Open Meetings Act shall prevail."

The resolution states, *"pursuant to the provisions of Section 6.201 of the Texas Business Organizations Code..."*

§ 6.201. UNANIMOUS WRITTEN CONSENT TO ACTION. (a) This section applies to any action required or authorized to be taken under this code or the governing documents of a filing entity at an annual or special meeting of the owners or members of the entity or at a regular, special, or other meeting of the governing authority of the entity or a committee of the governing authority.

(b) The owners or members or the governing authority of a filing entity, or a committee of the governing authority, may take action without holding a meeting, providing notice, or taking a vote if each person entitled to vote on the action signs a written consent or consents stating the action taken.

(c) A written consent described by Subsection (b) has the same effect as a unanimous vote at a meeting.

(d) A filing instrument filed with the filing officer may state that an action approved by written consent or consents has the effect of an approval by a unanimous vote at a meeting.

While all Texas corporations must conform to the Texas Business Organizations Code as of January 1, 2012, and this statute refers to taking action without holding a meeting, it would seem that AWS is within the law IF the resolution had been unanimous. But only 6 of the 7 Directors signed the resolution. Gary Low did not sign. Additionally, AWS is an organization that must comply with the Texas Open Meetings Act. (Texas Government Code Sec. 551.001(K) a nonprofit corporation organized under Chapter 67, Water Code, that provides a water supply or wastewater service, or both, and is exempt from ad valorem taxation under Section 11.30, Tax Code.)

Here is a quote from Open Meetings Handbook 2014 published by the Texas Attorney General's Office:

"A governmental body's final action, decision or vote on any matter within its jurisdiction may be made only in an open session held in compliance with the notice requirements of the Act. The governmental body may not vote in an open session by secret written ballot. Furthermore, a governmental body may not take action by written agreement without a meeting."

February 12th was the date of the regularly scheduled monthly meeting of AWS. However, that meeting did not take place. Only two of the seven directors attended, and the meeting was cancelled due to a lack of quorum. The meeting was eventually held on February 24th. However, only four of the seven directors attended. The resolution is signed by six directors. Jimmy Brown and Matilda Williams were not present at the meeting yet signed the resolution.

The response also suggests that I have a meter with AWS that is "not active" and I am maintaining it so that I can file complaints against AWS. My motivation for filing this complaint, seems to be greatly misunderstood AWS and their attorney. My family owns a house located on a farm that is located in the CCN served by AWS. At this time the house is vacant, but we pay the required monthly water fee. **According to Texas Water Code - Section 13.002, I am an "affected person" as well as a "member" of AWS.** The law makes no distinction as to whether a meter is "active," or where the member legally resides.

The reason that I have a meter and the reason that I filed this complaint are one and the same – to maintain the value of my family's land in the Avalon community. In October 2010 I was asked to donate or sell land "at a cheap price" to AWS to build a new waste water facility or add on to the current facility. My family declined to sell or donate any land, and suggested that AWS purchase land adjoining the waste water facility that was already listed for sale. Selling land at that time, did not fit in with our financial plans. Plus, AWS wanted 4-5 acres of our approximately 11 acre pasture. Prior to our father selling 3.54 acres to AWS in 1970 for a waste water facility, we had a 15 acre pasture. I simply could not sell AWS another 4-5 acres. We would have been left with such a small amount of land that it would not have been profitable for raising livestock or growing hay. AWS was very angry at our decision, and this seems to be the starting point for our problems. From the time my father sold AWS the land for the waste water facility in 1970 until October 2010, there were no issues between the adjoining land owners. The problems did not start until I refused to donate or sell additional land.

There also seems to be a question about the jurisdiction of the Commission over Water Supply Corporations. My complaint primarily addresses the bylaws of AWS. In the early 1970's when AWS was incorporated, the members voted to approve the original bylaws of the corporation. Any changes to these bylaws must be voted on by the members. It is the duty of the Board of Directors to run the corporation following those bylaws and the tariff. If they ignore the bylaws, the corporation becomes director-controlled and not member-controlled.

Sec. 13.004. JURISDICTION OF UTILITY COMMISSION OVER CERTAIN WATER SUPPLY OR SEWER SERVICE CORPORATIONS.

(a) Notwithstanding any other law, the utility commission has the same jurisdiction over a water supply or sewer service corporation that the utility commission has under this chapter over a water and sewer utility if the utility commission finds that the water supply or sewer service corporation:

- (1) is failing to conduct annual or special meetings in compliance with Section 67.007; or**
- (2) is operating in a manner that does not comply with the requirements for classifications as a nonprofit water supply or sewer service corporation prescribed by Sections 13.002(11) and (24).**

Sec.13.002(11) "Member" means a person who holds a membership in a water supply or sewer service corporation and is a record owner of a fee simple title to property in an area served by a water supply or sewer service corporation or a person who is granted a membership and who either currently receives or will be eligible to receive water or sewer utility service from the corporation. In determining member control of a water supply or sewer service corporation, a person is entitled to only one vote regardless of the number of memberships the person owns.

Sec.13.002(24) "Water supply or sewer service corporation" means a nonprofit corporation organized and operating under Chapter 67 that provides potable water service or sewer service for

compensation and that has adopted and is operating in accordance with by-laws or articles of incorporation which ensure that it is member-owned and member-controlled.

The bylaws of AWS state that the Board must follow the Texas Open Meetings Act. If the Board of Directors of AWS has violated the Texas Open Meetings Act, then they are not abiding by the bylaws of the corporation and are in violation of Sec.13.002(24).

Now, I will begin to address some of the specific responses from AWS.

- A. **July 14, 2014 Gillespie Letter to the TCEQ (filed with the Commission on February 6, 2015).**
This was actually submitted to the TCEQ in July of 2014. For some reason unknown to me, it was missing from my complaint. It may have had something to do with the transition of jurisdiction from TCEQ to the PUC.
1. Agenda item regarding the purchase of land for the May 8, 2014 board meeting did not constitute an emergency and so the notice given for this agenda item was insufficient.

The response states that there was an emergency and accuses me of causing the emergency. That is not correct.

Easement. Ms. Hess claims that AWS had a recorded easement for the area where the effluent pipe was located. That is not true. AWS held one easement "being a strip of land across the tract referred to above." The document also states "a strip of land ten feet in width, with the centerline thereof being the pipe line as installed." AWS actually had two pipelines installed on our property. One was a north-south influent pipe and the other was an east-west effluent pipe. Attorney Hess has argued repeatedly that the easement was for both pipes. The fact that the easement document states "a strip of land," means it cannot be for both strips of land. And, since it states, "Across the tract referred to above," that means it is for the influent pipe which runs the entire north – south length of our now 35 acres. The effluent pipe only runs 150 feet from the sewer plant to the creek.

If the Attorney Hess is claiming the copy of the easement that she has attached is for the effluent pipe, then AWS has no recorded easement for the influent pipe that runs across our property.

Refusal to allow repairs. I never denied AWS permission to go on the property to repair the pipe. I simply did not give them permission. They asked me twice in their monthly meetings for permission. I told them both times, "to contact my attorney." The first time was at a meeting on September 13, 2013. General Manager Ed Hettinger said he would contact my attorney, but never did. I had concerns about liability. Our liability insurance policy covers our farmland, but appears to exclude waste water facilities and anything related to them. I knew if one of AWS's employees was hurt on my property, they would file a lawsuit against me. Please see Exhibit B – September 12, 2013 Minutes. Exhibit C - Minutes from February 27, 2014 meeting.

Opposition to Avalon's request for a Major Amendment Waste Water Permit. I would not say I opposed the permit. I did not know enough about it to oppose it. I had concerns. AWS repeatedly moved all discussion of the permit to closed sessions in their meetings during 2012 and 2013. In an attempt to learn more about the improvements planned, I contacted TCEQ several times. They were very helpful in answering my questions, but also told me that the permit application process

was a work-in-process and was changing. They encouraged me to file comments on their online system stating my concerns and encouraged me to request a Public Meeting and/or Contested Hearing. (The TCEQ calls them "comments." Attorney Hess mistakenly refers to this as a "complaint." Complaint is not the correct terminology.) The May 1, 2012 "complaint" is actually a hearing request. The May 9, 2013 are "comments" and a "public meeting request." Please see Exhibit D – selected pages from the TCEQ Commissioners' Integrated Database.

TCEQ denied my request since I was the only person who requested a public meeting. After reviewing my "comments" the Attorney for the Executive Director and the Office of Public Interest Attorney both recommended that I be granted a hearing. AWS failed to file a response by the deadline of October 25, 2013. However, before the commissioners were to make a final decision, TCEQ offered mediation. Preparation for mediation led to the settlement conference in my attorney's office in February 2014.

I would also like to mention another issue concerning the draft permit. On September 27, 2012 I received a notice from the TCEQ that stated the Draft Permit was available for viewing at the Ellis County Records Building. AWS also published a notice in the local newspaper. I went to the County Clerk's office in early October to view the document. However, it could not be located. Three hours later I was informed that it had been located. But the entire document was not available. There was a cover letter from AWS's attorney at the time stating that the entire document was available for viewing on his website. But again, the entire document was not there. I filed a Public Information Request with the TCEQ. TCEQ questioned why I was filing a request for something that was readily available for viewing. I explained that the entire document was not available. TCEQ sent the document to me without charge. On March 21, 2013 I received a notice stating a new location for the public viewing of the document. And, again it was published in the local newspaper. My attorney learned from the TCEQ that AWS had to re-do this step of the process because the entire document was not available at the location when it should have been. This incident cost AWS significant time and money which I had nothing to do with.

The exceedingly contentious and drawn out negotiations for the land purchase. The reason the land sale was so contentious was that AWS had more land surveyed that I offered to sell. AWS had 1.651 acres surveyed. This included additional land on the opposite side of the creek from where the waste water facility and the effluent pipe was located. I never agreed to sell any land on the west side of the creek. The waste water facility is located on the east side of the creek. After days of intense negotiations, and waiting to have a new survey completed, I agreed to sell AWS 1.019 acres of land. The sale was finalized on May 22, 2014. If AWS had the survey done correctly, this sale would have closed much sooner. The delay was in waiting for the second survey.

Past History. It is also stated in the response that, "*Ms. Gillespie and her sisters also retained an attorney and threatened litigation against Avalon.*" Many times over the past three years I have heard how the "Gillespie's lawyered up first" with the intent to sue AWS. That is not the case. By January 2012, my family had already grown tired of dealing with AWS. As a conciliatory gesture we offered to sell the corporation our 11 acre pasture adjacent to the waste water facility. We would retain the 25 acres of cropland on the opposite side of the creek. I asked AWS to make an offer in writing, but they never did.

On the notice/agenda for the March 8, 2012 meeting, there was an item to discuss and act on the Gillespie Land purchase. Instead of discussing purchasing the land, the Board of Directors hired the

President of the Board's grandson as their attorney at that meeting. His uncle was also on the Board. They moved the land item to closed session. However, when they reconvened in open session the President announced that they were exercising their right of eminent domain and "taking between 500 and 800 feet of Gillespie land" for restrictive easements. TCEQ requirements for restrictive easements are 500 feet and part of this 500 feet would have been satisfied using their own property. On January 31, 2012 AWS had requested a variance to the buffer zones requirement, so there was no legal need for restrictive easements at this time. Also, the Directors never voted in open session, as required by TOMA. The Board never made a bona fide offer to purchase our land as required by law. The Board also never mentioned the other 3 adjacent land owners. The attorney for AWS began eminent domain proceedings by sending us the Landowner Bill of Rights in early April 2012. We hired an attorney to represent us in these proceedings in April 2012. Exhibit E – Agenda for March 2012. Exhibit F – Minutes from March 8, 2012 meeting.

Only recently have I hired an attorney specializing in litigation. This is in response to a 1300 water pipe installed on our private property without my permission or knowledge. The pipe is owned by AWS.

Notice of Violation. The broken pipe was first addressed by TCEQ during an inspection in August 2013. I know because I accompanied the TCEQ employees on my property. Exhibit G – TCEQ Exit Interview Form dated 8/29/2013.

Attorney Hess states, *"Avalon received notice of a potential violation of TCEQ regulations from the TCEQ on April 17, 2014. A copy of that notice is attached hereto as Exhibit E."* Exhibit E is actually dated March 3, 2014.

The broken pipe was an effluent pipe. It carried treated waste water from the waste water plant, across my property, and finally to the creek on my property. Since Attorney Hess reiterates over and over again how this broken pipe was a health and safety concern, is she saying that the effluent was not treated correctly and was a safety concern? AWS states, *"In this particular situation, given the facts that I described above, it is obvious that there was indeed an urgent public necessity due to a reasonably unforeseeable situation. There were breaks in the effluent line that needed to be repaired but Ms. Gillespie would not allow access to the Avalon operator to repair the line and so this situation is also one which presented an imminent threat to public health and safety."*

AWS states that they received notice of a potential violation from TCEQ on April 17, 2014. The deadline for compliance was May 17th. The response states because of the short deadline, *"Avalon instead opened negotiations with Ms. Gillespie and her sisters to purchase the area where the effluent line was located."* I had originally offered to sell the property where the effluent pipe was located and drop my request for a contested hearing in the settlement conference in my attorney's office on February 3, 2014. My sisters and I felt as long as we owned the property where AWS's effluent pipe was located, there would be the potential for problems. Most of the negotiation for the property was done in March 2014, long before April 17th. In fact, AWS had already had their survey completed. At the point in time, on April 17th we were negotiating the boundary line on the west side and awaiting the 2nd survey that I had requested. My attorney told me that he spoke with TCEQ and they were holding off taking any action to allow us time to negotiate and complete the sale. Exhibit H – First survey dated April 3, 2014. Exhibit I – Second survey dated April 25, 2014.

Emergency Item added to agenda. The most important issue here is the statement from the response: *"Avalon and its attorney did not receive a copy of the conformed title commitment and the title company's closing requirements until late in the afternoon on May 13, 2014. One of the title company's requirements was a corporate resolution signed by Avalon's directors authorizing the sale. I immediately notified the Avalon general manager of the need for these corporate resolutions. The two hour notice of this agenda item by Avalon was done on my recommendation and advice to Avalon."* If Attorney Hess was contacted by the title company on May 13th, how could the resolution be added to the agenda as an emergency item for the meeting on May 8th? And, the resolution states, "Executed as, but not necessarily on, May 8, 2014." Exhibit J – Emergency Notice of Item added to agenda for May 8th, 2014.

Resolution. Again, the resolution states, "acting pursuant to the provisions of Section 6.201 of the Texas Business Organizations Code." All seven Directors signed but only six of the seven Directors were present at the meeting on the 8th. AWS states that they *"re-noticed this agenda item for a subsequent date."* This would be the Special Meeting held on May 15th. *"At the second meeting, the corporate resolution was again presented and agreed upon. The resolution was unanimous."* However, no new resolution was signed. The first resolution dated May 8th was presented to the title company. Only five of the seven directors attended the May 15th meeting. I do not understand how the resolution can be unanimous when David Waishes was not in attendance at either meeting. Exhibit K – Corporate Resolution dated May 8, 2014.

Attorney General Opinion JM-985 addresses voting on a land sale in an emergency meeting. In it the definition of emergency is given as, "an unforeseen combination of circumstances that calls for immediate action; a sudden or unexpected occasion or action. The mere necessity for quick action does not constitute an emergency where the situation calling for such action is one which reasonably should have been anticipated."

I do not see how the broken effluent pipe can be deemed an imminent threat to public health and safety since it was first addressed in August 2013. And, the resolution is actually to allow Ed Hettinger to sign documents related to the sale of the land. That doesn't fit the criteria of a reasonably unforeseeable situation. The land sale had been in discussion and negotiation since February 3, 2014. AWS's attorney should have realized that the Board would need to grant Mr. Hettinger the authority to sign the papers related to the sale long before May 8th or May 13, 2014.

2. Ms. Gillespie alleges that Avalon learned of her complaint to the Ellis County District Attorney and that was the reason that Avalon re-noticed the meeting regarding the purchase of her property by Avalon for May 15, 2014.

AWS's response states, *"This allegation is false and without any basis. Avalon did not learn of the Public Information Act complaint filed at Ms. Gillespie's request with the Ellis County District Attorney by her friends, Chris and Candice Brewster, at her request until Avalon's attorney received a phone call from the District Attorney on May 21, 2014 describing the complaint."*

I am very confused by this response. I never requested that Chris and Candice Brewster file a complaint with the Ellis County DA. Yes, we are friends. Avalon is a small community, and I have a lot of friends there. Ms. Brewster and I actually met at a Board meeting in June 2013. Ms. Brewster and I both addressed the Board at that meeting. She had concerns about her water bill. I informed AWS that the

Office of the Secretary of State had issued an "involuntary termination" of the corporation on May 24, 2013.

My understanding is that complaint was a direct result of the meeting on May 8th (which I did not attend) and interactions that Ms. Brewster had the following day with a volunteer who worked at the office and one of the Directors. I did not realize it was a Public Information Act complaint. I thought it was a Texas Open Meetings Act complaint regarding communications being conducted outside of meetings. The Exhibits that are included in the response seem to indicate it was an alleged TOMA violations complaint, and not a PIA complaint. And, I understand that Ms. Brewster told the Director that she was filing a complaint with the DA.

3. Ms. Gillespie alleges that not all seven directors were present at both the May 8th and May 15th, 2014 meeting but the Avalon corporate resolution authorizing the purchase of property for Ms. Gillespie and her sisters was signed by all seven directors.

AWS's response, "This allegation is groundless. The number of directors who signed the resolution on May 8, 2014 constituted a quorum and the resolution was therefore binding and effective as of that date. That one Director who was not at the May 8, 2014 meeting but who attended the May 15, 2014 meeting signed the resolution at that second meeting presents no violation of Texas corporate law and is entirely consistent and compliant with the corporate statutes governing nonprofit corporations in Texas. In fact, Texas law specifically allows consents to be signed by the directors whether they are present at the meeting deciding on the resolution or not."

There are several issues here. David Waishes was not present at either meeting in May 2014, but signed the resolution. Again, the resolution is signed pursuant to the provisions of Section 6.201 of the Texas Business Organizations Code. But AWS must also follow the Texas Open Meetings Act which does not allow signing of documents or voting outside of a properly posted meeting. Exhibit L – first page of minutes from May 8, 2014 meeting showing list of directors present. Exhibit M – first page of minutes from May 15, 2014 showing list of directors present.

An excerpt from 2012 Texas Open Meetings Act Made Easy published by the Texas Attorney General's office:

May a quorum of members of a governing body sign a group letter or other document without violating the Act? If members meet in a quorum without following open meetings procedures to discuss, create and/or sign a group letter or document concerning public business, they could violate the Act. For example, circulation of a claim, bill or invoice among members for approval of payment in writing without discussion at a meeting would violate the Act. Such communications are best considered at posted open meetings, and any signatures should be executed in response to a vote at the meeting on the issue. Also, it may be a violation of the Act if the members meet or communicate by phone, memo or email in numbers less than a quorum with the specific intent of circumventing the Act regarding a group letter or document.

4. Ms. Gillespie complains that no meeting was held on June 12, 2014.

While the re-scheduling of a meeting does not violate any statute, for several years the monthly meetings have been held on the 2nd Thursday of the month. To just not have a meeting on June 12th,

and post no notice that it has been re-scheduled for the 19th seems irresponsible. In fact, AWS held meetings on June 19th, June 23rd, and June 30th.

Additionally, there was no quorum for the September 2014, December 2014, and February 2015 meetings. Only the February meeting was re-scheduled. The September and December meetings were not re-scheduled. There was a "Special Meeting" later in September but it did not have the agenda items listed on the agenda from the regular meeting. This makes it difficult to understand how a water supply corporation that must conduct business in an open meeting can continue to operate without regular scheduled meetings.

6. Ms. Gillespie complains that the notice for the Avalon meeting on July 10, 2014 included "assignment of responsibilities of personnel" as an agenda item but she believes that when the Board voted to allow one of the directors to also function as a part-time, unpaid general manager, this was a violation of the Open Meetings Act.

A director is an elected official, and not considered an employee or personnel. The agenda stated "assignment of responsibilities of personnel." The agenda should have been worded to state that the Board was going to vote on hiring a GM, whether it be paid or unpaid.

7. Ms. Gillespie complains that she has had difficulty obtaining financial reports from Avalon.

AWS's response, "This complaint is groundless. Except for rare occasions when there is a computer or printer malfunction, financial reports are provided for members attending each Board of Directors meeting or can be requested directly from Avalon."

This is absolutely not true. In 2012, 2013, and the first part of 2014, financial reports were very difficult to obtain. Even filing a Public Information Request in 2012 didn't produce the records without attorney intervention. I received one financial report in 2012, four reports in 2013, and four during the first half of 2014. Since I addressed the Board about the issue in August of 2014, there has been improvement. Members now receive a financial report at meetings. The exception was the February 24, 2015 meeting when the GM stated that the only person who had a password for the office computer (bookkeeper) was not at work, and therefore she could not produce copies for the meeting.

I would also like to call attention to the wording on the August 14, 2014 meeting/notice agenda in reference to the Financials Report, "*Copies will be available in paper format during normal office hour no earlier than two working days after the meeting. A written request and Charges for copies will apply, in accordance to Texas Government Code, Chapter 552.*" Chapter 552 is the Public Information Act. That seems to mean that members are going to have to file a Public Information Request and pay to obtain copies of the Financial Report. This is a huge conflict with AWS's response above. Exhibit N - Notice/Agenda for August 2014.

8. Ms. Gillespie complains that Avalon's 2012 audit was presented twice and that the 2013 audit was not done by July, 14, 2014.

Most water supply corporations have their annual audit for the previous year completed for the annual meeting in the spring. An audit is a requirement of the bylaws, and the only member meeting is the annual meeting. AWS seems to have problems getting their audits completed in time for the annual members' meeting.

At the 2012 annual meeting held on April 9, 2012, the audit for 2011 was presented by Hilco (AWS's former management company). Since then the annual audit for the previous year has not been available at annual meeting.

The annual meeting for 2013 was scheduled for June 3, 2013. However, there was no quorum of directors. The annual meeting and the monthly meeting were then combined and held on June 13, 2013. There was no annual audit for 2012 discussed. The 2012 audit was completed on December 9, 2013 by Kendall Stone, AWS's long-time auditor. It was presented by Ed Hettinger at a monthly meeting in early 2014 as well as the Annual Meeting on April 10, 2014. By that time it was rather dated information.

The audit for 2013 was not yet available at the annual meeting for 2014 on April 10th. The audit for the year ending December 31, 2013 was not complete until sometime in November 2014. It was announced in a meeting that it was complete, but it was not reviewed.

For the annual meeting on March 9, 2015 the agenda states, "Review 2013 Auditor's Report." It was not reviewed. It was stated that it is unqualified, and that copies were available for members for 10 cents a page who wished to go by the office and pick up. Exhibit O – notice/agenda for 2015 Annual Meeting.

AWS's response states that, "In 2013, Avalon hired a new CPA and it took some time for the volunteer directors and the part-time employees to gather and reorganize financial data for the CPA and correct the errors." That's not accurate. In July 2014 it was announced at meeting that AWS had hired a new CPA – Culpepper and Lawrence. It was never voted on in any meeting to hire a new CPA, or who to hire. As of this writing, members of AWS are still awaiting the audit for the year ending December 31, 2014.

9. Ms. Gillespie complains that a certificate of deposit containing member deposits was pledged as collateral for a United States Department of Agriculture loan to Avalon and that one of Avalon's USDA loans is not full secured.

AWS's reply, "There is no statute or administrative rule that prohibits member deposits from being used as collateral for a loan for plant improvements. In fact, according to the USDA, this is exactly one of the appropriate uses of member deposits. One of Avalon's loans has been fully paid. Avalon's remaining loan to the USDA is in good standing and fully secured as required by the terms of the loan. Obviously, a loan balance, and therefore the requisite security decreases over time as payments are made."

I have no issues with the USDA loan. This is about the \$35,000 loan that was borrowed from First State Bank in December of 2013. At the time the Board voted to borrow the money, it was not stated what the proceeds would be used for. It does not appear to have been used for plant improvements. From the financials that I have, it appears to have been used for operating expenses. At the end of October 2013, AWS had \$53,574 in the bank account. The bank balance at the end of November was \$21,470. I do not have a balance for the end of December 2013. The balance for the end of January 2014 is \$43,728 and appears to include the proceeds from the \$35,000 loan.

At the time this loan was originated in December 2013, AWS had two loans with the USDA. The Directors voted to pay off one of the USDA loans in April 2014. When the First State Bank loan was originated in December 2013, the only CD that AWS had available to use was the one containing member deposits. It was also the only one that had enough funds to secure a \$35,000 loan.

10. Ms. Gillespie complains that on June 23, 2014, Avalon voted to accept a bid for repairs to one of its wells but did not have this full amount of money in their bank account at the time. She also complains that state law requires water supply corporations to have two working wells at all times.

On June 23, 2014 the Directors of AWS voted to spend \$44,652 for repairs to the well. Financial reports show the end of month balance for June 2014 (before repairs were made) to be \$30,986. I would think any well-informed member would be concerned. The Board had just taken out a \$35,000 bank loan just 6 months prior to this. I would have asked the Board how they intended to pay for it, but it was a "Special Meeting" and there was no opportunity for members to ask any questions.

From the Texas Administrative Code:

§290.45(b)(1)(D) For more than 250 connections, the system must meet the following requirements:
§290.45(b)(1)(D)(i) two or more wells having a total capacity of 0.6 gpm per connection. Where an interconnection is provided with another acceptable water system capable of supplying at least 0.35 gpm for each connection in the combined system under emergency conditions, an additional well will not be required as long as the 0.6 gpm per connection requirement is met for each system on an individual basis.

11. Ms. Gillespie complains that Avalon's capital buy-in fee was \$3500 in the past but was changed in November 2013 to \$1858.64 and was changed in February 2014 to \$1304.

That is not correct. The Board has always stated that the capital buy-in fee is \$3500. I am questioning what the amounts are on the financials for November 2013 and February 2014. It has been mentioned in past meetings that potential new members have asked for discounts and I was questioning whether the capital buy-in or "equity buy-in fee" had been discounted for anyone.

I appreciate Ms. Hess explaining the "equity buy-in fee" and how the formula in the tariff is calculated. So, are the members who only have water paying the same buy-in fee as those who also have sewer? All members who are located in the CCN are eligible for water, but the sewer has a much smaller availability. I believe there are about 324 water customers, but only about 94 of those have sewer.

But my initial question has still not been answered. And, I am even more confused since in the January 8, 2015 meeting, the Board quoted a capital buy-in-fee of \$3500, a \$100 membership fee, and a \$200 tap fee to a representative inquiring about the cost of new service.

This also brings up another one of my concerns. The tariff states, "The formula applied to such fee is calculated annually after receipt of the system audit..." AWS did not have the annual audit for the year ending December 31, 2012 completed until December 9, 2013. The audit for the year ending December 31, 2013 was not completed until November 2014. As of this writing, the audit for the year ending December 31, 2014 has not been completed. How can AWS calculate the formula if it takes almost a year to have the audit completed?

12. Ms. Gillespie complains that she has seen a copy of an older Avalon check that was signed by one person in one case, and in the other case was signed by two people but one of the signatories was not an officer. She states that the Bylaws require checks be signed by the secretary treasurer and the president or vice president.

The response of AWS, "The Bylaws of Avalon provide that the directors may appoint an employee to assist the Secretary-Treasurer in all official duties (which would include signing checks) and they did so. The signature of Teresa Wimbish on one of these checks, and the sole signature of the Treasurer, Robin Donaldson, on the other are base on this delegation of authority by the Board of Directors. However, since the current directors and officer have been in off (approximately March 2012), all checks are signed by the Secretary-Treasurer and the President or Vice-President."

I have not only seen the checks, I attached copies of three checks to this complaint. Yes, the Bylaws state that the Board may appoint an "employee" to assist the Secretary-Treasurer. However, Teresa Wimbish is in fact Denise Wimbish who is a long time Director of AWS. She is not an employee. I do not ever recall the Board voting to appoint her to assist the Secretary-Treasurer. Copies of these checks were previously submitted to the PUC with my original complaint.

The checks are dated 4/5/2012, 7/12/2012, and 8/09/2012. The one dated 4/5/2012 appears to have been received by the payee on 4/15/2013, so the year might be incorrect on the check. Regardless, all are past the date of March 2012 that Ms. Hess states all checks have been signed appropriately. And, both Ms. Donaldson and Ms. Wimbish are long-time Directors. Both have been directors for several years prior to 2012.

13. In her closing paragraph, Ms. Gillespie states that she fears that Avalon is becoming insolvent and that the members cannot afford to pay the legal expenses incurred by the Board of Directors.

AWS partial response, "In fact the only legal expenses incurred by Avalon in the last few years have been legal expenses incurred in respond to Ms. Gillespie's complaints."

That is not true. AWS paid \$4,016 in 2012 and \$550 in 2013 to Attorney Jesse Munguia. He was hired in March 2012 to handle eminent domain proceedings against my family. In April, I filed a complaint with the Ellis County DA regarding alleged TOMA violations and nepotism. Mr. Munguia represented AWS in this matter. Although Mr. Munguia was initially hired for pay, his contract was changed to pro bono once it was learned that Mr. Munguia's grandmother was the President of the Board and his uncle was a director. His grandmother and uncle resigned from the Board in April of 2012, and Mr. Munguia worked pro bono until sometime in July. From July 2012 through February 2013, the Board paid him \$4,566 to represent them. He was paid to attend every meeting, eminent domain for my land, negotiate contracts, etc. for the Board. During this time period he addressed no complaint of mine, because there were none. He and my attorney did have several discussions about an open records request, which AWS did not want to comply with.

AWS paid Wray, Willet, and Stoffer \$450 in 2013 and \$700 in 2014 to represent them in an issue with Dean Carrell. Mr. Carrell was hired in September 2011 to be AWS's waste water consultant. In December of 2012, he was hired to run the office. On July 11, 2013 the Board of AWS and Mr. Carrell abruptly parted ways during a meeting. We were all surprised (including Mr. Carrell) when the President of the Board announced he was accepting Mr. Carrell's resignation since there was no item on the agenda about Mr. Carrell's employment with AWS. There was an item under Executive Session about personnel matters, but this happened in the open meeting long before the closed session.

I am not surprised that Mr. Carrell and AWS parted ways in this manner. The Board hired Mr. Carrell in September 2011. It was the first meeting of AWS that I attended. I had seen the notice/agenda posted

in the post office and decided that I should attend because of two items on the agenda. One was the hiring of Mr. Carrell. I had some knowledge of Mr. Carrell after being asked to check on his background by someone from another town where Mr. Carrell was employed. The other item concerned land near the waste water facility. Since I am an adjoining land owner to the waste water facility, I felt I should attend.

At that public meeting in September 2011, Mr. Carrell repeatedly spoke of a "difficult land owner" while displaying a picture of my land. He had no idea the land owners were in attendance. It was stated that the owners would not "give" 500 feet restrictive easements to AWS. He also stated that we would no longer be allowed to keep animals on the property. That was my pasture! I had no idea what this was all about. I was not given an opportunity to speak or ask questions at the meeting. But I did learn that AWS had submitted an application to the TCEQ on June 8, 2011 for a renewal of their waste water permit. Mr. Carrell stated that he could obtain the land from the land owners with no problem. He said all he had to do was "call my friends at the TCEQ in Austin and I'll have their land in a day." He bragged about being able to take a woman from TCEQ to lunch and she would do whatever he wanted.

The Board hired Mr. Carrell that night. One Board member suggested checking his references, but the Board decided that wasn't necessary and hired him. If they had done a background check, they would have learned that Mr. Carrell had been arrested on theft charges several months prior. In fact, he plead guilty in February 2012. He was given probation. The charges stemmed from the city where Mr. Carrell was previously employed and involved grant money. I don't really understand how Mr. Carrell has renewed his licenses with the TCEQ with his criminal record.

The day after that September meeting, I went to the library and reviewed a copy of the application. In the application, AWS submitted a map of their waste water facility and the surrounding area. There were red lines drawn over a large portion of our land. This statement was included in the permit, "As of June 1, 2011 the permittee has not obtained the necessary buffer zone in accordance with 30 TAC 309.13e(3). However, the permittee has retained the services of a Texas professional engineer and a Texas professional land surveyor in order to obtain the necessary buffer zone through land acquisition and/or restrictive easement. Buffer zone requirements are expected to be complete prior to March 31, 2012."

After reading the permit renewal application, I contacted the TCEQ. I asked why I was not notified regarding buffer zones on my property. At first the TCEQ argued that I was notified. When I pressed the issue, they realized that AWS had not submitted contact information for affected landowners. The TCEQ representative called AWS to find out why. He called me back and said that AWS told him that the land had recently been inherited and they did not know the new owners. I explained to him that my sisters and I had owned the property for over 14 years. It was not inherited. He suggested that I meet with the TCEQ. With the help of Senator Birdwell's office, a meeting was setup for October 12th. The next night on October 13, 2011 AWS held their regular monthly meeting. Repeated demands were made on my family to address why we met with the TCEQ in Austin the previous day and what was discussed. AWS had been told that their application to renew their permit was being rejected and they would have to submit a Major Amendment Application. They were very angry at us.

B. August 20, 2014 Gillespie Letter to TCEQ.

I will state once again, I DID NOT REQUEST THAT THE BREWSTERS FILE A COMPLAINT WITH THE DA.

I will not discuss my conversations with the DA over this matter. And, I doubt he put in writing that he found no violation of the law. But I will state that it is rare for a DA to prosecute TOMA violations.

2. Ms. Gillespie claims that the use of a "consent agenda" format was not discussed in open meeting or voted on and that the use of the consent agenda is a "drastic change away from transparency."
3. Ms. Gillespie complains that reports by the president, the general manger and the operator were verbal rather than written and that the meeting does not follow her concept of a consent agenda.
4. Ms. Gillespie complains that the Avalon directors should have been required to discuss and vote on the format of the meeting prior to their August 14, 2014 meeting. Then, incredibly, she states that this behavior would have been a violation of the Open Meetings Act.

AWS responds, *"The format of the meeting is not unlawful simply because it does not follow Ms. Gillespie's preconceived idea of how the Avalon directors meetings should proceed."*

I do not object to the use of the consent agenda format. However, I do not believe that AWS is using it correctly. I have seen it work effectively in many other meetings, including the Ellis County Commissioner's Court. It is designed to be a time saver where routine items do not have to be discussed. These routine items usually have to do with minutes being approved, financials that are repetitive, etc. In the proper use, the participants are given copies ahead of time to review. If they want to discuss something during the meeting, they asked for it to be removed from the consent agenda. Usually, the consent agenda is the first item on the agenda, and just a couple of minutes are spent on it.

But because AWS is putting the oral reports under the consent agenda, there is a lot of discussion and questions being asked by the directors. In fact, during the January 2015 meeting the consent agenda portion of the meeting lasted over 18 minutes. But in other meetings, the consent portion has gone on much longer.

Actually, this is not my "preconceived idea of how" the meetings should proceed. It is based on Robert's Rules of Order. I thought that the Board should have discussed the change in format of the agenda prior to using it. They could have discussed and voted on it in one meeting, and then began using it in the next meeting. My concern is that not all of the Directors understand about removing items from the consent agenda for discussion.

5. Ms. Gillespie complains that Avalon began in August 2014 to keep a record of its meetings in electronic format on CD. She notes that the Avalon Bylaws require that the Secretary-Treasurer shall keep regular books and shall keep minutes of all meetings.

AWS's response states that *"With written minutes, someone must transcribe the contents of the meeting, which is time-consuming. Because Avalon only has two part time office employees, a general manager and a bookkeeper, transcribing minutes takes time away from many other duties....."*

The bylaws state that the Secretary-Treasurer keep the minutes. Attorney Hess is making a case for why the part-time employees should not keep written minutes. The written minutes should not take long to complete. They are not a complete transcript of the entire meeting. The average length of past written minutes for AWS is only about a page and a half.

I still maintain that the definition of minutes are a "written record" of a meeting. Recordings are actual audio files of a meeting. They are two different items. While the law does state that either one is acceptable, the recordings of AWS are difficult to understand. I requested a copy of the July 2014 recording, but have not bothered to request any additional ones. The July 2014 recording did not state the date of the meeting, there is no statement about which directors are present, and the ones present are raising hands to vote! I only know who is speaking because I have attended so many meetings and recognize their voices. I am sending the audio files from that meeting as proof of my concerns. Please see DVD for audio files.

I have begun video-taping the meetings, so I will have a good record of what transpired.

Once again, attorney Hess has her facts incorrect. AWS switched to recordings instead of written minutes in July not August. June was the last submission to TCEQ of the minutes on my previous complaint. Coincidence?

12. Ms. Gillespie complains that the Avalon financial reports (which she previously claimed she was not given a copy of) show a deposit for an even amount of \$10,000. She states that deposits are never for even amounts and are never that large.

13. Ms. Gillespie complains that she does not know the source of the \$10,000 deposit.

Let me clarify. I obtained the financial report AFTER the meeting from one of the Directors. I stated that I was not able to ask the Board the source of the funds because I did have the report during the meeting.

Because of multiple complaints filed at different times, this is confusing. For a long time I did not know the source of the funds but was eventually told through second hand information that the \$10,000 came from a certificate of deposit. *The real issue here is when did the Board of Directors vote to take \$10,000 out of a CD?* The minutes from the April 10, 2014 meeting state:

" Discussion on paying off one of the USDA loans

Ed stated we have the cash to pay one of the loans, approximately \$6,000. We have a CD pledged to this loan. We could withdraw funds from CD to pay this loan off. It was decided to leave CD as is, unless funds are needed. We will be saving approximately \$1500.000 per month, the monthly payment we are making to USDA on this loan. Motion made by Ricky Johnston to pay off loan, second by Denice Wimbish. Motion passed unanimously. "

19. Ms. Gillespie complains that: 1) she is not always given a copy of the financial report which prohibits her from asking the board about the report; 2) Avalon called the sheriff because she was disorderly during the June 2012 meeting; and 3) she is now afraid to address the Board.

AWS's response, "As indicated previously, financial reports are made available to members at monthly meetings and are also available by appropriate request by a member. Secondly, a board of directors meeting is not a forum for Ms. Gillespie to argue with directors about the financial report, which she commonly attempts to do anyway. Finally, Ms. Gillespie has never been shy about expressing her opinions or asking questions at board meetings and so it appears that she is not, in fact, "afraid to address the board."

I have already addressed the financial report issue in #7.

I have never argued with the Board about the financials. I don't recall even asking any questions. I like to see the report while the directors are discussing it, so I will know what they are talking about.

I checked the minutes of past meetings. While I am listed as being present at almost every meeting, there are few times that I have addressed the Board. Here is a list of dates that I have addressed the Board at a meeting since the June of 2012:

June 13, 2013: *"Carol Gillespie then provided the board members with a document from the Office of the Secretary of State for an Involuntary Termination of Avalon Water Supply and Sewer Service Corporation dated the 24th of May, 2013.*

July 11, 2013: *"Miss Gillespie requested a copy of minutes and agenda for the meeting."*

September 12, 2013: *"Carol Gillespie asked if the smoke test would be done on her property. If so, she wanted to be present and when asked if we could enter her property she said we would need to contact her attorney. Gregg said there was no need to enter her property."*

November 14, 2013: *"Carol Gillespie made a lengthy presentation. Copy of handout she gave to each board member attached."*

This was in response to a speech President David Waishes made in the October 2013 meeting prior to asking for a vote to close eminent domain against the Gillespie property that had been ongoing since March 2012. I felt that not all the Directors knew the entire story, and I wanted to share some things with them. Here is what I presented to the Board:

- 1) The restrictive easement required by the TCEQ (and state law) is 500 feet, not 800 feet.
- 2) There was no letter from TCEQ stating that AWS was in violation of buffer zones as Mr. Waishes stated. (In fact, I filed an open records request for this from AWS and they were unable to produce.)
- 3) A statement Mr. Waishes made, "The way that a government entity, a municipal, a water/sewer services corporation...just about any federal government, state government, city government...whenever you need to increase your land holding, uh, you have to declare eminent domain upon the land that you need." That is a false statement. AWS didn't have to begin eminent domain proceedings, they could have made an offer to purchase.
- 4) Another statement that Mr. Waishes made, "Basically, uh, meeting with them in Austin on a number of other things, we found that we could get that waived under the right circumstances. Came back wrote the letter requesting a waiver under these circumstance. And, they granted us a waiver." Actually, AWS requested a "variance" in their Major Amendment Application which was submitted to the TCEQ on January 31st and signed by Robin Donaldson, Secretary-Treasurer. Mr. Waishes was appointed to the Board in March 2012.

I did not address the Board in October 2013 after Mr. Waishes comments because I wanted to make sure I had my facts correct and I wanted to present all of the Directors with proof of my claims.

January 9, 2014: *"Carol Gillespie asked about the audit report. Ed stated that he would bring it to the next meeting."*

February 27, 2014: *“General manager, Ed Hettinger stated that TCEQ made inspection of effluent line from the sewer plant and stated that it is need of repair. Ed stated that Carol Gillespie, land owner, can give her permission for the water company to access her property so that needed repairs can be made. Carol stated that her attorney should be contacted. She stated that the water company’s attorney should be contacted and that he in turn should contact her attorney concerning access to her property.”* At this time, our attorneys were already negotiating the land sale, and I did not feel comfortable responding to Mr. Hettinger. After all, my sisters and I had hired an attorney to handle this.

May 15, 2014: *“Carol Gillespie asked that the resolution be read aloud.”* I made this request after the resolution was passed to each Director present, and then back to Ed Hettinger who put it away in his briefcase. Without reading, it would have been considered a secret ballot.

August 14, 2014: I did address the Board about three issues during the Open Forum. 1) the changes being made to meetings (recorded rather than written minutes, consent agenda, charging for minutes and financials,) 2) an open records request for the July minutes since TCEQ had requested them from me, and 3) questions about the 2012 Income Tax (the 2013 had not been filed yet).

In summary, I have addressed the Board in seven of the forty plus meetings that I have attended since June 2012. In one meeting, I simply answered a question asked of me by the GM. The only time the Financial Report has been mentioned was on August 2014 when I voiced my opinion that the members should not have wait until two working days after a meeting to obtain a Financial Report, go to the office and submit a Public Information Request, and pay for the copy. There is not one single reference in any of the minutes that I was disrespectful, or discourteous to any Board member or employee of AWS.

The statement made by Attorney Hess, *“a board of directors meeting is not a forum for Ms. Gillespie to argue with directors about the financial report, which she commonly attempts to do anyway,”* is completely false. I would also like to point out at this time that Attorney Hess has not attended any meetings of AWS since she began representing them in November 2013.

C. September 29, 2014 Gillespie Letter to PUC.

1. **Ms. Gillespie complains that: 1) Avalon attempted to use eminent domain to “take” her land illegally; 2) the discussions about this illegal procedure were held in closed session and were not voted on in open session; 3) this illegal action was retaliation for her meetings with the TCEQ regarding the renewal of Avalon’s waste water permit; and 4) she did not receive an answer to her letter requesting information about the Avalon 2012 tax return.**

Attorney Hess wrote, *“The fact is, however, that this Board of Directors has never discussed acquiring Ms. Gillespie’s property by eminent domain. Therefore, there were no “closed session discussions” and no votes on eminent domain. Similarly, no funds have been expended for attorney’s fees for eminent domain.”* In the next paragraph, she states, *“Ms. Gillespie claims that the mythical threats of eminent domain...”* Mythical?

Yet, incredibly Attorney Hess included copies of evidence supporting the eminent domain threat in her Exhibit C, which she refers to as *“Gillespie Complaint to TCEQ May 1, 2012.”* (Again, not a complaint but “comments.”) This Exhibit C includes the Minutes from the March 8, 2012 meeting which state that AWS hired Attorney Jesse Munguia. The minutes also state, *“Board went into Executive Session at 7:45*

pm, returned from Executive Session at 8:25 pm. Patsy Russell stated that after discussion with attorney the Board agreed to go ahead and practice their right of eminent domain. There will be an appraisal done to find fair market value for varying buffer zone of five hundred to eight hundred feet."

In April 2012, my family received the Texas Land Owner Bill of Rights from the attorney for AWS. Not until October 2013, did the Board choose to end this process. On the agenda for the October 10, 2013 meeting, Item # 9 is *"Formally close Eminent Domain for property surrounding the waste water plant."* Therefore, it lasted for 19 months.

I stated this was an illegal act, not because AWS does not have the power of eminent domain, but because of the actions of the Board. First, eminent domain was not listed as an agenda item on the March 12, 2012 notice/agenda. Item #12 was "Discuss and Act on an Attorney." Item #13 was "Discuss and Act on Gillespie Land Purchase." Second, because the Board never voted on eminent domain. It was simply announced by the Board President when they reconvened into open session from closed session. Third, the Board never made a bona fide offer prior to announcing eminent domain. Fourth, the Board stated that they were "taking" 500 to 800 feet. 30 TAC 309.13(e) states the maximum required for buffer zones to be 500 feet. Part of this 500 feet would have been on AWS' own property, so they would have needed much less from surrounding land owners. Fifth, AWS never mentioned any of the other three adjacent land owners. Sixth, the Board had no legal need for any land. They had already asked TCEQ for a variance to buffer zones on January 31, 2012.

Attorney Hess is incorrect when she states that no attorney fees were expended for eminent domain. At first, the Board voted to pay Mr. Munguia. Then I filed a complaint with the Ellis County District Attorney for TOMA violations and nepotism. Plus, it became front page news in the Waxahachie Daily Light. Once that happened, the Board President (grandmother of the attorney) and another Director (the attorney's uncle) resigned from the Board. After that Mr. Munguia presented a new contract to the Board agreeing to work pro bono. In July or August of 2012, a new contract was again negotiated paying him an hourly rate. In 2012, he was paid \$4,016. In 2013, he was paid \$550. Exhibit P – Page 2 from May 3, 2012 edition of Waxahachie Daily Light.

Attorney Munguia unexpectedly gave notice of his resignation in December 2012. I have no idea why this happened, but I suspect it had something to do with the events in the October 11, 2012 meeting. At this meeting, Mr. Munguia walked in with my family's tax attorney/CPA a few minutes after the meeting started. Mr. Munguia asked that the closed session be moved up to the top of the agenda. Our tax attorney went into closed session with the Board while I was forced to go outside without saying a word. At this time, the Board was still pursuing eminent domain proceedings against our land and that was a topic on the agenda under closed "executive session."

If our tax attorney/CPA had been listed on the agenda, I would have called his office beforehand and warned him of the conflict of interest. Instead I was forced to fire him, and demand our records because AWS hired him. Those records contained our financial records for the land AWS was trying to obtain through eminent domain. The attorney and AWS both stated that they discussed "an accounting issue" in the closed session. However, no "accounting issue" was on the agenda. And, when the Board re-convened to open session, it was stated that they were not required to state what was discussed since it was attorney/client privilege. The Directors and AWS's attorney repeatedly referred to the tax attorney/CPA as an attorney. Exhibit Q – notice/agenda for October 11, 2012 meeting. Exhibit R – Minutes from October 11, 2012 meeting. Exhibit S – Affidavit signed by David Waishes, President of the AWS Board.

2. Ms. Gillespie claims that the mythical threats of eminent domain were retaliation for her complaints regarding Avalon filled with the Ellis County District Attorney.

Attorney Hess makes no sense here. First, she makes reference to the Ellis County District Attorney. Then she writes, "She has every right to meet with the TCEQ."

First of all, I have already proven that the eminent domain proceedings were begun by AWS. Second, I did not file any complaint with the Ellis County District Attorney until AFTER the Board of Directors stated that they were going to use eminent domain to "take" my land.

As I have stated, the President of the Board announced when coming out of closed session and reconvening into open session that they were going to use eminent domain to "take" 500 to 800 feet of Gillespie land. There was no vote in open session. That is the very reason I filed a complaint with the District Attorney. If the Board continued with eminent domain proceedings, I wanted it known that they did not have a vote in open session.

AWS approved minutes in April 2012 for the March 2012 meeting that stated, *"Board went into Executive Session at 7:45 pm, returned from Executive Session at 8:25 pm. Patsy Russell state that right after discussion with attorney the Board had agreed to go ahead and practice their right of eminent domain. There will be an appraisal done to find fair market value for varying buffer zone of five hundred to eight hundred feet. There will be a letter to send to surrounding land owners advising them of the findings and offer."*

Actually, that was not correct. There were no other land owners mentioned except the Gillespie family. I am enclosing an article written by a reporter from a local online newspaper published shortly after the meeting. These minutes were approved in the April meeting, and the Board had realized the mistake they made by not including all land owners and wrote the minutes to state otherwise. The article from the Italy Neotribune states, *"After the Board returned from executive session the decision was made to take five to eight hundred feet of the Gillespie land by eminent domain."* Exhibit T – Article from March 12, 2012 Italy Neotribune.

In the May 2012 (and after the Board learned of the investigation by the DA regarding TOMA violations), the Board voted to amend the already approved minutes. The minutes were changed to read, *"Board went into Executive Session at 7:45 pm for the purpose of legal options on land acquisition, returned from Executive Session at 8:25 pm. Patsy Russell stated that after discussion with attorney the Board had agreed to go ahead and practice their right with eminent domain, there will be an appraisal done to find fair market value for varying buffer zones of five to eight hundred feet and there will be a letter sent to surrounding land owners advising them of the findings and offer, motion made by Harrison Romero, second by Robin Donaldson. Motion carried unanimously."*

There was much anger towards me and my sisters after we met with the TCEQ on October 12, 2011 in Austin. I will always believe that deciding to use eminent domain was retaliation for that meeting.

3. Ms. Gillespie claims that she has not gotten a response to her most recent Public Information Act request and to her questions about Avalon's 2012 tax return.

The information from the PIA request has since been received. However, I still do not have answers to my questions regarding the 2012 Income Tax return answered. I will not pay AWS's attorney and CPA to obtain these answers. It is ridiculous to ask a member to pay for information about the corporation.

AWS's response, "*Ms. Gillespie appears to assert that Avalon's tax returns should be discussed and analyzed in an open meeting before they are filed.*" AWS made statements in both the 2012 and 2013 tax returns that "*The return is reviewed at a board meeting prior to filing*" and "*The Board, at its annual meeting, lets members know the return is available for review upon request.*" The Board has done neither of these.

My questions about the 2012 tax return are specific to AWS. They cannot be answered by CPA or the IRS. My CPA is not familiar with AWS's business practices. But the Board should be able to answer them. My four questions are about the return:

- 1) Involve the names of Directors listed.
- 2) A construction item for \$41,502.
- 3) Business Transactions Involving Interested Persons.
- 4) Why the return was not reviewed at a meeting prior to being filed as stated?

AWS's response, "*Avalon's directors and employees have almost continually operated under the burden of a pending complaint by Ms. Gillespie and the threat of potential fines and liability sought by Ms. Gillespie as a result of those complaints. Some of the Gillespie complaints, such as the Open Meetings Act and Public Information Act complaints to the Ellis County District Attorney, carry potential individual criminal penalties, including incarceration and monetary fines. Because of the pending adversary proceeding over the past two years, and because so many statements they have made in the past to Ms. Gillespie have been misconstrued, mischaracterized, twisted or taken out of context, Avalon and its attorney determined that all communications to and from Ms. Gillespie must go through their attorney.*"

AWS learned of my complaint to the Ellis County District Attorney regarding TOMA violations on April 23, 2012. It was over by the end of June 2012. My complaint to the DA regarding the Public Information Request was made in September 2014 and was dismissed the same month. The Board of Directors has not "*almost continually operated under the burden of a pending complaint.*"

After reading the response of AWS to my PUC complaint, it should be obvious who is misconstruing, mischaracterizing, twisting, and taking statements out of context. This is why I very rarely speak up in meetings, and when I do I have a prepared statement to read to the Board of Directors that I furnish to the Board.

E. January 20, 2015 Gillespie Letter to PUC.

1. Ms. Gillespie complains that a water line was laid on her property without her permission.

After selling AWS the little over one acre where the 150 foot waste water effluent pipe was located on May 22, 2014, my family thought our issues with AWS were behind us. Then on October 9, 2014 I drove to Avalon and found men with a backhoe digging on our property. They were not in the county right-of-way but on private property. When I asked who they were working for, I was told it was "none of your concern."

I later learned that they were installing a 1,309 foot water pipe for AWS from the main line to my neighbor's property. The pipe was laid in our plowed field and not in the right-of-way. I was surprised to learn that my neighbor had purchased a meter because his name, membership, or a new water meter was never discussed or voted on in any meeting of AWS. New memberships and meters are always discussed and voted on in meetings.

AWS's attorney states, *"The application for new service was approved by a vote in an open meeting, as is required."* No, it was not. AWS needs to provide proof that a vote was taken regarding Mr. Webster's meter.

Another statement in the response, *"Every Texas county has a 30 foot right-of-way or easement on each side of all roads within the county that are maintained by the county. That is simply the law, whether Ms. Gillespie agrees with it or not."* Attorney Hess needs to state which Texas law, because neither the county attorneys nor my attorneys have been able to find any such law.

The scenario that Ms. Hess is describing is actually a 60 foot right-of-way more accurately describes a state highway, and not a 10 wide unpaved road. The right-of-way is measured from the center of the road. For example, if the right-of-way for a given street is 40 feet, then the right of way would be measured 20 feet from the center line to either side of the street.

The electric and telephone utilities are located on the opposite side of the road in a clear right-of-way (green grass not farmland). This 2/10th of a mile length of road will more than likely never be expanded. The majority of the road was abandoned decades ago. Only this small strip of road was left open to allow the owners of the property that Mr. Webster now owns access.

2. Ms. Gillespie complains that the line was not installed in a quality manner.

"The contractor hire by Avalon installed the line in a good and workmanlike manner and in compliance with all relevant statutes and rules." There was no contractor on the premises when I witnessed the pipe being installed. It was not a contractor that I spoke with. The equipment on the premises did not belong to the contractor. There were no names or TXDOT numbers on the trucks or equipment. A licensed contractor did obtain the permit, but I don't believe they installed it. The GM of AWS was having difficulty obtaining an invoice from the contractor in early January, and promised to share with me but I have yet to see it.

3. Ms. Gillespie complains that a new water company membership was not discussed in an open meeting, but merely voted on.

I never said it was voted on. It was not discussed or voted on in any meeting. Attorney Hess needs to provide minutes of the meeting that it was voted on. If it had been voted on in a meeting, I would have immediately recognized my neighbor's name and been alerted to keep my eyes on my property. Instead, I was completely shocked to find a backhoe digging on my property.

Attorney Hess again mentions "motive" of my complaint in the closing of her response. She states, *"The statements were made during a settlement conference with the Gillespie's attorney in their attorney's office and were made to Avalon's attorney. Specifically, Ms. Gillespie and her sisters told this attorney that they hated Avalon because they believed that, long ago, Avalon caused the premature death of their*

father by harassing him, that Avalon has "turned members of the community of Avalon against them: and that as a result they are committed to "making Avalon pay" for these perceived misdeeds."

This statement is so absurd that I shouldn't even respond. My father sold land in 1970 to AWS to build a waste water facility. In 1997 he gave the 36 acres of adjacent land to my sisters and me. My father died in February 2004 of complications from lung cancer and COPD after being ill for several years. From 1970 until 2010 there were no problems. The problems only started in October 2010 when we refused to give land to AWS. I never filed a single complaint with any agency regarding AWS until March 2012 after they announced in a meeting that they were "taking" our land by eminent domain. If I were blaming AWS for my father's death, why would I wait almost 8 years after his death?

There were five people in that my attorney's office that day. My attorney, two sisters, and I do not remember any of us making such outrageous statements. There was a conversation about some events with a Board member of AWS that happened about the time that my father passed away. First, the director tried to get my father to sign an affidavit listing all his assets and income for a grant AWS was trying to obtain. He refused. Then this director came to our house three days after my father was buried wanting my mother to omit some of her income on an affidavit about her income, so AWS would qualify for a low-income grant.

I have exercised my right as a "member" and an "affected person" to attend the public Directors' monthly meetings so that I will be informed of any issues that may affect my family's land. However, if the meetings are not open and transparent according to the bylaws of the corporation which state that "the Board of Directors shall ensure that all meetings comply with the requirements of the Open Meetings Act," there is no need for my attendance. See Article V, Section 4 of the bylaws which Ms. Hess has provided.

For over three years my family has endured open hostility from the Board of AWS. My family feels like AWS has harassed us for several years over our land. We are not wealthy by any means, as AWS has claims. Our land is our heritage that we wish to pass along to the next generation. Our desire is for AWS to follow their bylaws and TOMA in their meetings, so that we can be aware of any future attempts to obtain our land and attend meetings without hostility. In fact, if I had some kind of assurance that AWS would remain off our property (except for repairs and reading our meter), then I would have no desire to go to any of their meetings. But installing the 1300 pipe on our private property made me realize that I need to keep a very close eye on AWS.

Sincerely)


Carol Gillespie

cc: Aimee Hess, Attorney (via USPS)

Gillespie Exhibit A
Avalon Water Supply and Sewer Service Corporation

Corporate Resolution

The undersigned, being all members of the Board of Directors of Avalon Water Supply and Sewer Service Corporation, a Texas corporation (the "Company"), acting pursuant to the provisions of Section 6.201 of the Texas Business Organizations Code, adopt by consent the following resolution:

RESOLVED that David Waishes, who is President of the Company, is authorized to retain the Law Offices of Aimee Hess P. C. to handle the response on behalf of the Company to certain complaints filed with the Texas Public Utilities Commission by Carol Gillespie, and to execute and deliver, on behalf of and in the name of the Company, an engagement agreement with the Law Offices of Aimee Hess P. C., in the form and with the provisions that David Waishes may deem proper.

Executed as, but not necessarily on, February 12, 2015.

David C. Waishes
Printed Name: David C. Waishes
Its: President

J. C. Carter
Printed Name: JACOB CARTER
Its: Vice-President

Robin Donaldson
Printed Name: ROBIN Donaldson
Its: Secretary/Treasurer

J. B. Brown
Printed Name: Jimmy Brown
Director

Denise Wimbish
Printed Name: Denise Wimbish
Director

Matilda Williams
Printed Name: MATILDA Williams
Director

Printed Name: _____
Director

Gillespie Exhibit B, page 1

AVALON WATER SUPPLY AND SEWER SERVICE CORPORATION

Board of Directors Meeting

September 12, 2013

The Board of Directors of Avalon Water Supply and Sewer Service Corporation met for their regularly scheduled meeting at the First Baptist Church at 206 Giles St., Avalon, Texas 7:00 pm on Thursday September 12, 2013.

Directors present for this meeting were Robin Donaldson, Rickey Johnston, Jimmy Brown, Denice Wimbish, David Waishes, Operations Manager Gregg Rodriguez and General Manager Ed Hettinger.

President David Waishes called the meeting to order at 7:02 pm and determined the presence of a quorum.

Visitors present were Chris Brewster, Candice Brewster, Jan Hettinger, Patsy Russell, Marcia Gillespie and Carol Gillespie.

The Administration made a correction to the Agenda to insert Open Forum for item #16 and add #17 Adjourn.

There were no Visitors concerns or comments.

Minutes of previous meeting of August 8, 2013 approved with a motion by Jimmy Brown, second by Denice Wimbish. Motion carried unanimously.

The Secretary/Treasurer's Report and the Review of the Financial Reports - Jan went over the printed reports and discussed the need for a payables Software program such as QuickBooks, perhaps to begin by January 1, 2014. It was also discussed to identify the physical year for the Company. Jimmy Brown made a motion to approve the Reports, second by Denice Wimbish. Motion carried unanimously.

The discussion of out of pocket expenses for Ed and Jan Hettinger for reimbursement to enable them to operate the office. Ed said he turns in the tickets and receives a check. Ed requested one tank of gas each week to cover all the necessary mileage to conduct business.

Jimmy Brown made a motion for Ed Hettinger to serve as General Manager. Second was made by Rickey Johnston. Motion carried unanimously.

It was also discussed to check on the coverage of the Liabilities Insurance to make sure they are covered.

Gillespie Exhibit page 2

It was discussed that multiple residences with one meter will have 12 By-Laws months to buy the 2nd meter or move the residence. We must be in compliance with the Tariff and By-Laws. As these residence are identified there will be a letter to the occupants. They will be asked to make an appointment to come by the office to resolve this problem. Each account will be a case by case discovery and action. There will be more investigation of the law. Motion was made by Denice Wimbish to table this item for further investigation. Second was made by Rickey Johnston. Motion carried.

A letter is to be sent to the school requiring late fees to be effective October 01, 2013. No fees will be waived in the future. Motion was made by Rickey Johnston to advise the school of the change. Second was made by Robin Donaldson. Motion carried.

To join the TRWA organization the annual cost will be \$385.00. Motion was made by Rickey Johnston to join the TRWA. Second was made by Denice Wimbish. Motion carried.

There is a need to purchase Gregg Rodriguez a Lap Top Computer. It is a necessary tool when he is reading meters. The cost will be about \$500.00. Ed asked to be authorized to make this purchase for the company. Motion was made by Robin Donaldson for Ed to purchase the Lap Top Computer. Second was made by Denice Wimbish. Motion carried unanimously.

The Pressure Gauge purchase is to be made. Motion was made by Rickey Johnston. Second was made by Robin Donaldson. Motion carried unanimously.

Per Ed Hettinger's recommendation, Operation Managers compensation for more responsibility and more duties is to be increased to @20.00 per hour. He will also finish schooling to obtain his "C" wastewater license. Motion was made by Robin Donaldson to increase Operation Manager's compensation. Second was made by Rickey Johnston. Motion carried unanimously.

The President reported that he felt Ed and Jan were doing an outstanding job turning the office around. Many thanks to Gregg for stepping up and taking control of the operations.

Open forum – Patsy Russell expressed support.

Carol Gillespie asked if the smoke test would be done on her property. If so, she wanted to be present and when asked if we could enter her property she said we would need to contact her attorney. Gregg said there was no need to enter her property.

At 9:32 motion was made by Denice Wimbish to adjourn. Second was made by Robin Donaldson. Motion carried.

APPROVED BY THE BOARD OF DIRECTORS THIS _____ DAY OF _____, 2013

David Waishes, President

Robin Donaldson, Secretary/Treasury

Gillespie Exhibit C, page 1

AVALON WATER AND SEWER SERVICE CORPORATION

BOARD OF DIRECTORS SPECIAL MEETING

February 27, 2014

MINUTES

Call meeting to order, determine presence of a quorum, and declare notices legally posted pursuant to Open Meetings Act.

- The Board of Directors of Avalon Water and Sewer Service Corporation met for a special meeting at the First Baptist Church, Avalon, Texas at 7:00 p.m. on Thursday, February 27, 2014.
- Directors present were Robin Donaldson, Manuel Rodriguez, Ricky Johnston and Denice Wimbish. Also present were Operations Manager, Gregg Rodriguez and General Manager, Ed Hettinger.
- Visitors present were Carol Gillespie, Marcia Gillespie, Candice Brewster, Chris Brewster, David Arriaga and Jan Hettinger.

1. Robin Donaldson, presiding officer, called the meeting to order at 7:01 p.m. Denice Wimbish declared that a quorum was present.

2. Visitors comments and concerns

- David Arriaga expressed his concern regarding a late fee he was charged for his January water bill. He bought a money order on Saturday, January 18, 2014 at the Avalon Post Office and asked a postal employee to put it in the Avalon WSSC post office box. The bill was not received by the water company until January 21, 2014. There was no mail service on Monday, January 20th - MLK day/federal holiday. Local mail does not necessarily go directly to the post office boxes. It can go out with out of town mail and then come back to the Avalon Post Office. Avalon WSSC water bills are considered late if they are not received by the 18th of the month. The disposition of the late fee for Mr. Arriaga's water bill was on the agenda of regular monthly meeting on February 13, 2014. It was voted on that date that the late fee would be imposed. Mr. Arriaga was not present at that meeting.

3. Approve voting packet for election of Directors.

- Motion made by Manuel Rodriguez to accept the voting packet as presented. Motion seconded by Ricky Johnston. Motion carried unanimously.

4. Discuss bids for well repair. If possible, determine which bid to accept.

Gillespie Exhibit C, page 2

- Motion made by Manuel Rodriguez to table acceptance of any bids presented for well repair due to cost and the fact that after thirty days the company presenting the bids could possibly offer partial financing. Motion seconded by Ricky Johnston. Motion carried unanimously.

5. Open Forum.

- General manager, Ed Hettinger stated that TCEQ made inspection of effluent line from the sewer plant and stated that it is need of repair. Ed stated that Carol Gillespie, the land owner, can give her permission for the water company to access her property so that needed repairs can be made. Carol stated that her attorney should be contacted. She stated that the water company's attorney should be contacted and that he in turn should contact her attorney concerning access to her property.

6. Adjournment

- Motion made by Denice Wimbish to adjourn, second by Manuel Rodriguez. Motion carried unanimously.

Approved by the board of directors this _____ day of _____ 2014.

David Waishes, President

Robin Donaldson, Sec/Treas

Gillespie Exhibit D, page 1

Questions or Comments >>

[Home](#)**TCEQ Commissioners' Integrated Database - All Comments**[Back to Report Result 6 - 10](#)

1 - 19

Comments:

Comment letters, etc. received since November 2008 are viewable in PDF by clicking on the Correspondence Type.

Date Received	Commentor	Correspondence Type	Comments Submitted Electronically
06/03/2014 9:58 AM	GILLESPIE,CAROL D	Withdrawal - Hearing Request	See Attachment
06/03/2014 9:58 AM	GILLESPIE,CAROL D	Withdrawal - RFR	See Attachment
05/22/2014 4:07 PM	GILLESPIE,CAROL D	Withdrawal - Hearing Request	See Attachment
05/22/2014 4:07 PM	GILLESPIE,CAROL D	Withdrawal - RFR	See Attachment
11/08/2013 10:06 AM	GILLESPIE, ET AL,CAROL		
11/08/2013 10:02 AM	GILLESPIE, ET AL,CAROL		
11/08/2013 10:01 AM	GILLESPIE, ET AL,CAROL		
11/08/2013 10:01 AM	GILLESPIE, ET AL,CAROL		
11/08/2013 9:56 AM	GILLESPIE, ET AL,CAROL		
11/08/2013 9:55 AM	GILLESPIE, ET AL,CAROL		
10/11/2013 2:34 PM	WILHELM,GREGORY E	Mailing List Add	
05/09/2013 3:14 PM	GILLESPIE,CAROL D	Public Meeting - Request	Request Public Meeting. This is an update to a comment that I sent to TCEQ on May 1, 2012. However, my original comment references a still outstanding issue and TCEQ has placed it under "Hearing Request" rather than as a comment. From March 2012 through December 2012, AWS&SSC held almost all discussions of their waste water plant and permit application process in closed session of their regular monthly meetings. These discussions were in violation of the Texas Open Meetings Act (TOMA). Even after being the subject of an investigation by the Ellis County District Attorney, the Board continued to violate the law. This is surprising, considering their attorney was present for almost every meeting. By their actions, the Board of AWS&SSC has denied members and affected land owners their right to know exactly what is happening with the waste water plant. These violations of the law were meant to keep my family from knowing about

Gillespie Exhibit D, page 2

05/09/2013 2:59 PM	GILLESPIE, CAROL D	Comment - Written	<p>will continue to track their progress during the rest of the year." From her response, it doesn't seem the regional office is doing a very good job of tracking. And, why was it not inspected during the annual inspection on January 31, 2013? The report written by the inspector cites the violation as "old." It seems very unusual that TCEQ would allow a violation to become over a year old, and not take some type of action when no progress is being made. Why did it take AWS&S more</p> <p>ENCROACHMENT ISSUE: This is an update to a comment that I sent to TCEQ on May 1, 2012. However, my original comment references a still outstanding issue and TCEQ has placed it under "Hearing Request" rather than as a comment. AWS&SSC has been encroaching on our land for years. They have an unauthorized outfall pipe carrying effluent across our property to a small stream on my property. They do not have an easement or a lease for this access. This pipe is underground and we would not have known of its existence had the restrictive easement issue not come up. Once the facts came out about AWS&SSC needing to have restrictive easements on our land, and promising them to TCEQ for years, I obtained copies of current and past permit applications. Apparently, AWS&SSC has needed the restrictive easements since 1998 but had not told our family. We only found out by attending a "special meeting" of the Board in September of 2011. I also completed my own search in the County Clerk's office of ALL easements ever obtained by AWS&SSC in its 40+ years of existence. AWS&SSC has no legal access to this property. AWS&SSC has been fined for exceeding the allowed effluent limits. Yet, neither the TCEQ nor AWS&SSC informed us of this violation. And, it's on our land! I believe that TCEQ should have notified our family since the violation occurred on our land. AWS&SSC needs to purchase this land or move their pipe prior to obtaining the new permit. If TCEQ grants the permit first, AWS&SSC</p>
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Gillespie Exhibit D, page 3

			will never resolve this issue. My family will not grant an easement because the existing easement that they have is not being maintained, and due to liability issues.
			<p>LACK OF EASEMENT MAINTENANCE: This is an update to a comment with pictures that I sent to TCEQ on May 1, 2012. However, my original comment references a still outstanding issue and TCEQ has placed it under "Hearing Request" rather than as a comment. Avalon Water Supply & Sewer Services Corporation (AWS&SSC) has a legal easement across our land for a pipeline to carry raw sewage (influent) to the plant. However, they are not maintaining this easement. On April 10, 2012 I filed a complaint with the TCEQ regarding a raw sewage leak on the easement. The leak had obviously been there some time, yet it had not been repaired. A three and a half to four foot deep hole had been created around one of the concrete pipe/manhole covers. A broken pipe was clearly visible at the bottom of the hole with raw sewage bubbling out of it. In addition, the concrete around that manhole cover and another one nearby were severely cracked. The hole was in plain sight of anyone going to the plant. I know nothing about sewer operations, yet I noticed it as soon as I drove down the driveway leading to the plant. Not only was it visible, the smell was overpowering even though the windows on my car were up. I was later surprised to read a TCEQ report written by Karen Smith that stated, "The operator of the system, Dean Carrell, was promptly notified and later reported no issues or sewer overflows were observed within 2 hours of being notified of the complaint." Only after I forwarded pictures to the TCEQ the next day was my complaint taken seriously. All of AWS&SSC's influent pipes are on my family's property. AWS&SSC has a legal easement to go down our fence line with the pipes. We were very distressed to see that during the last annual inspection (January 31, 2013) that the collection system was not part of the inspection. This still open violation was referred to as "old." Why was the collection system not incl more</p>
05/09/2013 2:54 PM	GILLESPIE,CAROL D	Comment - Written	
05/03/2012 3:59 PM	GILLESPIE,CAROL D	Hearing Request	See Attachment

Related Links:

[Central Registry](#)
[Executive Director's Agenda](#)
[Commission Issued Orders](#)
[Public Meetings](#)
[State Office of Administrative Hearings](#)
[Public Notice](#)
[Comment Online on Pending Permit Applications](#)
[File documents](#)

Gillespie Exhibit E

AVALON WATER AND SEWER SERVICE CORP

115 E Main
PO Box 246

Itasca, Texas 76055
Phone: 254-687-2331
Fax: 254-687-2428

AGENDA

Officers

Patsy Russell, President

Robin Donaldson, Secretary/Treasurer

Directors

Denice Wimbish

Santos Munguia

Harrison Romero

Manuel Rodriguez

is it related to Patsy's bid

Notice of Monthly Meeting for March 2012

To All Members:

The regular meeting of Avalon Water and Sewer Service Corporation for March 2012 will be held at the First Baptist Church, Avalon Texas, on Thursday March 8, 2012 at 7:00 p.m.

The agenda for the meeting is as follows:

1. Call meeting to order
2. Determine presence of a quorum
3. Visitor's concerns and comments
4. Appoint John Goodwyn's Replacement
5. Reading and approval of January 5, 2012 Special Meeting minutes
6. Reading and approval of minutes of previous meeting of February 9, 2012
7. Review and approval of financial report for payment of current expenses
8. Review and approval of repair invoices
9. Sewer Update - rain
10. New Sewer Plant Update
11. President's Report
12. Discuss & Act on an Attorney
13. Discuss & Act on Gillespie Land Purchase
14. Discuss hiring someone to help Gregg with reading meters
15. Discuss & Act on Health Insurance for Employee Gregg Rodriguez
16. Manager's Report/Water Update
17. Discuss and Act on purchase of an additional pump
18. Executive Session
19. Open Forum
20. Adjourn

*Engineer
about 2 Permit Renewal
T.C. 22 - NO
Amend Permit
submit 2 T.C. 22
T.C. 22 Report - must get
a Permit
- additional report - see
must & pay app fee
is New App
* line @ land across 1 mi downstream*

*see Jesse
Patsy, Brandon*

Gillespie, Exhibit F, page 1
Avalon Water and Sewer Service Corp

**Board of Directors Meeting
March 8, 2012**

MINUTES

The Board of Directors of Avalon Water and Sewer Service Corporation met for their regularly scheduled meeting at the First Baptist Church Avalon, Texas 7:00 pm on Thursday March 8, 2012.

Directors present for this meeting were Patsy Russell, Robin Donaldson, Denice Wimbish, Harrison Romero, Avalon employee Gregg Rodriguez and Dean Carrell Sewer Plant Consultant, Wendy Frank Assistant to Dean Carrell. Present from HILCO Electric Cooperative was Kent Smith Water Operations Manager and Abby Bason Water Customer Service Representative.

Meeting was called to order at 7:10 p.m. by Board President Patsy Russell and determined the presence of a quorum.

There were two members present Marcia & Carol Gillespie. Visitors present were Cindy Sutherland with the Neo-Tribune of Italy and Scott Hoelzle with KSA.

With a motion by Harrison Romero, David Waishes was appointed to fill John Goodwyn's unexpired term. Second by Denice Wimbish, motion carried unanimously.

Minutes of the Special Meeting held January 5, 2012 were approved with a motion by Harrison Romero, second by Denice Wimbish. Motion carried unanimously.

Minutes of previous meeting of February 9, 2012 approved with a motion by Harrison Romero, second by Robin Donaldson. Motion carried unanimously.

Harrison Romero made a motion to approve the financial report for payment of current expenses, second by Denice Wimbish. Motion carried unanimously.

Harrison Romero made a motion to approve the repair invoices, second by Robin Donaldson. Motion carried unanimously.

Dean Carrell updated the Board on the sewer plant; stated smoke test had been done and machine returned, advised that there were several areas of concern. There was four thousand gallons of sludge taken to the Italy plant. Upgrades on sewer plant are going well. Scott Hoelzle with KSA stated that permit renewal was denied by TCEQ; permit was amended and done as a new permit increasing gallonage to forty thousand per day from twenty-five thousand per day. Application/administration fee will be approximately three hundred and fifty dollars.

Gillespie Exhibit F, page 2

President Patsy Russell advised Board that USDA Loan was pulled due to nothing being done. Patsy asked that Item #13 of the agenda concerning the Gillespie Land Purchase be discussed in Executive Session.

Harrison Romero made a motion to hire Attorney Jesse Munguia, second by Denice Wimbish. Motion carried unanimously. Attorney Munguia advised Board that there usually was a one hundred twenty-five dollar retainer but in this case will bill monthly at two hundred dollars an hour. Contract will be presented at April's Board meeting.

Harrison Romero made a motion to hire Everett Russell III (Trey) to help Gregg with reading meters and Trey will be paid ten dollars an hour, second by Robin Donaldson. Motion carried unanimously.

Issue of Health Insurance for Employee Gregg Rodriguez was tabled.

Kent Smith informed Board that a Matt Hamilton had asked about a meter(s) near Scott Green's and since we still owe Scott Green meters he told Mr. Hamilton we could not provide him with a meter at this time.

Harrison Romero made a motion to purchase an additional pump, second by Robin Donaldson. Motion carried unanimously.

Board went into Executive Session at 7:45 pm, returned from Executive Session at 8:25 pm. Patsy Russell stated that after discussion with attorney the Board had agreed to go ahead and practice their right with eminent domain. There will be an appraisal done to find fair market value for varying buffer zone of five hundred to eight hundred feet. There will be a letter sent to surrounding land owners advising them of the findings and offer.

With there being no further business the meeting was adjourned at 8:30 p.m. with a motion by Robin Donaldson, second by Denice Wimbish. Motion carried unanimously.

APPROVED BY THE BOARD OF DIRECTORS THIS ____ DAY OF ____ 2012.

Patsy Russell, President

Robin Donaldson, Sec/Trea

TCEQ EXIT INTERVIEW FORM: Potential Violations and/or Records Request				
Regulated Entity/Site Name		Avalon Water Supply & Sewer Service Corp.		
Investigation Type		TCEQ Add. ID No.		WQ0013987-001
Regulated Entity Contact		Compl	Contact Made In-House (Y/N)	Y
		Purpose of Investigation		Complaint Investigation
		Mr. Gregg Rodriguez	Telephone No.	214-669-1865
		Avalon Operations Manager	FAX #/Email address	avalonwater@yahoo.com
			Date Contacted	8/29/2013
			FAX/Email date	9/10/13

NOTICE: The information provided in this form is intended to provide clarity to issues that have arisen during the investigation process between the TCEQ and the regulated entity named above and does not represent final TCEQ findings related to violations. Any potential or alleged violations discovered after the date on this form will be communicated to the regulated entity representative prior to the issuance of a notice of violation or enforcement. Conclusions drawn from this investigation, including additional violations or potential violations discovered (if any) during the course of this investigation, will be documented in a final investigation report.

For Records Request, identify the necessary records, the company contact and date due to the agency. For Alleged and Potential Violation issues, include the rule in question with the clearly described potential problem. Other type of issues: fully describe.

No.	Type ¹	Rule Citation (if known)	Description of Issue
1	AV	30 TAC 305.125(5)	Failure to properly maintain the wastewater treatment plant. Specifically, the discharge pipe was observed to be broken and exposed prior to Outfall 001, and the pooling of water around the exposed broken pipe may indicate a partial obstruction in downstream pipe to receiving stream.
2	AV	30 TAC 317.7(e)	Failure to properly secure the plant. Prior to the investigation, the main gate to the plant was open with no personnel on-site.
3	AV	30 TAC 305.125(1)	Failure to properly install the flow measuring device. Flow measurement must be taken after the final treatment unit as required by discharge permit.
4	O		The old effluent line from the pond system is currently plugged using a stopper with a piece of wood attached, should it come loose. It is strongly recommended the facility properly remove or plug the old effluent line if there is no operational need for the old effluent line from the storage ponds.

Note 1: Issue Type Can Be One or More of: AV (Alleged Violation), PV (Potential Violation), O (Other), or RR (Records Request)

Did the TCEQ document the regulated entity named above operating without proper authorization?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Did the investigator advise the regulated entity representative that continued operation is not authorized?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Document Acknowledgment. Signature on this document establishes only that the regulated entity (RE) representative received a copy of this document and associated continuation pages on the date noted. If contact was made by telephone, the document will be sent via FAX or Email to RE; therefore, the RE signature is not required.

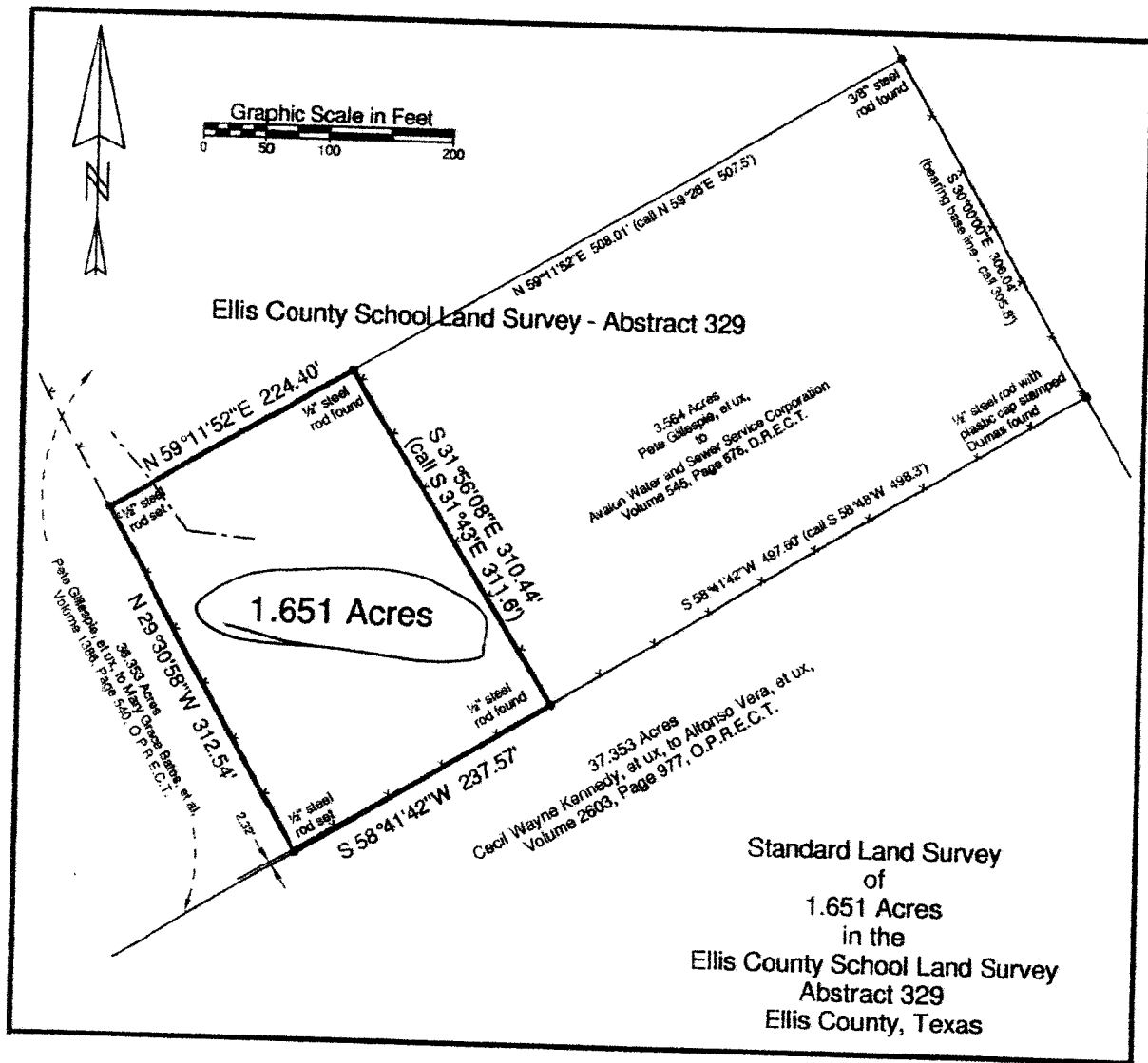
Carol Moulton	9/10/13	
Investigator Name (Signed & Printed)	Date	Regulated Entity Representative Name (Signed & Printed)
		Date

If you have questions about any information on this form, please contact your local TCEQ Regional Office. Individuals are entitled to request and review their personal information that the agency gathers on its forms. They may also have any errors in their information corrected. To review such information, call 512/239-3282.

White Copy: Regulated Entity Representative

Yellow Copy: TCEQ

Gillespie Exhibit H, page 1



Gillespie Exhibit H, page 2



of
1.651 Acres
in the
Ellis County School Land Survey
Abstract 329
Ellis County, Texas

(2)

FIELD NOTES for Avalon Water Supply

Job no. A - 14050

BEING a part of the Ellis County School Land Survey, Abstract 329, Ellis County, Texas, and a part of the tract described in deed from Pete Gillespie, et ux to Mary Grace Bates, et al, recorded in Volume 1386, Page 540, Official Public Records, Ellis County, Texas and being more particularly described by its metes and bounds as follows;

BEGINNING at a 1/4 inch steel rod found on the southeast corner of said Bates tract, the northwest line of the tract described in deed from Cecil Wayne Kennedy, et ux, to Alfonso Vega, et ux, recorded in Volume 2603, Page 977 of said Official Public Records and at the most south corner of the tract described in deed from Pete Gillespie, et ux, to Avalon Water and Sewer Service Corporation, recorded in Volume 545, Page 676, Deed Records of said County;

THENCE S 58°41'42" W, with the common line of said Gillespie and Vera tracts, generally along a fence, 237.57 feet to a 1/2 inch steel rod set;

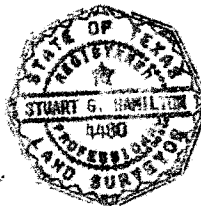
THENCE N 29°30'58" W, generally along a fence, 312.54 feet to a 1/2 inch steel rod set;

THENCE N 59°11'52" E, 224.40 feet to a 1/2 inch steel rod found at the most westerly corner of said Corporation tract;

THENCE S 31°56'08" E, with the southwesterly line of said Corporation tract, generally along a fence, 310.44 feet (call S 31°43' E, 311.6 feet) to the point of beginning and containing approximately 1.651 acres of land.

I declare that the plat and field notes hereon are the representation of an actual and accurate survey made on the ground on 1 April 2014 and that corner monuments were found or set under my personal supervision. The bearings recited hereon are based on the northeast line of the tract described the deed to the Avalon Water and Sewer Service Corporation tract described in deed recorded in Volume 545, Page 676, Deed Records, Ellis County, Texas. According to the Federal Emergency Management Agency, Flood Insurance Rate Map Number 48139C0500 F, dated June 3, 2013, for Ellis County, Texas and Incorporated Areas, this tract is not within a special flood hazard area inundated by 100-year flood. This survey is for the benefit of Avalon Water and Sewer Service Corporation.

Stuart G. Hamilton
Registered Professional Land Surveyor
Number 4480



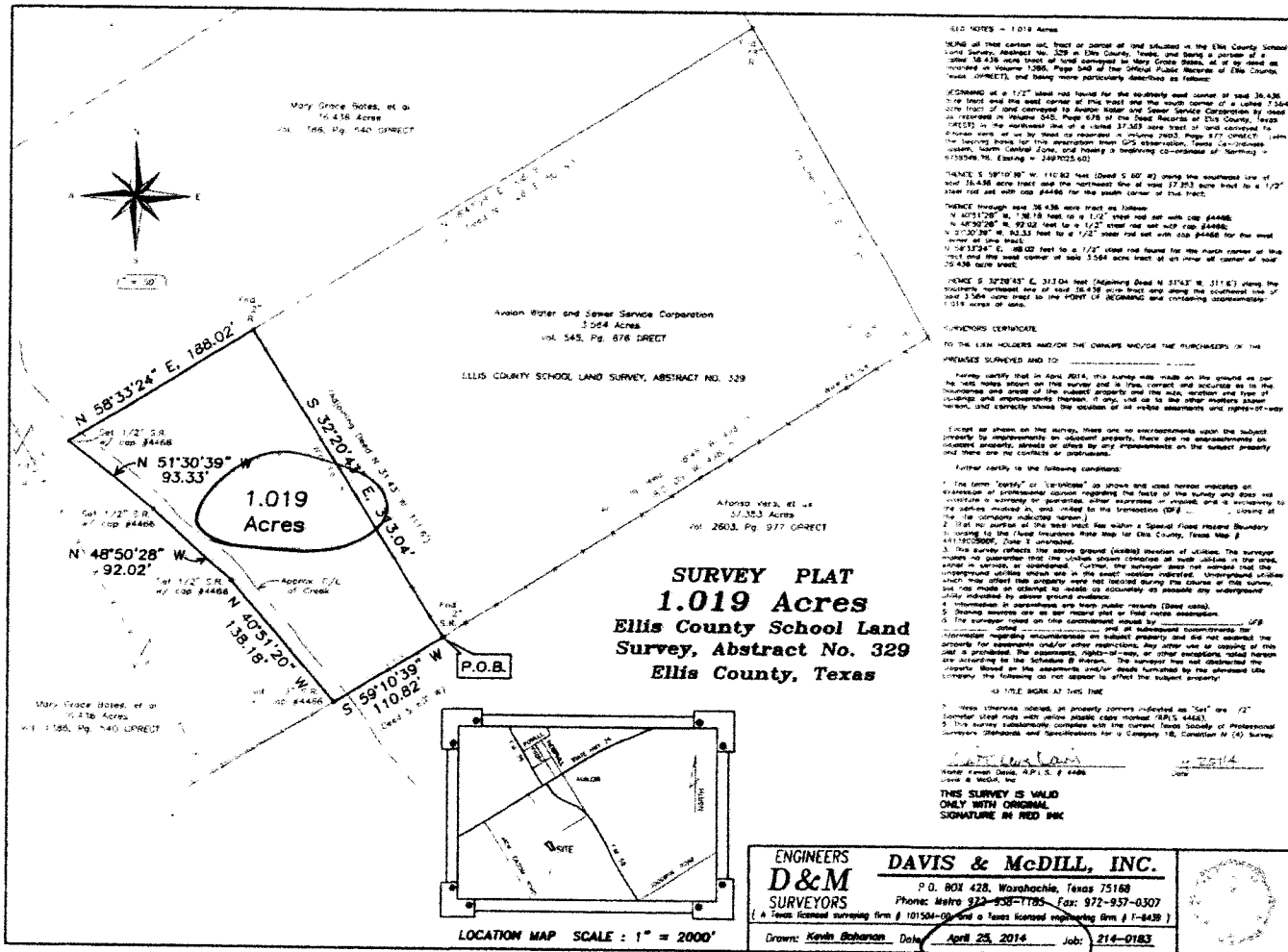
Copy 5 of 6 signed on APR 03 2014

DRAWN BY: sgh JOB NO. A - 14050

**ELLIS ASSOCIATES
SURVEYORS**

272 N. COLLEGE
WAXAHACHIE, TEXAS 75165 Ph. 972.857-7474

Gillespie Exhibit I,



Gillespie Exhibit J

2014 MAY -8 PM 12:56

FILED FOR RECORD
CINDY POLLEY

ANALOG WATER SUPPLY & SEWER SERVICE COMBIS COUNTY CLERK

TO: SEE FILE

FROM: CINDY POLLEY

DATE: MAY 8, 2014

RE: SEE FILE

URGENT NOTICE OF AGENDA TO AGENDA FOR DIRECTOR
MEETING OF MAY 8, 2014

The following items are listed in the agenda for the Board of Directors
Meeting scheduled for May 8, 2014.

Agenda items are listed in the agenda for the Board of Directors
Meeting scheduled for May 8, 2014.

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Meeting scheduled for May 8, 2014.

Gillespie Exhibit K

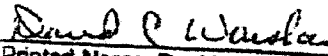
Avalon Water Supply and Sewer Service Corporation

Corporate Resolution

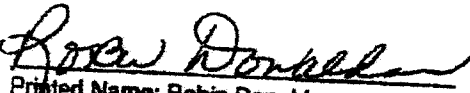
The undersigned, being all members of the Board of Directors of Avalon Water Supply and Sewer Service Corporation, a Texas corporation (the "Company"), acting pursuant to the provisions of Section 6.201 of the Texas Business Organizations Code, adopt by consent the following resolution:

RESOLVED that Ed Hettinger, Manager of the Company, is authorized to execute and deliver, on behalf of and in the name of the Company, any agreements, documents or instruments, and to take or cause to be taken any action necessary or appropriate in connection with that certain Farm and Ranch Contract executed as of May 5, 2014, by and between Carol Gillespie, Marcia Gillespie and Mary Grace Gillespie Bates, as Seller, and Avalon Water Supply and Sewer Service Corporation, as Buyer, (the "Contract") for the property described in that Contract (the "Property") or to accomplish the purchase of the Property by the Company, in the form and with the provisions that Ed Hettinger may deem proper.

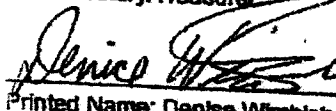
Executed as, but not necessarily on, May 8, 2014.


Printed Name: David C. Waishes
Its: President



Printed Name: Jacob Carter
Its: Vice-President


Printed Name: Robin Donaldson
Its: Secretary/Treasurer


Printed Name: Manuel Rodriguez
Director


Printed Name: Denise Wimble
Director


Printed Name: Gary Low
Director


Printed Name: Ricky Johnston
Director

Gillespie Exhibit L

AVALON WATER AND SEWER SERVICE CORPORATION

BOARD OF DIRECTORS MEETING

May 8, 2014

MINUTES

Call meeting to order, determine presence of a quorum, and declare notices legally posted pursuant to Open Meetings Act.

- The Board of Directors of Avalon Water and Sewer Service Corporation met for their regularly scheduled meeting at the First Baptist Church, Avalon, Tx at 7:00 p.m. on Thursday, May 8, 2014.
- Directors present were Jacob Carter, Gary Low, Robin Donaldson, Manuel Rodriguez, Ricky Johnston and Denice Wimbish. Also present, General Manager, Ed Hettinger and Operations Manager Gregg Rodriguez.
- Visitors present were Candice Brewster and Jan Hettinger.

1. Vice President Jacob Carter, called the meeting to order at 7:00 p.m. A quorum was declared present. General Manager stated notices were legally posted according to TOMA. An emergency agenda item for the meeting was posted at 2:12 p.m., on May 8, 2014, meeting the minimum two hour time required by TOMA.
2. Visitors comments and concerns
 - Candace Brewster, stated several times that the item added was not an emergency item. Ed Hettinger stated that it was an emergency item. Candace also stated that the grievance form approved at the last meeting was not on the agenda. The grievance form will be on next month's meeting agenda to approve.
3. Review minutes of regular meeting of April 10th and accept or amend.
 - Motion made by Gary Low to accept the minutes as written. Second by Manuel Rodriguez. Motion passed unanimously.
4. Review financial report and accept or amend.
 - Jan presented the financial report. Motion made by Manuel Rodriguez to accept the report. Second by Denice Wimbish. Motion passed unanimously.
5. Replace Ricky Johnston on Credentials Committee since he will be up for re-election next year.
 - Gary Low volunteered to serve on the Credentials Committee.
6. Discuss interior refinishing of large storage tank.

Gillespie Exhibit M
AVALON WATER AND SEWER SERVICE CORPORATION
BOARD OF DIRECTORS SPECIAL MEETING

May 15, 2014

MINUTES

Call meeting to order, determine presence of a quorum, and declare notices legally posted pursuant to Open Meetings Act.

- The Board of Directors of Avalon Water and Sewer Service Corporation met for a special meeting at the First Baptist Church, Avalon, Tx at 7:00 p.m. on Thursday, May 15, 2014.
- Directors present were Gary Low, Robin Donaldson, Manuel Rodriguez, Ricky Johnston and Denice Wimbish. Also present, General Manager, Ed Hettinger and Operations Manager Gregg Rodriguez.
- Visitors present were Candice Brewster, Chris Brewster, Marcia Gillespie, Carol Gillespie, Jimmy Brown and Victor Ledesma.
- Board member Gary Low acting as presiding officer, called the meeting to order at 7:00 p.m. A quorum was declared present. General Manager stated notices were legally posted according to TOMA.
- Approve and sign corporate resolution related to purchase of land adjacent to Waste Water Treatment Plant.
 - Manuel Rodriguez made a motion to approve and sign the corporate resolution to purchase the land adjacent to the Waste Water Treatment Plant. Motion second by Ricky Johnston. Motion passed unanimously.
 - Carol Gillespie asked that the resolution be read aloud.
- Open forum. Each speaker limited to three minutes.
 - Victor Ledesma stated that he has water meters at two different locations. He has concerns about high and/or inconsistent bills. He will be added to the next meeting's agenda.
 - Chris Brewster stated concerns regarding the board following TOMA rules. Presiding director, Gary Low stated that he is new to the board, and that TOMA rules will be closely followed.
 - Candace Brewster stated that a board officer should be presiding over the meeting.
 - Jimmy Brown asked to be put on the next meeting's agenda concerning ongoing rental property water bills/past due issues that were not resolved while he was on the board due to conflict of interest.

Gillespie Exhibit N

AVAILON WATER SUPPLY AND SEWER SERVICE CORP.
AVAILON, TEXAS

Officers

David Weisfries, President
Jacob Carter, Vice-President
Robert Donaldson, Secretary/Treasurer

Directors

Denise Wimbish
Manuel Rodriguez
Ricky Johnston
Gary Low

Notice of Monthly Meeting for August 2014

The regular meeting of Avilon Water Supply And Sewer Service Corp. will be held at the First Baptist Church, 206 Giles St., Avilon, Texas on Thursday August 14, 2014 at 7:00 PM.

I. Call meeting to order:

- verify presence of quorum
- declare notices legally posted according to TORMA

2. Corporate Minutes: All minutes listed under this section, are considered to be minutes by the Board of Directors and will be accepted and approved by the Avilon. Approval of the Corporate Minutes authorizes the General Manager to execute all matters necessary to implement or make suggested changes to each item. There may be separate discussion of these items and any item may be removed from the Corporate Agenda for separate discussion and consideration by any member of the Board.

- Operation Manager's report **
- General Manager's report **
- President's report **
- Minutes of Regular Meeting of April 10, 2014 **
- Financial report **

3. Action Agenda: The Board reserves the right to all matters listed under this section to take action by motion and vote. All action including but not limited to: motions, amendments, approval or rejection of reports or to be considered appropriate by the members of the Board.

- Appointment of Jim Williams to fill the vacant seat on the Executive Committee
- Amendments to the Avilon Water Supply and Sewer Service Corp. by the Board of Directors
- Amendments to the Avilon Water Supply and Sewer Service Corp. by the Board of Directors
- Amendments to the Avilon Water Supply and Sewer Service Corp. by the Board of Directors

4. Open Public Hearing: Notice to Hold Public Hearing: The Board of Directors has determined that it is necessary to hold a public hearing on the agenda item the Board of Directors has determined.

II. Adjournment

The Board of Directors of Avilon Water Supply and Sewer Service Corp. has determined that it is necessary to hold a public hearing on the agenda item the Board of Directors has determined. The Board of Directors has determined that it is necessary to hold a public hearing on the agenda item the Board of Directors has determined.

By the Board of Directors of Avilon Water Supply and Sewer Service Corp. on this 14th day of August, 2014.

[Signature]

Gillespie Exhibit O

AVALON WATER SUPPLY AND SEWER SERVICE CORP

PO Box 70

Avalon, Texas 76623
Phone: 972-627-0044

AGENDA

Officers

David Waishes, President
Jacob Carter, Vice-President
Robin Donaldson, Secretary/Treasurer

Directors

Denice Wimbish
Gary Low
Jimmy Brown
Matilda Williams

**NOTICE OF MEMBER MEETING AND ELECTION FOR
AVALON WATER SUPPLY AND SEWER SERVICE CORPORATION**

To All Members:

The annual meeting of Avalon Water Supply and Sewer Service Corporation will be held at the First Baptist Church, 206 Giles St., Avalon, Texas, on Monday March 9, 2015. The governing body of Avalon Water Supply and Sewer Service Corp. reserves the right to adjourn into closed session at any time during the course of this meeting to discuss any of the matters listed in this agenda, in the order deemed appropriate, and authorized by Texas Government Code 551, or to seek the advice of an attorney on any matter in which the duty of the attorney to Avalon Water Supply and Sewer Service Corporation under Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflict with Texas Government Code Chapter 551 or as otherwise may be permitted under 551.

Members who want to address the board or the membership must sign in on a separate sheet provided by the presiding director indicating the topic they wish to discuss. Members will be given three minutes each to speak.

No motions may be accepted or action taken on issues brought up at the meeting from the floor. All action items must have been included on the posted agenda. Members can request that items be placed on the agenda for future annual (or special) member meetings or for future meetings of the Board of Directors. This limitation is required by the public notice requirements of the Texas Open Meetings Act and is not an attempt to limit any member's access to address an issue to the Board of Directors or the membership.

AGENDA FOR MEMBERS' MEETING

1. Presiding director calls the meeting to order at 7:00 p.m., and request verification of quorum being present and declares notices legally posted according to TOMA.
2. President's report.
3. Review 2013 Auditor's report.

Gillespie Exhibit P

Water board members resign

By CURT W. OLSON
Texas Budget Source

AUSTIN, Texas — Two board members, including long-time water board leader Patsy Russell, have resigned as directors from the Avalon Water Supply & Sewer Service Corp.

It's unknown if Russell and Santos Munguia stepped down because of their relationship to the board's new attorney, Jesse Joe Munguia.

Jesse Joe Munguia was recently hired as the AWS&SSC's attorney, and

Santos is an uncle and Russell is a grandmother.

Russell has been connected with the Avalon water board in some capacity for many years, serving as both president and vice president.

AWS&SSC directors replaced Russell and Munguia with two members of the Avalon Volunteer Fire Department: Jimmy Brown and Jeremy Langley, a meeting attendee reported to Texas Budget Source.

The main purpose for Monday's meeting was for

the board to meet in executive session and respond to allegations of open meetings violations. Those allegations generated from three letters by Carol Gillespie, owner of property that abuts AWS&SSC land, sent to Ellis County District Attorney Patrick Wilson.

The water board is pursuing her property by eminent domain.

However, Gillespie has chronicled several violations of the Texas Open Meetings Act.

Ellis County Assistant District Attorney W. Lee Auvenshine has requested a response from the Avalon water board by Friday.

Curt Olson is a journalist with Texas Budget Source, a nonprofit journalism project of the Austin-based Texas Public Policy Foundation, with funding from the Franklin Center for Government and Public Integrity. Texas Budget Source is on Facebook and Twitter @TXBudgetSource.

Continued fr

time outdoor special Events C Moore said.

The Movie is presentist Health Sy movie showi The other shi Muppets" or Surfer" on Ju phin Tale" Methodist He also provide to keep the n til after sunse

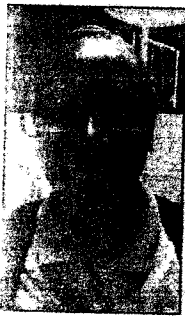
"We're s lucky to hav sponsor to n possible for years," Moon

Fitness 101: Maintaining femininity

Several weeks ago I was working an event, as I was preparing for an interview, a young woman took one look at me and said, "Wow! You're really buff."

I know she meant it as a compliment, but I wasn't quite sure how to react. In the end, I thanked her and went on about my business.

Then, just last weekend, while covering another at, I was talking with a gentleman and we touched on the subject of working out. I shared with him about the fact that I have a personal trainer, and his comment to me was "You don't look



MELISSA CADE
STAFF WRITER

feminine look, while trying to get into shape. Naturally, I needed to consult Daniel Ortiz my personal trainer. Although he exudes masculinity, he deals with a lot of female clients, so I felt I could receive some great feedback from him. And he did not disappoint.

The first thing he said to me is that he was thankful that I brought up the topic.

"There are so many women out there who feel exactly like you," Ortiz said. "In fact, before we pick up the first weight or even begin our training, the first thing out a female's mouth is 'I don't want to get too big, and I don't want to look like a man.'"

He added that for the most part, the majority of women will not have to be concerned with looking like men, because of their genetic make up. But for those of us who have been genetically gifted with automatic muscle definition, there are certain things we have to take into consideration while working out.

"If you happen to be one

"Working out hard won't turn you into a female hulk," he said. "Decreasing the repetitions and adding weights builds muscles. So do more repetitions with lighter weights if you want to build strength without adding bulk."

One of the other keys to maintaining your feminine look, while working out is to eat properly Ortiz said.

"If you eat like an elephant, then you need to move like a cheetah," he said.

"Hydrating and eating a well-balanced diet of lean protein, fresh vegetables and fruits, whole grains and essential fatty acids plays an important role in the way you look."

He added that by eating healthier it will help our skin keep that shine and supple look. The layer of fat we women carry between



Ortiz

guishes us from men is the hourglass shape where our waist curves in between our ribs and our hips. Ortiz said women tend to gain weight around their middle as they get older, and it's the hardest area to lose weight.

"Your body stores fat in two places on your abdomen, under the skin and deep within the abdominal cavity," he said. "One is subcutaneous fat, and the other is visceral fat. Working your abs and obliques, and strengthening your core can firm and tighten the midsection."

His last piece of advice is to be fearless.

"Don't be afraid to test your limits, and push yourself," Ortiz said. "If you find yourself looking less feminine than you wish, work out with lighter weights, decrease your weight-bearing and strength training, and step up your stretching and endurance."

I guess after all of this newfound knowledge, I should be thankful for my genetic disposition, because

Mar

Continued fr

allowed us to gleton Plaza or eight week because we hu street. It was dors. Well we have this pro because we ar a covered area

Williamson location is 41 in the old lum in across the hall. The mar grand opening Franklin Stree historic court mote the new market will m ly to the new b May 26.

The marke from 8 a.m.-1 urday and run to October.

"We plann opening for F because I was area would be like it is goin wanted to be

Gillespie Exhibit Q

AVALON WATER AND SEWER SERVICE CORP

5 E Main
Box 246

Itasca, Texas 76055
Phone: 254-687-2331
Fax: 254-687-2428

AGENDA

Officers

David Waishes, President
Jimmy Brown, Vice-President
Robin Donaldson, Secretary/Treasurer

Directors

Denice Wimbish
Harrison Romero
Manuel Rodriguez
Jeremy Langley

Notice of Monthly Meeting for October 2012

To All Members:

The regular meeting of Avalon Water and Sewer Service Corporation for October 2012 will be held at the First Baptist Church, 206 Giles St., Avalon, Texas, on Thursday October 11, 2012 at 7:00 p.m.

The agenda for the meeting is as follows:

1. Call meeting to order and determine presence of a quorum
2. Visitor's concerns and comments
 - Charla Sparks - High bill in November 2011
 - Cinda Maples - \$20 late fee for being 12 hours late
 - Debra Wakeland - High bill due to leak (Thomas Baxter)
3. Review and approval of minutes of previous meeting September 13, 2012
4. Review and approval of repair invoices
5. Review and approval of financial report for payment of current expenses
 - CD renewal - matures on October 19, 2012
6. Attorney's Report
7. President's Report
8. Sewer Update/Waste Water Treatment Plant Improvements
9. Managers Report/Water Update
 - Discuss and Act on Well #1 Repairs
 - Meter set on Armstrong Road
10. Review and approval of August 20, 2012 Special Called Meeting
11. Confirm cease management transition timeline
12. Executive Session
 - Legal brief concerning waste water treatment site
 - Land appraisal
 - General Manager designation
13. Open Forum
14. Adjourn

Avalon Water and Sewer Service Corp

**Board of Directors Meeting
October 11, 2012**

MINUTES

The Board of Directors of Avalon Water and Sewer Service Corporation met for their regularly scheduled meeting at the First Baptist Church at 206 Giles St., Avalon, Texas 7:00 pm on Thursday October 11, 2012.

Directors present for this meeting were David Waishes, Jimmy Brown, Robin Donaldson and Denice Wimbish. Jesse Munguia Attorney was also present. Present from HILCO Electric Cooperative was Debra Cole General Manager, Kent Smith Water Operations Manager and Abby Bason Water Customer Service Representative.

Meeting was called to order at 7:00p.m. By Board President David Waishes and determined the presence of a quorum.

There were two members present Marcia & Carol Gillespie. Also present Contractor Dean Carroll and Wendy Frank and Kevin McDonald Attorney & Agent of Jesse Munguia.

Charla Sparks concern on high bill was dismissed due to lack of concern on member's part since she did not attend meeting when she had asked to be put on agenda, motion made by Jimmy Brown, second by Robin Donaldson. Motion carried unanimously. Cinda Maples request for \$20 late fee to be removed was denied, motion made by Jimmy Brown, second by Denice Wimbish. Motion carried unanimously. Debra Wakeland's request for adjust to her bill due to leak on customer's side, David Waishes had received a letter on this, Jesse Munguia will answer Ms. Wakeland's letter. Motion made by Jimmy Brown, second by Robin Donaldson, motion carried unanimously.

Jesse Munguia asked that Executive Session be moved up to number 3 position so Mr. Kevin McDonald could give his presentation to Board.
Board went into Executive Session at 7:29 pm, out of Executive Session at 8:25 pm.
Jesse Munguia advised discussion in Executive Session is under Attorney Client Privilege.

Minutes of previous meeting of September 13, 2012 were approved with a motion by Jimmy Brown second by Denice Wimbish. Motion carried unanimously.

Jimmy Brown made a motion to approve repair invoices, second by Robin Donaldson. Motion carried unanimously.

Jimmy Brown made a motion to approve the financial report for payment of current expenses, second by Robin Donaldson. Motion carried unanimously. Denice Wimbish made a motion to renew October 19, 2012 maturing CD for 24 months, seconded by Jimmy Brown, motion carried unanimously.

President David Waishes had nothing to add to President's Report.

Gillespie Exhibit R, page 2

Dean Carroll advised that there was one violation issued and it had to do with making sewer rounds and writing down dates and times this was done. Mr. Carroll advised this has been addressed. Smoke test machine has been received (10-10-12), will need six people to do work for six-seven hours. Debra Cole with HILCO stated HILCO could send help and also mail notices but need specific information and contact telephone numbers as to when this will be done, Wendy Frank stated they could do notices. Jimmy Brown also said he could provide help.

Dean Carroll stated permit is not finished it has been on hold but looks like it will be the 75/90 rule, also need an Engineer. Information was given to Jesse Munguia.

Kent Smith asked about decision on Well #1 Repairs, Jimmy Brown made a motion to plug well, second by Robin Donaldson. Motion carried unanimously. Kent Smith advised Board about a request for a meter on Armstrong Road, hydraulic study has already been done and it stands at 39 PSI. Jimmy Brown made a motion to OK setting a meter on Armstrong Road, second by Denice Wimbish. Motion carried unanimously.

Minutes of Special Called Meeting of August 20, 2012 were approved with a motion by Jimmy Brown, second by Robin Donaldson. Motion carried unanimously.

Mrs. Cole went over the cease management transition timeline; Jimmy Brown made a motion to accept transition timeline, second by Robin Donaldson. Motion carried unanimously.

With there being no further business the meeting adjourned at 9:56 pm with a motion by Jimmy Brown, second by Robin Donaldson. Motion carried unanimously.

APPROVED BY THE BOARD OF DIRECTORS THIS _____ DAY OF _____ 2012.

David Waishes, President

Robin Donaldson, Sec/Trea



KEVIN J. McDONNELL

ATTORNEY AT LAW

May 14, 2013

Office of the Chief Disciplinary
Counsel of the State Bar of Texas
The Princeton Building
14651 Dallas Parkway
Ste. 925
Dallas, TX 75254

Reference: *Carol Gillespie v. Kevin John McDonnell*

Dear State Bar of Texas:

"My name is David Waishes. I am above the age of eighteen years, and I am fully competent to make this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct.

"I was on the Board of Directors of the Avalon Water Board (Board) and attended the October 2012 board meeting (Meeting). This Meeting is the board meeting Mr. Kevin McDonnell presented himself to the Board in the special session. I was present in the special session and personally heard everything that was said by the Board and Mr. McDonnell.

"Mr. McDonnell was meeting with the Board on an accounting issue and was not at all legal in nature. Also, the Board and Mr. McDonnell did not discuss anything relating to the Gillespies or any other legal issues. Further, the Board has never retained Mr. McDonnell to provide legal services, the Board has never entered into an attorney client relationship with Mr. McDonnell, Mr. McDonnell has never provided legal services to the Board, Mr. McDonnell has never billed the Board for legal services, and the Board and Mr. McDonnell has never discussed any legal issues especially any legal

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Gillespie Exhibit S, page 2

issues regarding the Gillespies.

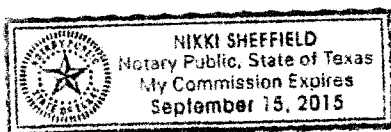
"Carol Gillespie spoke with me regarding this exact issue a month or so ago and I told her exactly the above, that Mr. McDonnell and the Board did not discuss anything related to the Gillespies directly or indirectly or any other legal issues. Therefore, I am confused as to why she is pursuing a complaint against Mr. McDonnell for activities I assured to her did not happen."

David Waishes

David Waishes

SIGNED under oath before me on

May 14, 2013



Nikki Sheffield
Notary Public, State of Texas