

MINUTES OF THE JANUARY 19, 2019 REGULAR SESSION MEETING
OF THE TWSD BOARD OF DIRECTORS

Attending the meeting were Chairman Joseph Mainello via phone, Vice Chairman Richard McMullen, Treasurer Lester "Brent" Henderson, Directors Michael Gonzalez and Clark Clement. There being a quorum present, the meeting was called to order by Vice Chairman Richard McMullen at approximately 10:00 AM.

Saluting of the flags was accomplished.

Approval of Agenda: Director Michael Gonzalez moved to approve the agenda as written. Director Clement seconded. There being no discussion, the vote was called. Vice Chairman Richard McMullen, Treasurer Lester "Brent" Henderson, Directors Michael Gonzalez and Clark Clement voted aye. The motion passed.

Old Business.

General Manager's Report. General Manager, Ronald Wyatt, gave his report.

There was an After Action Review to discuss the water outage on Monday. This meeting was to analyze what happened, why it happened and what we can do different in the future, if this type of event happens again.

An inspection company came up to inspect the bar. The inspection was not as bad as they anticipated.

The inspection on the Lodge is complete. The estimated cost is between \$20,000.00 - \$25,000.00. This only being for the outside concrete. If we want to do it right, we need to hire an architect or engineer to redesign the Lodge. A decision needs to be made if we want to hire an engineer to come look at the Lodge.

Work was completed on the Personnel Policy Manual, The GM wants the Board members to review and make changes as needed.

The golf course has a budget of \$32,000.00 we have \$11,000.00 left. We are currently looking where to spend this.

The OEM manual is complete and been approved by the Environmental Department. We are going to start developing MSDS sheets on all the chemicals we use.

Once everything is approved we will have 3 sources of water; the well, golf course well and the springs project.

Spoke with Rural Water and they will be here January 23 or 24, and will be here for 2-3 days to start hunting leaks.

Filtration plant was approved. We are waiting for the written approval from the Environmental Department.

Director Gonzalez asked if the Board could email a copy of the OEM Policy? GM stated, yes.

Audience member, Harvey English stated he was aware that a tanker was here to supply water, but was not so sure the water was potable. GM: It was potable water. English: It would have been nice to have cases of water; suitable for drinking. GM: we started with 100 - 150 cases of water at the maintenance shop. English: When you have critical parts such as the wiring harness, which should have been replaced years ago; should we not have kept these parts in stock? We all know electricity and water does not mix. Director Clement stated that we talked about stocking these items, but these items are readily available through the drilling company. We are not able to do anything until the contractor shows up.

Director Gonzalez stated the After Incident Review regarding the activities that transpired was done to learn from the event. To address the question regarding spare pumps, the Operations & Maintenance Plan addresses what equipment is considered critical to keep in stock.

Audience member Richard Rodriguez asked how much water was in the main tank when the pump went out. GM replied, it was full.

Audience member, Allen Burmeister asked if the OEM has preventative maintenance policies in it. GM replied, yes. Burmeister asked if there is a way to test the harness. Director Gonzalez stated they replaced the harness and the VFD gives detailed information on how it works.

Audience member Arden Schug stated the Asset Management Plan identifies critical items. The chlorine pump is a critical item, this is an item that should be kept in stock.

Treasurer's Report. Treasurer Henderson read the reconciled bank balances as of December 31, 2018: Checking Account \$62,343.94; Water Standby Savings Account \$22,398.32; Water Restricted Reserve Account \$18,661.28; Facilities and Services Savings Account \$194,234.56; USDA Debt Service Savings Account \$4,802.00; USDA Short Term Assed Repl Savings Account \$80,021.28; USDA Construction Loan Account \$849.12; First National Construction \$50.00.

Committee Reports.

Budget Committee: With the emergency repairs we did, it wiped out the Reserve Account. We have had 2 meetings this month, the most recent was on Thursday the 17th. The committee came up with a plan to move forward to overcome the hit the District took in the budget, with the water failure. The District was already in the red before the event happened. Some of the things the committee took into account, was the health insurance cost, it was a scheduled change, but the budget did not compensate for the adjustment. We know we need to rebuild the restricted reserve account. The total cost of the repairs could be up to \$42,000.00, and do expect additional costs to get the filtration system online. The good thing is, when the Springs project is online, they will be able to shut off the well and save on

electricity. They also looked at the asset management plan, as well as implementing a credit card plan to start collecting funds.

Audience member Harvey English, it's obvious that man power and maintaining the assets we already have is a problem. Can we put employees on 40 hour a week? Treasurer Henderson replied with, we would have to raise rates. English replied, good raise them; we need enough money to run this community in an efficient manner. Treasurer Henderson stated that this will need to be incorporated in next years budget. GM stated he agreed with everything Harvey said, there is a lot of stuff that needs to be replaced; everyone in the community can help with this by calling our State Legislators. We are currently working on increasing our mill levy.

Audience member Arden Schug suggested the Board needs to look into getting an offsite server. Treasurer Henderson stated they could use the Cloud as an offsite server. Schug stated the County just got a new one, we could use the same one they do.

By-Laws Committee: Vice Chairman McMullen stated in reference to the new law for the elections our issues with the by-laws are gone. The Board will receive a revised copy of the by-laws that eliminates any information related to elections. We should be able to get the first reading in for the Work Session in February. If anyone has questions contact the County Clerk or Attorney General.

Water Rules Committee: Chairman Mainello stated himself and previous Director Bovey, were on the previous committee, and it has fallen by the wayside. We need to regenerate a new committee to get moving along. He can send the information in digital form and can email everyone the information. Vice Chairman McMullen stated they need one Board member and 4 community members to volunteer for the committee. Vice Chairman McMullen volunteered to represent the Board. Chairman Mainello stated that Nan is our biggest resource. McMullen will get with Nan on Monday. Audience members Tash Robb, and Allen Burmeister volunteered to be on the committee.

Safety Committee: The GM stated they had a safety meeting on Tuesday and elected a new Safety Manager, Terry Montoya. Mr. Weaver resigned.

Audience member Richard Rodriguez asked what is the road detour that is put up on Sacramento? This pertains to safety, it needs to say "slow down construction ahead", you cannot see the signs this is a blind corner. Why can't the hole be filled back up so people can drive on it? GM replied, the County has not been notified, it is our responsibility to fix the problem. He will look for additional signs. Vice Chairman McMullen suggested we need to request signs from the County if we do not have them. He also asked if this repair is scheduled to be fixed? English stated there seems to be a pervasive policy to not finish jobs that need repaired. There should be rules and policies to finish jobs that are started. Why do we have to complain to get it done? GM replied they do not have a policy, They will do something next week to get this done. English asked if they should have a policy? GM replied, we probably should.

Inspection Committee: Director Clement stated the purpose of this committee was to look at what it would take to bring the Lodge and Bar up to State standards. Inspections have been done at both the Lodge and the Bar. They found that the concrete needs repaired and the approximate cost would be

\$20,000.00 - \$25,000.00. We are going to have a commercial builder give us a more accurate dollar amount. We had an electrical contractor look at the Lodge and they recommended we need an architect or engineer to design a plan. The Bar did not look as bad as they anticipated. All the leaks have been fixed but the flooring will need to be replaced.

Audience member Harvey English asked if the fire alarm system for the Lodge has it been corrected? Director Clement replied, yes it is fixed.

Audience member Arden Schug asked who is responsible for the septic system at the Bar? Director Clement replied, we are discussing this item at the next meeting with the Bar Board.

Discuss budget and cost reductions to implement. The GM stated they developed some measures to cut costs. All hourly employees will start working 36 hours a week. No overtime will be approved unless it is required for a major blow-out. Leaks will be fixed during the regular work schedule, unless they are close enough to be done before the operators go home, if not they will be fixed the next morning. They are also negotiating the pay rate of the level 4 operator. We either have to cut back or have a lay-off; nobody wants to have a lay-off. They are going to implement these changes for the next 30 days and reevaluate it from there. They feel like these changes will show some substantial improvement.

Audience member Richard Rodriguez asked if they would accept volunteers? GM replied, absolutely. Director Gonzalez stated they need to do a better job of letting the volunteers help in the future.

Audience member Mary Gonzalez asked if the money they are going to collect with the 2% increase go to hiring people that want to work? She is willing to pay extra for better service.

Audience member Harvey English asked what caused the shortage of budget. Treasurer Henderson stated it was a combination of a few things, such as an increase of leak repair overtime and the repair of the well. They need to rebuild the Reserve Account back up. Director Clement stated they have a stable population but do not have stable income. Henderson stated they are in the process of preparing a policy to go after the accounts that are in arrears. They need the policy to be consistent. Clement stated they are owed between \$700,000 - \$800,000.00; the arrears is something they need to get serious about.

Audience member Tash Robb commented that it would be a good idea to use AmeriCorps to insure the volunteers. The Board stated, good point

Discuss breakdown of mill levy. GM stated a list of the legislators was handed out at the beginning of the meeting. Currently our mill levy is 9.8% we would like to increase it to 15%. It would be highly beneficial if everyone in the community would call the list of legislators to ask for the increase in mill levy; this is the only way we are going to get an increase, by having the community back it up. Treasurer Henderson stated that all the legislators all get together to review the projects and decide if they will be funded. They decide among themselves, where the funding will come from. Its important to make them familiar with the funds that we are requesting. Audience member Arden Schug commented that what

Treasurer Henderson is talking about is capital improvements. We are talking about 2 different subjects, the water and the tax side.

Discuss list of Legislators to assure they are current/correct and distribute to community. Four talking points were developed to lobby with legislators to start replacing the lines in the water system. We need the Board members and the community to call or email each legislator to make them aware of the communities concerns.

Discuss/Approve proposed 2% water rate increase. Treasurer Henderson stated that water providers like ourselves can implement a 2% increase without a hearing. The restrictions are: good standing with all rules, no increases in the last 12 months, a notification sent in the users bill or separate notification sent 30 days prior to the increase. There has not been an increase since 2016. If the district wants to raise it higher the Board will have to go through a hearing process. Audience member Mary Gonzalez made a good point about the 2% not being nearly enough, but it's a start. It would bring an additional \$4,794.00 the first year. It is good practice to have an automatic increase each year to compensate for inflation. By the time we get done with the 2% increase we will know if the mill levy was approved. To meet our goals for the future in the Asset Management Plan, the additional budget is needed.

Audience member Mary Gonzalez asked if there has been any discussion of increasing standby and F&S fees? Vice Chairman McMullen stated the F&S is dealing with general fund and the Standby is dealing with the water. There has not been an increase since 2013. We can add this discussion to the February Agenda.

Audience member Arden Schug stated that when we went into receivership, we received an emergency water increase, can we do something like this again? On the age report how far are we behind in getting the water bills paid. Treasurer Henderson stated they will have to look into this. The GM stated they have been adjusting and watching the late bills. Vice Chairman McMullen stated they can have this available at the next Work Session meeting. Director Gonzalez stated the Auditor felt like 50% of the funds would be recoverable.

Director Clement made a motion to approve the 2% water rate increase. Director Gonzalez seconded. There being no discussion. Chairman Joe Mainello, Treasurer Lester "Brent" Henderson, Directors Michael Gonzalez and Clark Clement voted aye. The motion passed.

Discuss/Approve bid recommendation for Carissa Springs project by Lisa Campbell. The GM stated that this is to get Carissa Springs project ready to go online. The scope of the project is provide water to the plant at 500 gallons a minute. The cost of the project minus engineering fees is \$154,471.85. They are scheduled to start Monday or Tuesday; and will finish the project the end of February or middle of March. This project will expire by the end of June.

Director Clement made a motion to approve the bid recommendation of \$154,471.85 by Lisa Campbell for the Carissa Springs project. Chairman Mainello seconded. There being some discussion. Chairman Joe Mainello, Treasurer Lester "Brent" Henderson, Directors Michael Gonzalez and Clark Clement voted aye. The motion passed.

Audience member Arden Schug asked if they came out to check if there was enough water. GM stated, this has been done already.

Discuss/Approve Chairman's report on discussion with attorney (community petition for removal of Director). Director Clement stated the water Board has no authority to act on this petition. Treasurer Henderson stated the statute is clear the petition needs to be handed back to Mary Gonzalez and handled by the District Court. Chairman Mainello stated the Board's hands are tied on this issue; everything has to go through the Court. The New Mexico court system is extremely slow, it could take years before it goes to Court. We have less than a year before the elections will come up. Having this in court could last much longer. This would not be to the advantage of the Board to hire a lawyer with the legal fees.

Director Clement made a motion to hand the petition back to Mary Gonzalez and not take any further action. Treasurer Henderson seconded. There being no discussion. Chairman Joe Mainello, Vice Chairman McMullen, Treasurer Lester "Brent" Henderson and Director Clark Clement voted aye. Director Michael Gonzalez abstained. The motion passed.

New Business.

Approve January 15, 2019 Work Session Meeting Minutes. Treasurer Henderson moved to approve the minutes as written and dispense with the reading. Director Clement seconded. Chairman Joseph Mainello, Vice Chairman Richard McMullen, Treasurer Lester "Brent" Henderson, Directors Michael Gonzalez and Clark Clement voted aye. The motion passed.

Approve Resolution 2019-006, December 31, 2018 (second quarter) Financial Report for DFA. Director Gonzalez made a motion to approve Resolution 2019-006, December 31, 2018 (second quarter) Financial Report for DFA and USDA. Treasurer Henderson seconded. There being no discussion. Chairman Joe Mainello, Treasurer Lester "Brent" Henderson, Directors Michael Gonzalez and Clark Clement voted aye. The motion passed.

Approve resignation of Treasurer Lester "Brent" Henderson.

Director Gonzalez made a motion to approve the resignation of Treasurer Lester "Brent" Henderson. Director Clement seconded. There being no discussion. Chairman Joe Mainello, Vice Chairman Richard McMullen, Directors Michael Gonzalez and Clark Clement voted aye. The motion passed.

Director Gonzalez: thank you Brent for being a servant to the community.

Vice Chairman McMullen: thank you for everything you have brought to the Board.

Chairman Mainello: I appreciate everything you have done Brent. You have done a tremendous job. You are leaving pretty big shoes to be filled. We need to send an appeal to the community to fill your position. You have an extremely key position. Lots of luck to your future endeavors.

Director Clement: thank you for your work on the Board and your friendship. Brent has been working on several committees to get us out of our financial problems.

Audience: Thanked Brent and agreed there will be big shoes to fill.

Brent: I want to thank everyone for everything everyone has done for me, we accomplished many things, I feel the future is bright. I am sure someone good will step in and do a great job.

Treasurer Henderson made a motion to go into Closed Session to discuss the review of the GM. Director Gonzalez seconded. There being no discussion. Chairman Joe Mainello voted aye, Vice Chairman Richard McMullen voted aye, Treasurer Lester "Brent" Henderson voted aye, Director Michael Gonzalez voted aye and Director Clark Clement voted aye. The motion passed.

No decisions or motions were made in Closed Session meeting.

Treasurer Henderson made a motion to come out of Closed Session, Director Gonzalez seconded. There being no discussion. Chairman Joe Mainello voted aye, Vice Chairman Richard McMullen voted aye, Treasurer Lester "Brent" Henderson voted aye, Director Michael Gonzalez voted aye and Director Clark Clement voted aye. The motion passed.

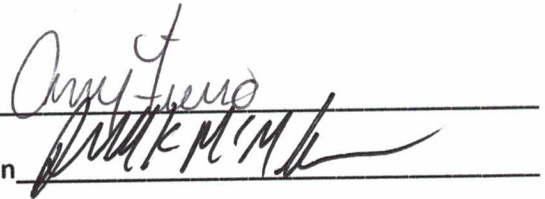
Directors Remarks. None.

Director Michael Gonzalez moved to adjourn the meeting and Director Clark Clement seconded. Chairman Joseph Mainello, Treasurer Lester "Brent" Henderson and Directors Michael Gonzalez and Clark Clement voted aye, and the meeting was adjourned.

Minutes Approved February 12, 2019:

Secretary Amy Fierro

Vice Chairman McMullen

Handwritten signatures of Amy Fierro and Richard McMullen over horizontal lines.