

MINUTES OF THE JANUARY 15, 2019 WORK 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 6:00 PM.

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. The GM read the report.

Questions for the GM

Director Gonzalez asked if the ground fault that was present, was there any capture learning in regard to VFD?

Vice Chairman McMullen stated he heard Carissa Springs was approved to go online on January 9th. GM said yes, that is what the Board needs to approve. They are scheduled to start the project January 28-29.

We received a grant for Colonias Program, in the amount of \$154,471.85. Vice Chairman McMullen asked if this grant is what we are going to use to put the Springs Project online. GM: Yes, we will basically have an unlimited source of water.

Treasurer Henderson said we wanted to thank everyone that attended the meeting. He asked what time elapsed between when the employees thought something was not right with the well and when the well company was called? Is there something that can trigger the Operators to make the call to the contractor any earlier? Joe Bob Shields said he first noticed something was wrong on Friday. Mike Rodriguez noticed something might be wrong on Wednesday, but did not report to Joe Bob. Better communication would be the answer.

Audience Comments

Audience member Rick Lane asked why they would not use the same contractor again, are we going to wait until we have a problem again before we find a contractor? Vice Chairman McMullen responded by saying the GM is going to have a list of certified contractors to use if another problem occurs. This contractor did a good job, but took way to long.

Audience member Doreen Gonzalez asked if there will be any follow up training if any new policies need to be enforced? GM stated yes.

Audience member Arden Schug said he want to give a little bit of defense for the contractor, they did really well for us in the past. The first thing the contractor did was check the grounds and the current. The current indicated something was wrong. The contractor had to buy 15 new pieces of pipe and installed everything on a holiday. We were told 3 years ago we needed to replace the pipe and we didn't do it, due to money restraints I'm sure. The contractor ran into numerous problems and repaired all the items.

The GM continued his report

An inspection company came up to inspect the bar. There are copies of the results in the office. Now a decision needs to be made on who is going to fix what; is the water District going to fix the items needing to be fixed or is there going to be some kind agreement between TWSD and the Board of the Bar? Director Clement stated they are working on an agreement with the bar. We currently only get \$250.00 a month from the bar, every time something happens it costs more than the \$250.00 we receive. The Bar Board is putting together a proposal. According to the Bar, TWSD owes them a large sum of money right now; we are going to have another meeting to go over this and the inspection report.

The filtration system filter was sent off to Farmington.

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

TWSD has gone through lots of red tape with the Environmental Department and Drinking Water Bureau with getting the filtration system approved. They required many items to be changed to get this system online. There was a phone conference with the Environmental Department this week and they told us in a nice way if they would look into it and find out where the paperwork is. They came back with a response that it was approved this last week! Vice Chairman McMullen asked if we have this in writing. GM stated not yet, it is just a verbal we are waiting on the approval letter.

Talked to a contractor with General Hydraulics on the wiring and other items that need fixed at the Lodge. 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.

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.

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

Director Gonzalez asked if the personnel policy Deanna has been making the reviews on is in Microsoft Word, if so, can she send it to the Board? GM stated he will check into it.

Audience member Arden Schug asked if the Board had received the design review from Bohannon Huston Inc. GM replied, no not yet. Arden felt the environmental people need to coordinate with Bohannon Huston Inc, since they are looking at replacing the pipes.

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: Treasurer Henderson stated they will be reviewing the 2nd quarter budget report. They were aware the last quarter was over budget. This is due to the many leaks that have occurred and the water failure event. They have depleted the reserve fund which will add to the deficit they already had. Professional Services is also over on the budget, to get the water back online we had to have a level 4 Operator. We also did building inspections, worked on the golf course, and the water well attributed to the increase in the budget. They met on the 7th and tried to get a snapshot on all the costs. They also talked about other issues that have been going on. The committee will meet again on January 17, to look at additional expenses. They will look at the budget verses actuals so we can start reduce spending for the rest of the year to get back within budget. There will be areas that need to be scaled back on.

By-Laws Committee: Vice Chairman McMullen stated in reference to the new laws for the elections our issues with the bylaws are gone. We should be able to get the first reading in for the Work Session in February.

Water Rules Committee: Chairman Mainello stated we need to regenerate a new committee to get this moving along, the committee we have has done nothing yet to move forward. Director Gonzalez asked if we know who was on the committee? He agreed they need to reestablish a committee. We need to continue talking about delinquent stand by fees. Nan sent the guidelines to the Board for review. Chairman Mainello stated that any changes that need to be done need to be filed with the PRC. Director Gonzalez stated Nan based her guideline on Water Rule number 10.

Safety Committee: The GM stated they had a safety meeting today and elected a new Safety Manager Terry Montoya. Mr. Weaver resigned. Audience member Doreen Gonzalez stated that according to the

bylaws, there should be one Board member over each committee. Vice Chairman McMullen stated that technically they do not have a Safety Committee; it will be changed in the new by laws.

Inspection Committee: Director Clement said the GM pretty much covered what has been done. The Lodge and the Bar has been inspected. A contractor has been looking at the electrical portion, they are also having someone look into the foundation issues.

Discuss proposed 2% water rate increase. Treasurer Henderson stated the handouts will be available at the Saturday meeting. Water providers like ourselves can implement a 2% increase without a hearing. The restrictions are: 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 different process.

Discuss the review of the GM. Vice Chairman McMullen stated it will be done on Saturday in Closed Session.

Action Item List: permanent repair for uneven sections of TWSD Community Lodge walkway. The GM stated this has been inspected. It was quoted at \$20,000 - \$25,000.00. Clement stated that when they have it inspected they will have a more accurate dollar amount.

Action Item List: TWSD employee policy and procedure review/revise. Director Gonzalez suggested this be sent as a Word document, so each Board member can incorporate there notes.

Chairman's report on discussion with attorney (community petition for removal of Director). Chairman Mainello stated that after presenting to the attorney, he advise that a Director can only be removed by a District Court Judge. The New Mexico court system is extremely slow, it could take years before it goes to Court. The Board needs to make a decision on whether the petition has merit. The Board can agree to return the petition back to the community member. Both Vice Chairman McMullen and Director Clement agreed with the attorney's recommendation to return the petition back to the community member. This was moved to the Saturday Agenda.

New Business.

Approve December 15, 2018 Regular 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 Emergency Session Meeting Minutes. Director Clement moved to approve the minutes as written and dispense with the reading. Director Gonzalez seconded. Chairman Joseph Mainello, Vice Chairman Richard McMullen, Treasurer Lester "Brent" Henderson, Directors Michael Gonzalez and Clark Clement voted aye. The motion passed.

Talking points for lobbying with legislators. Four talking points were developed to lobby with legislators to start replacing the lines in our water system.

- Leak rates are increasing and adversely impacting the budget due to a high number of emergency leak repairs.
- The 40 year old system was originally privately-owned and parts of the water system are sub-standard and not reliable.
- Static and stable population - revenue is flat but our expenses are increasing. Future growth is dependent on water system reliability.
- This Project is a key part of the Timberon water system asset management plan.

Present and discuss initial water leak mapping information. Director Gonzalez collected information on leaks based on annual occurrences. He reconstructed a leak log based on sample results. He presented a map of the leaks. There are areas that show some clustering, he would like an Operator to look into it. In 2013 there were 20 leaks; in 2014, 24 leaks; in 2015, 23 leaks; in 2016, 4 leaks; in 2017, 47 leaks; and in 2018, 57 leaks. We are seeing a little over double each year. Some of the leaks are reoccurring. We are seeing some acceleration of the leaks. He would like to Implement the work order system to start capturing these leaks as they occur, as well as add the latitude and longitude of the location to the work order. Director Clement stated this would be good information to give to Bohannon Huston Inc. Director Gonzalez would like to continue doing through 2019.

Bid recommend for Timberon Carissa Springs project by Lisa Campbell. Vice Chairman McMullen stated they have received the bid and will move it the Saturday Agenda to vote on.

Set Agenda for Saturday, January 19, 2018 Regular Meeting.

Discuss budget and cost reductions to implement.

Discuss breakdown of mill levy.

Discuss list of Legislators to assure they are current/correct and distribute to community.

Discuss/Approve proposed 2% water rate increase.

Discuss/Approve bid recommendation for Carissa Springs project by Lisa Campbell.

Discuss/Approve Chairman's report on discussion with attorney (community petition for removal of Director).

Approve Resolution 2019-006, December 31, 2018 (second quarter) Financial Report for DFA.

Approve resignation of Treasurer Lester "Brent" Henderson.

Directors Remarks.

Director Clement: I want to thank everyone for coming to the meeting and contributing. We are doing great things, but we need to find some way to take care of our money problem.

Treasurer Henderson: The water event was a sobering reminder that we really only have one job, to provide a safe and reliable source of drinking water to residents of Timberon. We only had one source of

water, the well, and with any machine it's inevitable that it would fail eventually for one reason or another. The approval of the second source of water will provide redundancy, creating an uninterrupted source of water for the community. The question we ask ourselves for any event is, if we had it to do it over again, would we have done anything differently? That's how we learn to get better. It's good to see the Board, the GM and operators focused on the issue.

Director Gonzalez: The After Action Review exercise was very beneficial. I hope that in the future when these event occur, we keep developing new way to mitigate these problems we are seeing. I think communication is an area we found we can improve on. The reverse 911 was a good communication tool. We are a small community, but we have some big opportunities with our water system. Thank everyone for coming.

Chairman Mainello: I want to thank everyone for participating and showing up and special thanks to the Board. Everyone is doing a fantastic job. TWSD and staff is also doing a fantastic job.

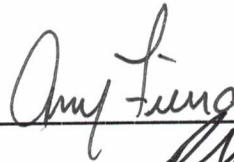
Audience member Ronnie Windham asked if they have a budget for next year? Where does the budget stand for the golf course? Treasurer Henderson replied that he will have this information available at the Saturday meeting.

Vice Chairman McMullen: I want thank the TWSD employees for all the hard work, overtime and work done through the holiday season. I also want to thank everyone for attending.

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

Minutes Approved January 19, 2018:

Secretary Amy Fierro



Vice Chairman Richard McMullen

