

MEETING AGENDA

TWSD Board of Directors Work Session Tuesday March 13, 2012, 6:00 PM Timberon Lodge

Approval of Agenda

Status of negotiations and discussion related to Accounting and Consulting Group invoices.

Status of PRC submission.

Status of work on water filtration system for surface water.

Set the agenda for the March 17, 2012 Meeting.


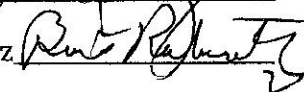
Executive session to discuss personnel issues with General Manager.

Director's Comments

Posted 8:30 a.m. March 12, 2012

The Chairman entertained a motion to adjourn. Joe Mainello moved to adjourn. Charlie Ross seconded the motion. There being no discussion, the Chairman called for a vote. Directors Mainello, Rubinowitz, and Bovey voted Aye. There were no negative votes and the meeting was adjourned.

Minutes Approved April 21, 2012:

Secretary Mike Bovey 
Chairman Burt Rubinowitz 

Minutes of the March 13, 2012 Work Session of the TWSD Board of Directors

Attending in person were Directors Arden Schug, Edward "Mike" Bovey, Charlie Ross and Joe Mainello. Attending via video conference was Burt Rubinowitz. There being a quorum present the meeting was called to order by acting Chairman Mainello at 6:00 PM.

Approval of Agenda: Mike Bovey moved to accept the agenda as presented. Charlie Ross seconded the motion. There being no discussion, acting Chairman Mainello called for a vote. Burt Rubinowitz, Mike Bovey, Arden Schug Charlie Ross, and Joe Mainello voted Aye and the agenda was adopted.

Status of negotiations and discussion related to Accounting and Consulting Group (ACG) invoices. There were no decisions made on this issue. All directors were involved in discussions related to appropriate responses to ACG related to their outstanding invoices. Burt Rubinowitz will be talking to an ACG representative later in the week and will report back to the Board during the regular March meeting.

Status of PRC submission. Mike Bovey briefed the current status of our submission to the PRC. He discussed the PRC (Steve Schwebke) response to questions concerning the TWSD advice notice submission. Arden Schug related the details of his telephone call with Steve Schwebke. – the main point from Steve was to get our notice to customers and advice notice done as soon as possible. Steve also indicated to Arden that he would assist us in writing a letter to the Commission addressing any open items from the Commission's order approving the emergency water rates currently in effect. Mike Bovey will continue to develop the notice to customers and the advice notice to the PRC.

Status of work on water filtration system for surface water. Ronnie Wyatt related that there has not been any movement on this issue to date. Directors reminded Ronnie that the Board had already approved spending the \$40,000 loan for this purpose. Ronnie indicated that he would start working on this project.

Set the agenda for the March 17, 2012 Meeting. Directors discussed items for inclusion on the agenda for the 3/17/12 Board meeting. The following items were selected:

Unfinished Business:

Letter to address debt owed to District vendors and submit for approval.

Respond to Federal Communication Commission (FCC) letter requesting information about District radio communications.

New Business:

Accounting and Consultant Group negotiations.

Timberon Development Council (TDC) 4th of July event.

Marilyn Hatfield's proposed agreement for accounting services.

Union contract negotiations (new contract effective July 1, 2012)

Executive session to discuss personnel issues with General Manager. Arden Schug made a motion to enter an executive session to discuss personnel issues with the General Manager. Mike Bovey seconded the motion. Acting Chairman Mainello called for a roll call vote. Burt Rubinowitz voted Aye; Mike Bovey voted Aye; Arden Schug voted Aye; and Joe Mainello voted Aye. There being no negative votes, the motion carried and the Board entered executive session at 8:10 PM. At 8:25 PM Burt Rubinowitz moved that the Board come out of executive session. Arden Schug seconded the motion. The acting Chairman called for a roll call vote. Mike Bovey voted Aye; Burt Rubinowitz voted Aye; Arden Schug voted Aye; Charlie Ross voted Aye; and Joe Mainello voter Aye. There being no negative votes, the Board resumed the regular session. Discussion during the executive session dealt solely with personnel issues as related by the General Manager. No decisions were made during the executive session. Following the executive session informal discussions took place between Board members and the General Manager, Ronnie Wyatt. A main focus of these discussions was the golf course and possible courses of action for this summer season. Ronnie gave the board updates on various other projects and no formal decisions were made by the Board.

Director's Comments

Arden Schug reminded the Board and the General Manager that we need to watch spending very closely especially with the additional spending related to problems with the water system.

Burt Rubinowitz related that he would be in Timberon on Wednesday evening and would be here for the Saturday meeting.

Joe Mainello thanked everyone for attending this work session.

The acting Chairman entertained a motion to adjourn. Burt Rubinowitz moved to adjourn. Arden chug seconded the motion. There being no discussion, the acting Chairman called for a vote. Directors, Ross, Schug, Mainello, Rubinowitz, and Bovey voted Aye. There were no negative votes and the meeting was adjourned at 8:55 PM.

Minutes Approved March 17, 2012:

Secretary Mike Bovey

Chairman Burt Rubinowitz

Handwritten signatures of Mike Bovey and Burt Rubinowitz. The signature of Mike Bovey is written over the line for Secretary, and the signature of Burt Rubinowitz is written over the line for Chairman.

Minutes of the March 17, 2012

Meeting of TWSD Board of Directors

Attending in person were Directors Burt Rubinowitz, Edward "Mike" Bovey, Charlie Ross, and Joe Mainello. There being a quorum present the meeting was called to order by Chairman Rubinowitz at 10:00 AM.

Pledge of Allegiance

Salute to New Mexico Flag (Suspended since there was no New Mexico flag in the conference room.)

Approval of Agenda: Joe Mainello moved to approve the agenda for the meeting. Charlie Ross seconded the motion. There being no discussion, the Chairman called for a vote on the agenda. Directors Bovey, Mainello, Ross, and Rubinowitz voted Aye. There were no negative votes and the agenda was approved.

Adoption of the minutes of February 18, 2012 meeting. Charlie Ross moved to dispense with the reading of the minutes and to approve the minutes as submitted. Joe Mainello seconded the motion. There being no discussion, the Chairman called for a vote on the agenda. Directors Bovey, Mainello, Ross, and Rubinowitz voted Aye. There were no negative votes and the minutes were approved as submitted.

Adoption of the minutes of March 13, 2012 work session. Mike Bovey moved to dispense with the reading of the minutes and to approve the minutes as submitted. Joe Mainello seconded the motion. There being no discussion, the Chairman called for a vote on the agenda. Directors Bovey, Mainello, Ross, and Rubinowitz voted Aye. There were no negative votes and the minutes were approved as submitted.

Treasurer's Report: The Board Treasurer was not present to give a report. The Chairman indicated that account balances would be provided during the General Manager's report.

General Manager's Report:

Ronnie Wyatt began with the bank account information. As of the 15th of March the account balances were as follows: Western Checking - \$28,187.47; Western Savings - \$26,646.91; First National Savings - \$129,846.25; Otero Federal Credit Union - \$43,273.72 (\$40,000 of which is the loan from the State). Ronnie stated that the water system is working pretty well right now with no major problems. He reported that the transfer pump between tank 2 and tank 3 was replaced in the previous week and that bids would be going out to complete the installation of the membrane filtration system. He further related that negotiations for the new union contract will begin July 1st or earlier. Ronnie discussed the upcoming Timberon Development Council (TDC) sponsored Blues and BBQ Festival which will take place the weekend of 30 June to 1 July. Ronnie stated that he would be looking into some grants that appear promising for the District; and that due to a very tight budget, he will be looking at some reorganization of District to include possible personnel changes. Ronnie discussed the golf course and solicited volunteers to help at the

golf course. Burt Rubinowitz asked for clarification on the transfer pump, and Ronnie stated that the main transfer pump is working fine and that he had briefed a different pump (Tank 2 to Tank 3 transfer pump) that needed to be replaced. The Chairman suspended rules to allow members of the audience to participate in the discussion. BF Adams asked since the budget is tight and we are seeking volunteers for the golf course and are we also looking for a volunteer Board Secretary? A brief discussion followed on the merits of a volunteer for the Secretary position and the possibility of assigning this responsibility to a current District staff member.

Management Consultant's Report: Dr Moore was not present. Chairman Rubinowitz stated that he had spoken recently with Dr Moore and would relate any pertinent items as they come up during the meeting.

Committee Reports

Budget Committee: No report.

Golf Course Committee: Charlie Ross as the Board representative to this committee reported on the current status of the golf course. Discussion followed concerning the current lack of funds to support the golf course at this time and the need to keep at least the greens in good shape. The discussion focused on the minimums required to open the course this year and issues such as status of the golf carts. Ronnie Wyatt will look into the status of the leased golf carts and report back to the Board.

Bylaws Committee: The committee has not met; therefore, there is nothing to report.

PRC Water Rate Committee: Mike Bovey reported on the efforts of the committee to put together the paperwork required to submit an advice notice to the PRC for a permanent water rate (current permanent rates date back to November 2006). He stated that the first step is to develop a notice to customers notifying them of the pending rate increase. This letter is now in final draft. He indicated that the letter could be ready in the coming week to forward to the PRC for approval prior to a mailing to customers. This letter must go out at least 60 days prior to the new rates going into effect (effective date for permanent rates is forecasted to be July 1, 2012). The next step is to prepare the actual advice notice which is due to the PRC at least 30 days prior to the new rates going into effect. He also stated that we are checking the number of customers verses the number of ratepayers. Mike also related that some of the proposed new permanent rates would be less than the current emergency rates. Joe Mainello asked about the loss in revenue under the new permanent rates, and Mike related that this was due to the limitations associated with streamlined PRC rules we are using for our submission and that any other method would most likely take considerably more time and money. Further discussion followed related to the advice notice to the PRC and that we should refer to the advice notice as a rate adjustment and not a rate increase. The Chairman entertained a motion to submit the customer notification letter to the PRC for review and after approval to mail it to all District ratepayers. Joe Mainello moved to submit the customer notification letter to the PRC for review and after approval to mail it to all District ratepayers. Charlie Ross seconded the motion. There being no further discussion, the Chairman called for a vote. Directors Bovey, Mainello, Ross, and Rubinowitz voted Aye. There were no negative votes and the motion carried.

Executive session to discuss potential and threatened litigation and District personnel issues. The Chairman entertained a motion to go into executive session to discuss potential and threatened litigation and District personnel issues. Joe Mainello moved to go into executive session to discuss potential and threatened litigation and District personnel issues. Charlie Ross seconded the motion. The Chairman called for a roll call vote. Mike Bovey voted Aye; Charlie Ross voted Aye; Joe Mainello voted Aye; and Burt Rubinowitz voted Aye. There being no negative votes the motion carried and the Board entered executive session at 10:31 AM. The Board exited the executive session at 11:20 AM and took no action during the executive session and only discussed potential and threatened litigation and District personnel issues.

Burt Rubinowitz related that one of the issues discussed in executive session was the long term debt owed to the law firm of Sanders, Bruin, Coil & Worley and the potential litigation regarding whether they should be sued by the District for malpractice related to when they represented the District. Zach Cook (current Water District's attorney) recommended that we try and settle with Sanders, Bruin, Coil & Worley instead of seeking legal action. Mike Bovey moved that the District settle all claims with Sanders, Bruin Coil & Worley and submit the proposed settlement to Judge Reynolds for his consideration. Charlie Ross seconded the motion. Brief discussion followed concerning some of the claims by Mr. Karnes' (first receiver) attorney Mr. Deschamps. Burt Rubinowitz related that the law firm is willing to forgive the District of all debt if we agree not to make any claims against them. This would decrease our long term debt by over \$88,000 (plus interest). There being no further discussion, the Chairman called for a vote. Directors Bovey, Mainello, Ross, and Rubinowitz voted Aye. There were no negative votes and the motion carried. Burt Rubinowitz stated he would contact the law firm and have them draft up an agreement to present to Judge Reynolds.

Unfinished Business

Letter to address debt owed to District vendors and submit for approval. Part of this issue will be resolved by the motion above. Burt Rubinowitz stated he would make verbal contact with the other law firm (Hinkle, Hensley, Shanor & Martin) who we owe approximately \$20,000 to begin negotiations on this debt. Discussion followed on the work that was done by Hinkle, Hensley, Shanor & Martin.

Respond to Federal Communication Commission (FCC) letter requesting information about District radio communications. Burt Rubinowitz reported that the FCC filing was completed on March 16, 2012 and the District will not be required to take any further action in this regard until 2021.

New Business

Accounting and Consultant Group (ACG) negotiations. Burt Rubinowitz related that the Board has been in negotiations with ACG as they have working papers from the 2008 audit that we need to complete the 2009 and beyond audits. Initially ACG wanted approximately \$13,477 in cash for charges incurred during their audits and an additional \$47,000 for a fraud audit. The fraud audit was the result of a former Board member acting independently of the Board. As of 3/16/12 through negotiations ACG has made an offer to settle for the approximately \$5,510 remaining on the original contract and approximately

\$15,000 worth of property owned by the District. In exchange for this agreement they will release the 2008 audit working papers that they are currently holding. This offer by ACG is the result of ongoing negotiations by Burt Rubinowitz at the behest of the Board. Mike Bovey moved that we settle with the Accounting and Consulting Group per negotiations for the approximately \$5,510 in cash and property owned by the district valued at approximately \$15,000. Joe Mainello seconded the motion. Burt Rubinowitz related that ACG is willing to wait until December 2012 for the cash as this is when we receive the majority of our tax revenue into the General Fund. Burt related that a listing of available District owned properties has been provided to ACG. Some discussion followed related to the 2007 & 2008 audits and some of the details surrounding the billing for audits by ACG and the so called "fraud audit". There being no further discussion, the Chairman called for a vote. Directors Bovey, Mainello, Ross, and Rubinowitz voted Aye. There were no negative votes and the motion carried.

Timberon Development Council (TDC) 4th of July event. This item was discussed during the General Manager's report.

Marilyn Hatfield's proposed agreement for accounting services. An agreement has already been voted on by the Board to compensate with two cemetery lots and property. Charlie Ross moved to turn this issue over to the General Manager for resolution. Joe Mainello seconded the motion. Joe Mainello brought to the Boards attention that thanks to Marilyn Hatfield we have actually made significant progress in getting our accounting system fixed. He acknowledged that without her help, we would still be trying to transition our accounts to QuickBooks. He publically thanked for her service to the community. Marilyn acknowledged the excellent motivation and work done by the office staff in the transition to QuickBooks. There being no further discussion, the Chairman called for a vote. Directors Bovey, Mainello, Ross, and Rubinowitz voted Aye. There were no negative votes and the motion carried.

Union contract negotiations (new contract effective July 1, 2012). Ronnie Wyatt discussed further the upcoming negotiations with the employee union. We need a Board representative for these negotiations. Charlie Ross moved that Mike Bovey be appointed the Board representative for the Union negotiations. Joe Mainello seconded the motion. Discussion followed concerning Mike's availability during the timeframe of the negotiations and Joe Mainello volunteered for this job. As a result of these discussions, Charlie Ross withdrew his motion and Joe Mainello withdrew his second of the motion. Charlie Ross moved that Joe Mainello be appointed the Board representative for the Union negotiations. Mike Bovey seconded the motion. Joe Mainello suggested that Mike Bovey be appointed as the alternate representative for the Union negotiations. There being no further discussion, the Chairman called for a vote. Directors Bovey, Ross, and Rubinowitz voted Aye and Director Mainello abstained. There were no negative votes and the motion carried. Joe Mainello moved that Mike Bovey be appointed as an alternated Board representative for the Union negotiations. Charlie seconded the motion. There being no further discussion, the Chairman called for a vote. Directors Bovey, Mainello, Ross, and Rubinowitz voted Aye. There were no negative votes and the motion carried.

Non-Binding Resolutions. None

Memorials. None

Status of the District. None

Directors' Remarks:

Charlie Ross thanked Marilyn Hatfield for her work with the District and to other members of the community for their help (BF Adams, Dick Dysart, etc.). He acknowledged that a lot of work has been done lately by various community members that is greatly appreciated. Charlie made another appeal for volunteers to help at the gold course. He thanked everyone for attending the meeting.

Joe Mainello also thanked everyone for attending and braving the cold. He acknowledged the good beginning for Ronnie Wyatt and thanked him for his efforts to date. Joe also reminded everyone that the next hearing with Judge Reynolds will take place on 2 April and will be held in Judge Ritter's courtroom. He encouraged everyone to get the word out and for people to attend the hearing.

Burt Rubinowitz reminded the community that we are still looking for a Board Secretary. Ronnie Wyatt requested that we wait some on this issue until he has had time to evaluate District manpower and the budget.

Mike Bovey thanked everyone for attending the meeting. Mike Bovey requested that the Board re-enter the executive session to discuss District personnel issues after the next agenda item.

Public Invited to Be Heard: Comments will be limited to (3) three minutes. The issues raised here are not action items and shall not be entitled to decision making by the TWSD Board of Directors at the meeting where they are first raised.

Dick Dysart reminded the Board and Manager that we would be having a Primary election here in Timberon on the second Tuesday in June and that TWSD facilities (Lodge) would be needed on Election Day.

Eva Dysart asked if we had heard anything from Judge Reynolds on the information (copies of Board minutes and progress reports) we forward to hem. Burt Rubinowitz stated that we have not heard back form the Judge. Joe Mainello stated that at this point he would prefer to see the Board remain under the supervision of the court. Eva Dysart commented about the Board Secretary position in that in previous years when a TWSD staff person had this position they took comp time for the hours spend on Board Secretary duties and this could be a possible solution.

The Chairman entertained a motion to re-enter executive session to discuss District personnel issues. Mike Bovey moved to re-enter executive session to discuss District personnel issues. Joe Mainello seconded the motion. The Chairman called for a roll call vote. Mike Bovey voted Aye; Charlie Ross voted Aye; Joe Mainello voted Aye; and Burt Rubinowitz voted Aye. There being no negative votes the motion carried and the Board entered executive session at 12:36 PM. The Board exited the executive session at 1:06 PM and took no action during the executive session and only discussed District personnel issues.

Executive session to discuss personnel issues with General Manager. Arden Schug made a motion to enter an executive session to discuss personnel issues with the General Manager. Mike Bovey seconded the motion. Acting Chairman Mainello called for a roll call vote. Burt Rubinowitz voted Aye; Mike Bovey voted Aye; Arden Schug voted Aye; and Joe Mainello voted Aye. There being no negative votes, the motion carried and the Board entered executive session at 8:10 PM. At 8:25 PM Burt Rubinowitz moved that the Board come out of executive session. Arden Schug seconded the motion. The acting Chairman called for a roll call vote. Mike Bovey voted Aye; Burt Rubinowitz voted Aye; Arden Schug voted Aye; Charlie Ross voted Aye; and Joe Mainello voter Aye. There being no negative votes, the Board resumed the regular session. Discussion during the executive session dealt solely with personnel issues as related by the General Manager. No decisions were made during the executive session. Following the executive session informal discussions took place between Board members and the General Manager, Ronnie Wyatt. A main focus of these discussions was the golf course and possible courses of action for this summer season. Ronnie gave the board updates on various other projects and no formal decisions were made by the Board.

Director's Comments

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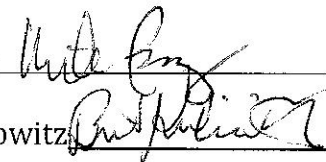
Joe Mainello thanked everyone for attending this work session.

The acting Chairman entertained a motion to adjourn. Burt Rubinowitz moved to adjourn. Arden chug seconded the motion. There being no discussion, the acting Chairman called for a vote. Directors, Ross, Schug, Mainello, Rubinowitz, and Bovey voted Aye. There were no negative votes and the meeting was adjourned at 8:55 PM.

Minutes Approved March 17, 2012:

Secretary Mike Bovey

Chairman Burt Rubinowitz

The image shows two handwritten signatures in black ink. The first signature, for Mike Bovey, is written over a horizontal line and is somewhat stylized. The second signature, for Burt Rubinowitz, is also written over a horizontal line and is more legible, appearing to read 'Burt Rubinowitz'.