

MINUTES OF THE JULY 20, 2019 REGULAR SESSION MEETING OF THE TWSD BOARD OF DIRECTORS

Attending the meeting were Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Director Tash Robb. Director Joe Mainello was present via the phone. There being a quorum present, the meeting was called to order by Chairman Richard McMullen at approximately 10:00 AM.

Saluting of the flags was accomplished.

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

OLD BUSINESS

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

I think this will be my last meeting, I have heard I am being terminated. I haven't seen anything in black and white. I don't know if this is another game being played; I had one person tell me it's not. We are all in the same boat together, we have made a lot of progress together, we can't fall back or let anyone keep us back. If the District wants to fire me, do it, I'm not going to get mad about it. I know they had a closed meeting, etc. etc. etc. If you're going to do it, do it right.

We had an inspection by the USDA, they were here half the day. They were very pleased and the paperwork was completed and all done correctly. This was a spot check of our water system to see if it complies with the Federal Government, Civil Rights laws, including the Civil Rights Act of 1964, the Rehabilitation Act of 1973 and American Disabilities Act of 1990. We received a water loan. The water District participated in the security inspection for our District, this was done on July 10th 2019. The people present was myself and the Administration Assistant Deanne McCall. One item that the USDA wanted was a copy of our sanitary survey. All items have been completed, and is going through the review process. Some of the recommendations that they made were: need to have staff meetings, public notices posted in Spanish, language services available in Spanish, the needs for having receipts for everything and a warranty on the water meters. First thing they did was inspect the new 150,000 gallon tank. They were impressed with the SCADA system, the golf course well and with the remote water meters.

We had the Level 4 Operator here for the filtration system. They finished wrapping everything up with the project. They had a very good walk-through. Only 2-3 valves need to be changed out.

The chlorine was corrected by Preston, and he sent a corrected reading through SCADA. This will be accepted by the State. The UV lights were incorporated into the system by Preston as well and is acceptable by the State.

Additional work was done by TWSD employees, Jessie, Joe Bob and Dave; they were a big help and the system is now remote.

The filter integrity reports were added by Preston and everything was satisfactory to State requirements.

Many other tweaks were performed. All that is left is to bring the plant online.

Some of the guidelines continue with the filtration. The security inspection worksheet needs completed. In addition, we need to follow some of the Federal website guidelines. There was not a lot of issues found. Also enclosed is a certification that needs to be completed stating we updated the Emergency Response Plan. The inspector will be back in 6 months.

The filtration system has been onsite since 2008-2009. We started to put it together in 2010. It has taken this long to get in line with the State requirements.

The spring's flow has been increasing daily.

Joe Bob Shields was our outside supervisor, he is not happy and has chosen to go back to an hourly position.

Chairman Richard McMullen stated the GM is not being fired.

Questions for the GM

Audience member, BF Adams asked where was the lady doing the inspection from? GM replied the USDA. Was any of the information provided from the Treasurer Michael Gonzalez? GM replied, no information was given from the Treasurer.

Audience member Sidney Benson, I have been hearing for the last few weeks that there is several Board members that is wanting the GM position. This would be conflict of interest.

Audience member Noreen Gonzalez asked if the minutes have to be in Spanish? GM replied, the minutes were not included.

Treasurer's Report. Reconciled bank balances as of June 30, 2019: Checking Account \$16,966.04; Water Standby Savings Account \$88,237.17; Water Restricted Reserve Account \$40,497.83; Facilities and Services Savings Account \$100,969.97; USDA Debt Service Savings Account \$5,308.40; USDA Short Term Assed Repl Savings Account \$94,027.74; USDA Construction Loan Account \$850.28.

Treasurer Michael Gonzalez stated the site visit was to look at any or all issues related to being bilingual. he was asked to translate the Service Request form to Spanish. He was not asked to be involved in the site visit. All forms need to be available in both English and Spanish format.

The profit and loss for the year, unadjusted was \$59,929.00 in net profit, however that was only possible because we received some windfalls from standby fees and back F&S fees; essentially in the aggregate of approximately \$100,000.00. Without those monies coming in the way that they did, we would have

an adjusted net income of -\$37,606.00. Going into this new year with this budget; I am hopeful it will get approved. We are going to have to watch spending on certain line items. Treasurer Gonzalez named several of them. We were over \$129,000.00 in just expenditures. We were over budget \$11,000.00 in Professional Services, that category includes the Class 4 Operator, we were only budgeted \$12,000.00 for that purpose; essentially, right at a \$1,000.00 a month. We will be discussing that contract and we will have to be making some adjustments to the budget in order to accommodate this interim contract.

The repair and maintenance to the distribution system was \$99,000.00 which essentially covered two well outages with the associated repairs. Essentially we were only budgeted for \$27,000.00, so that made it \$72,000.00 over budget which was not anticipated. We never want to have these types of emergencies, we hope they stay limited; we never want to go over budget, but if we do, we would rather go over on items like this to maintain our water system in a safe and efficient manner. We were \$42,000.00 over budget for the year on overtime. These are items we are going to have to watch when going into the next budget cycle.

Granite Mountain has some more changes they would like to see make.

Audience member Marcie Montoya, asked why did you go with an outside accounting firm instead of hiring someone within the community; several resumes were submitted that would have qualified for this service? Treasurer Michael Gonzalez asked during the time we were looking at Granite Mountain if there was anyone within the community that would be interested in giving a presentation and had no feedback. Granite Mountain has 2 staffed CPAs.

Committee Reports.

Budget Committee: The next meeting will be August 8th at 1:00 p.m. at the Lodge. There was much discussion regarding attending budget meetings and the operating budget.

Treasurer Michael Gonzalez stated the budget committee met this last month and one item discussed was how to get a grasp on overtime. In this last meeting Tuesday, the Board has approved the purchase of a biometric timekeeping system. This system can at any time print 13 reports. There will be circumstances where paper time sheets will need to be used. There was much discussion regarding the timekeeping system.

TWSD employee Linda Martin asked if there was a way that when someone punches in, it could tell what department they are in? Treasurer Michael Gonzalez stated yes, it should be able to be broke down, but some will have to make notations on the time sheet.

Inspection Committee: Vice Chairman Clark Clement, we are still waiting on the individual to come look at the concrete. Harvey English stated he went to the Maintenance Barn and has been collecting information, he looked at the vehicles and took pictures of the vehicles. He has also documented mileage and age of the vehicles. He is not sure if there is already a list of assets. In general, what he has discovered so far, they are trying to get tags for the dump truck, it has not been used in 6 months. There is also 2 service trucks that are broke down. He feels like

we need to get another Polaris 500. We also could use an economic vehicle that could be used to run to town or run parts. I am getting my committee together and will meet this next quarter.

GM asked if we have priced leasing small trucks. Chairman Richard McMullen stated not yet.

Vice Chairman Clark Clement asked if Harvey will have something put together for the next weekend? Harvey English stated yes.

Discuss/Approve Ray Ramos contract. GM stated he is discussing a contract for a Level 4 Operator, it is required to run the filtration system. It would take 3-4 years for one of the current TWSD employees to reach Level 4 status. We have to have a Level 4 Operator. The Operator does not have to be present 24 hours a day. The GM read a brief explanation of the fees for the contract. Chairman Richard McMullen asked if there is another Operator that lives closer? The GM replied, there is 1-2 that live in Cloudcroft. Chairman McMullen asked what the approximate monthly cost would be, you need to provide Treasurer Gonzalez with a rough estimate.

Chairman Clark Clement asked if these charges are the same for the other 12 people in New Mexico? GM, replied its negotiable.

Treasurer Michael Gonzalez stated under our current budget we have \$1,230.00 budgeted under Professional Services. If the Board desires this person we are going to have stick closely to the 16 hours a month for the filtration system. To stay in the budget, we would have to stay at 16 hours a month. I am interested in looking at the 2 people in Cloudcroft to see if they would be interested to work. The GM stated this is a month to month contract.

Audience member BF Adams, Michael you said we have \$1,230.00 for Professional Services, would the accounting firm not fall under Professional Services? How are you going to do this? Treasurer Michael Gonzalez, stated yes it would be under Professional Services, we are working on an aggregated budget at this time.

Audience member Marcie Montoya asked out of the \$1,200.00 budgeted in Professional Services how much would you need for the accounting services? Treasurer Michael Gonzalez stated that under no circumstances would Granite Mountain bill over \$2,500.00 without prior approval. Granite Mountain is under a 90 day provisionary period to see if we are pleased with their services.

There was much discussion in regard to budget.

The GM asked, since we have a qualified Treasurer, how come we need to hire an accounting firm? Chairman Richard McMullen stated Treasurer Michael Gonzalez is not a CPA.

Chairman Richard McMullen stated the Board needs more information before a vote is being made on the Ray Ramos contract. Treasurer Michael Gonzalez made a motion to table the Ray Ramos contract until the next Work Session meeting. Director Tash Robb seconded the motion. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Chairman Richard McMullen made a motion to take a recess. Director Tash Robb seconded the motion. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Discuss/Approve second checking account. Treasurer Michael Gonzalez stated there could be a need to have a second account to keep certain account balances separate. The accounting firm made a suggestion to go forward with a second checking account, but that there are pros and cons. They suggested we put more controls on the transfers of the accounts. Chairman Richard McMullen asked what the cost associated with opening a new account would be? Treasurer Gonzalez, I do not think there would be any costs associated.

Audience member Marcie Montoya asked if the computers print the checks? TWSD employee Linda Martin stated yes.

TWSD employee Linda Martin stated, you are trying to separate water from the general fund, as long as the money is accounted for correctly, you do not need another bank account.

Director Tash Robb made a motion to table the discussion until further information from Granite Mountain is obtained. Treasurer Michael Gonzalez seconded. There being no discussion, the vote was called. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Discuss/Approve setting policy for managing a leave of absence of GM. Chairman Richard McMullen asked if we have a leave of absence for the GM already on file? Treasurer Michael Gonzalez stated we do have a 2004 policy on file for employees that could be modified to include the GM. Linda Martin is going to clean up the formatting of the 2004 policy and send it to the Board. Director Tash Robb made a motion to table setting the policy for managing a leave of absence for the GM until the policy has been updated. Vice Chairman Clark Clement seconded the motion. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Discuss/Approve Resolution 2019/2020-002 4th Quarter Financial Report. Treasurer Michael Gonzalez made a motion to approve Resolution 2019/2020-002 4th Quarter Financial Report. Director Tash Robb seconded the motion. There being no discussion, the vote was called. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Discuss/Approve Resolution 2019/2020-001 Operating Budget.

Vice Chairman Clark Clement asked if this budget has been adjusted to reflect the areas we were over budget on? Treasurer Michael Gonzalez stated yes.

Director Tash Robb made a motion to approve Resolution 2019/2020-001 Operating Budget. Vice Chairman Clark Clement seconded the motion. There being no discussion, the vote was called. Chairman

Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

NEW BUSINESS

Approve July 1, 2019 Special Session Meeting Minutes. Treasurer Michael Gonzalez moved to approve the minutes as written and dispense with the reading. Director Tash Robb seconded. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez, Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Approve July 16, 2019 Work Session Meeting Minutes. Director Tash Robb moved to approve the minutes as written and dispense with the reading. Treasurer Michael Gonzalez seconded. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez, Director Tash Robb and Joe Mainello voted aye. The motion passed.

Approve/Discuss Stantec invoice.

Treasurer Michael Gonzalez stated Steven Deal said he was not going to pay for this invoice. The invoice is a little over \$5,000.00. This was a charge for observation. It was not material. They were observing the Springs Project. The State declined the charges from the grant. If the State does not want to cover this, I do not think we should pay it. Vice Chairman Clark Clement stated he does not feel like we should pay this. Treasurer Michael Gonzalez said they did not follow the guidelines, he does not believe TWSD should pay this invoice.

Treasurer Michael Gonzalez made a motion we decline to pay the Stantec invoice for the observation charges. Director Tash Robb seconded the motion. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Discuss/Approve golf course memberships/passes. Chairman Richard McMullen stated we had a short discussion at the beginning of the week. Is there even an option to present season passes?

Bar Manager Neenah Kearns stated they have had several requests for season passes. The golf course is continuing to grow. We are \$5.00 lower than Cloudcroft, Cloudcroft does not offer passes. The passes would be \$370.00 per person. This will bring money immediately into the golf course.

Audience member BF Adams asked if the swimming pool has passes? Chairman Richard McMullen stated, they offer monthly passes.

The GM asked if the employees will be getting a free pass? Chairman Richard McMullen stated we would have to look into it.

Chairman Richard McMullen stated we need to get this all into a documented package with detailed information.

Audience member BF Adams, are you going to have a set fee, one for using the golf cart or bringing your own? We need to know who checks out the golf carts. How many months will this pass be for?. Neenah stated we are only open April through September.

Audience member Ardin Schug stated, myself and a friend went to play golf on Wednesday and nobody was around with no signs designating what to do or how to get ahold of anyone. Chairman Richard McMullen stated this is a work in progress. There was much discussion.

Treasurer Michael Gonzalez asked what does \$370.00 include; use of the cart and 9 holes of golf? Neenah stated yes. Neenah said she would gladly post signs. There was much discussion in regard to the use of golf carts and money collected.

Chairman Richard McMullen made a motion to accept the \$370.00 for seasonal golf passes, with the ability to pro-rate this amount this year. Director Tash Robb seconded. There being no discussion, the vote was called. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Discuss/Approve furnace heating quotes. The GM submitted a quote of \$3,967.58 from MPC Enterprises LLC to replace the furnace. Restaurant, meeting room and office furnace will need to be replaced. Director Joe Mainello asked if this is in the budget? Treasurer Michael Gonzalez stated we are in a deferred state of maintenance on this building; we will have to make sure it is covered. Vice Chairman Clark Clement stated he would prefer to not spend the money on heaters at the moment if we do not have too, when we get the cost of the concrete repair it might be up to \$100,000.00. Chairman McMullen stated the first unit will go to the restaurant area, than the office area, than the meeting area.

Treasurer Michael Gonzalez made a motion that we authorize replacement and installation of 3 units at approximately \$3,967.58 each. Director Tash Robb seconded. There being no discussion, the vote was called. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Discuss/Approve insurance increase and potential solutions. Treasurer Michael Gonzalez stated at the insurance renewal we had a \$23,000.00 increase for property insurability. The process that got us to this point, the insurer stated we were under-covered. Replacement value insurance is the cause for the increase in premiums. To try to find a solution to this increase, he went the route of talking to a commercial appraiser. Who gave us an \$8,000.00 quote to assess all of our properties, the appraiser was confident the insurance would accept the quotes and we would get cheaper insurance. The underwriter with our insurance stated, they would not accept these appraisals from the commercial appraiser. The insurance is asking TWSD to pay \$150.00 to access the properties and get a report of the current costs and values of the property. A lot of the insurance just covers the building and not the contents. Hopefully we will save money, but we might have to adjust our rates.

Chairman Richard McMullen made a motion to authorize the \$150.00 and investigate what is the best way to proceed. Director Tash Robb seconded. There being no discussion, the vote was called. Chairman

Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Discuss/Approve grant through the State in thinning TWSD property. Fire Chief Tony McWilliams stated he has been looking around at some properties around town that would qualify for the grant for thinning TWSD property. The golf course is considered a safe place if the community is unable to evacuate. But currently, the golf course is not the safest place. Three acres has been approved by the grant for thinning. From a conflict of interest standpoint, this is coming from his business that Tony owns that would be clearing the land. He is offering this at no cost to TWSD, the grant money would cover all of it.

Director Tash Robb made a motion to accept the grant for thinning of 3 acres of the TWSD Golf Course. Treasurer Michael Gonzalez seconded. There being no discussion, the vote was called. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Discuss/Approve changing the bylaw for the use of conference calling for Board members that are not able to attend. Chairman Richard McMullen recommended changing the bylaw from "will" to "may". Vice Chairman Clark Clement agreed, this covers Joe Mainello, and the community elected him into office. Treasurer Michael Gonzalez read the Open Meetings Act. There was much discussion.

Director Tash Robb made a motion to reconstitute the Bylaw Committee for the purpose of writing the telephonic communication issue. Treasurer Michael Gonzalez seconded the motion. There being no discussion, the vote was called. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Discuss/Approve not having Agenda Items approved during a Work Session Meeting. Audience member, BF Adams stated according to the Bylaws, it states the Work Session meeting is to set the schedule for the Regular Session Meeting. Most people are not aware that items are being voted on during the Work Session meeting. This is a disservice to the community to approve items during the Work Session meeting, except in an emergency item. Treasurer Michael Gonzalez stated this provides more people to have the ability to attend. Audience member Ardin Schug stated the County has their meetings at 9 am on Tuesdays. Maybe changing the wording for "Work" to "Regular" session meeting would be an option.

Director Tash Robb made a motion to change the wording for the Tuesday meeting, change "Work" to "Regular" Session meeting in the title. Vice Chairman Clark Clement seconded the motion. There being no discussion, the vote was called. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Discuss who is responsible for TWSD cart and golf course maintenance. Neenah Kearns wants clarification regarding TWSD cart and golf course maintenance. Chairman Richard McMullen stated that the TWSD cart and golf course maintenance is done by TWSD. Chairman McMullen asked the GM if he would inform his lower employees who is responsible for this maintenance. GM replied, yes sir. Mrs.

Kearns asked if it could also be brought to the employees attention that the bathrooms and trash cans are not being emptied.

Discuss/Approve FY 2019/2020 Annual Budget for DFA. Treasurer Michael Gonzalez made a motion to approve FY 2019/2020 Annual Budget for DFA. Director Tash Robb seconded the motion. There being no discussion, the vote was called. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Discuss/Approve Financial Report for 4th quarter, FY2018/2019 for DFA. Director Tash Robb made a motion to approve 4th quarter, FY2018/2019 for DEA. Treasurer Michael Gonzalez seconded the motion. There being no discussion, the vote was called. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Discuss/Approve Financial Report for FY 2018/2019 for USDA. Director Tash Robb made a motion to approve Financial Report for FY 2018/2019 for USDA. Treasurer Michael Gonzalez seconded the motion. There being no discussion, the vote was called. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Discuss/Approve budget for FY 2019/2020 for USDA. Treasurer Michael Gonzalez made a motion to approve budget for FY 2019/2020 for USDA. Director Tash Robb seconded the motion. There being no discussion, the vote was called. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye. The motion passed.

Directors Remarks

Director Tash Robb: none

Treasurer Michael Gonzalez: none

Vice Chairman Clark Clement: Thanks for everyone that came, I hope that people don't come just due to rumors and emails being sent out. I think this is one reason people don't apply to this Board. This Board has not discussed running Ronnie Wyatt out. There probably should be some discussions with Ronnie. We are not trying to fire anyone.

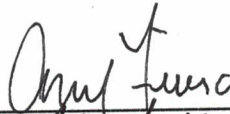
Chairman Richard McMullen: Thank you, I will be getting with Noreen and getting the bylaw issue ironed out. Thanks for coming.

Director Joe Mainello: Sounded like you had some good participation in the audience. It is wonderful that the community is showing up and getting involved. The connection is the best it has been, I could hear just about everything. Thanks to everyone that is sticking it out. I sincerely apologize for having to be a topic of discussion. I hope to be present at the next meeting.

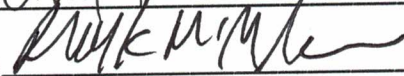
Director Tash Robb moved to adjourn the meeting and Treasurer Michael Gonzalez seconded. Chairman Rick McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Directors Tash Robb and Joe Mainello voted aye, and the meeting was adjourned.

Minutes Approved August 13, 2019:

Secretary Amy Fierro

Handwritten signature of Amy Fierro in black ink, written over a horizontal line.

Chairman Richard McMullen

Handwritten signature of Rick McMullen in black ink, written over a horizontal line.