

MINUTES OF THE JUNE 11, 2019 WORK 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 absent. There being a quorum present, the meeting was called to order by Chairman Richard McMullen at approximately 6:00 PM.

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 Director Tash Robb voted aye. The motion passed.

OLD BUSINESS

General Manager's Report General Manager was not present. Joe Bob Shields gave report.

Swimming pool is up and running; they have had a lot of swimmers.

Preston is wrapping up his work that needed to be completed.

The maintenance shop is up and running per grant requirements.

Golf Course is looking good.

The cold patch has been received and the work on Sacramento Road should start Friday.

Audience member, Harvey English asked if we have any type of agreement with the County on fixing our roads? Is there a procedure for repairing the pot holes. Is there a schedule when the grader will be running? I would feel better about the rate increases if we could see some work being done. Chairman Richard McMullen stated they do not have the resources. The work will get done when resources start being available.

Audience member, Ronnie Windham stated that roads such as Pine and Bear need road grading; there is no rock on some of these roads, only mud. The golf course paths also need repaired. I asked 4 times last year and only one path got done.

Audience member, Sid Benson asked what it cost to haul the dumpsters? Chairman Richard McMullen, stated it costs approximately \$3,159.00 per trip. Mr. Benson stated that if you can furnish the bins, I can take care of hauling the recycling down the mountain.

Treasurer's Report. Reconciled bank balances as of May 31, 2019: Checking Account \$55,894.21; Water Standby Savings Account \$82,264.57; Water Restricted Reserve Account \$39,126.23; Facilities and Services Savings Account \$76,295.18; USDA Debt Service Savings Account \$5,224.00; USDA Short Term Assed Repl Savings Account \$91,685.43; USDA Construction Loan Account \$849.71.

Treasurer Michael Gonzalez stated we have several key account line items that we missed on the annual approved fiscal year budget; such as employee overtime where \$13k was budgeted overtime for the year 2019 and thus far \$48k has been expended year to date resulting in overspending to the sum of \$35k for the year. Additionally, the amount over budget on employee overtime for the month of May 2019 alone is \$6k in overtime expenditures when only \$1,300 was budgeted for the month. Discussions with the General Manager have been ongoing as early as January 2019, urging him to control the budgeted overtime versus the actual overtime expended. Consequently, there has been no meaningful progress on meeting the overtime budget targets. The General Manager is responsible for meeting the annual approved budgeted requirements. The Budget Adjustment Resolution agreement will be presented at the Regular Session Meeting Saturday. We requested an adjustment of \$182,155.00. We are asking for an annual revenue increase of \$147,535.00. The budget analyst for New Mexico DFA (Department of Finance Authority) Eric Luchetti, who is responsible for approving/disproving our budget request stated that out of the 300 districts that he has oversight over in New Mexico that the TWSD is one of 22 districts that struggle with meeting the approved budgeted requirements each year. Mr. Luchetti also indicated that ultimately it is the "Board of Directors" that are responsible for any deliverables not being met.

Some of the overbudget expenditures are out of the districts control, primarily the two well outages sustained in repair and maintenance cost in December of 2018 and again in March of 2019. Other line item accounts on expenditures where the budget has been exceeded do not have the same justification and will have to be brought in line with the new budget for 2019. I will be working with the contract accounting firm to reassess budget funding levels across all accounts and make adjustments as needed for board and DFA approval of the final budget for the 2020 fiscal year. There was much discussion.

I am now seeking the boards help with the following matter: In March I started looking into expense reimbursements going back as early as January and thru March 2019 in Quick Books. What I discovered from the accounting data observed is that incorrect reimbursements were occurring in regard to Payments made to employees for the use of personal vehicle reimbursement for mileage and vehicle repair reimbursement for wear and tear incurred in vehicle use as district work trucks. I scheduled a meeting with the General Manager (Ronnie Wyatt) in order to understand and resolve the problem with what at the time appeared to be unauthorized reimbursement payments made to employees beyond the limit of mileage reimbursement. At the start of the meeting the General Manager invited one of the employees to the meeting as the employee wanted to attend, of which I agreed. I asked which forms of reimbursement were being offered to the employees that were using their private vehicles as in district work trucks? The answer I was given by the General Manager, to my question was that actual mileage reimbursement, vehicle repair reimbursements (at times) and also, he was authorizing the employees to fill up the personal vehicles at the District Maintenance Barn from the District fuel depot tanks. It was at that time that I stated to the General Manager and the employee attending the meeting, that at no time is the district fuel stocks at the Maintenance Barn to be used for private vehicles of any kind and additionally this activity is potentially illegal and not authorized. I went on to further indicate, to the General Manager that when private vehicles are used for legitimate district business purposes that the limit of reimbursement is mileage reimbursement only. I also shared with the General Manager that I

did not think that using private vehicles as work trucks was prudent and that there are insurance liability insurance coverage problems with this practice. In closing of that meeting, I was assured by the General Manager that from now on mileage reimbursement was all that would be allowed to be paid.

When the May Quick Books monthly data file became available from the office, I obtained a copy and reviewed the month end district travel reimbursement account detail. What I discovered in the check detail of two expense reimbursement payments was that not only was mileage reimbursement's paid but also a second payment on the same check indicated that fuel and Oil expenses were also paid on each of the two checks. I then reviewed the travel expense report forms that corresponded to the check payments. What I discovered on both travel expense report forms was that the amount for mileage reimbursement was filled out correctly on the request form but the remaining balance of the amount paid (fuel and Oil from the check detail) was placed in the section reserved for "Per Diem" reimbursements area of the form near the bottom of the expense request. Consequently, the additional amount paid in the disbursed mileage expense reimbursement checks was hidden on the travel expense request form under the per diem portion of the form as "Other", thus attempting to conceal the double dipping of mileage expenses and being paid twice in excess of what is authorized.

I do not feel comfortable approving mileage expense reimbursements for the practice of using Private employee vehicles in district as work trucks. Additionally, there are serious issues with insurance liability coverage while these vehicles are being used as work trucks as the typical liability coverage on the private vehicle will not be covered in the event of loss. This would expose the district to the full cost of any damages that arises from any loss claim on the private employee vehicles used as work trucks for the district.

Travel reimbursement is for mileage only. The admin accounting policy requires the reimbursement be approved by both the Treasurer and General Manager. Currently, there have been reimbursements that have been paid for mileage, fuel and oil; this is double dipping, and cannot be allowed.

Chairman Richard McMullen asked how many vehicles would TWSD need to acquire to eliminate employee personal vehicle usage? Treasurer Gonzalez stated I am not sure that every employee needs their own vehicle, I do not have an exact number at the moment.

Audience member Ronnie Windham, asked why Terry Montoya is mowing the fairway? He is a mechanic. Chairman Richard McMullen said he will personally get him an answer for this.

Audience member Arden Schug, asked if we have a policy to hire an employee temporarily?

Chairman Richard McMullen stated he believes that there should be a committee established of what the community needs, He nominates Harvey English to head up the committee.

Committee Reports.

Budget Committee: Nothing to report. Next meeting will be July 11th at 1:00 pm at the Lodge

Inspection Committee: Nothing to report.

Discuss/Approve transfer of funds procedure. Treasurer Michael Gonzalez stated some policies were implemented in April. Almost immediately we found there was some revisions that needed to be made. Treasurer Gonzalez created a form to transfer funds along with a detailed list of how the transfers should take place. Director Tash Robb made a motion to implement the transfer of funds procedure and form to funds transfer. Vice Chairman Clark Clement seconded. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Director Tash Robb voted aye. The motion passed. The proposed implementation will be within a week.

Discuss/Approve store lease agreement. Moved to Saturday agenda.

Discuss Bohannon Huston proposal. Moved to Saturday agenda.

NEW BUSINESS

Approve May 18, 2019 Regular 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 and Director Tash Robb voted aye. The motion passed.

Approve May 31, 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 and Director Tash Robb voted aye. The motion passed.

Discuss changing the tennis courts into community garden. Director Tash Robb would like to see the tennis courts be used as a boxed community garden. The fence would help keep the deer out. Would like the elder people in the community to be able to have a flat location they could easily access. Treasurer Michael Gonzalez stated that the garden would have to have water access, which would have to come from the High Country Bar. Who would construct the boxes? Director Robb stated the 4-H would like to be involved. Audience member, Tony McWilliams stated his concerns are parking, water, and access to the courts is awful. The weeds are a problem; major work would have to be done. I believe another location would be better. Audience member, Harvey English stated this is a good idea, let's look into another location.

Discuss/Approve monies for the heater systems at the Lodge. Vice Chairman Clark Clement stated there are 8 heaters in the Lodge. They are focusing on 2 to repair; the quote to repair is roughly \$4,000.00 to fix one heater. Treasurer Michael Gonzalez stated we need to start focusing on repairs, we can pick a new project every 2-3 months. Audience member, Harvey English asked if they are putting new duct work or just a new unit. Vice Chairman Clement stated, just the unit. This was moved to the Saturday agenda.

Discuss/Approve contract with Ray Ramos. Chairman Richard McMullen stated he is a level 4 operator. Treasurer Michael Gonzalez stated that the individual would be paid mileage and \$85.00 – \$87.00 an

hour, this is more than the previous operator. We are required to have a level 4 operator for the filtration system. Director Tash Robb stated we need to look into the contract structure. Ray Ramos is with Rural Water and trouble-shoots water issues.

Discuss/Approve Resolution 2019-009. Director Tash Robb made a motion to Approve Resolution 2019-009. Vice Chairman Clark Clement seconded. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Director Tash Robb voted aye. The motion passed.

Discuss/Approve Resolution 2019-010. Treasurer Michael Gonzalez made a motion to Approve Resolution 2019-010. Director Tash Robb seconded. Chairman Richard McMullen, Vice Chairman Clark Clement, Treasurer Michael Gonzalez and Director Tash Robb voted aye. The motion passed.

Set Agenda for Saturday June 15, 2019 Regular Session Meeting.

- Discuss/Approve Budget Adjustment Resolution 2019-011.
- Establish a committee for asset coordination.
- Discuss/establish employee policy for personal vehicle use for utility within the District.
- Discuss/Approve store lease agreement.
- Discuss Bohannon Huston proposal.
- Discuss beautification of the fishing pond.
- Discuss/Approve monies for the heater systems at the Lodge.
- Discuss/Approve contract with Ray Ramos.

Directors Remarks

Audience member Ardin Schug, asked if there is an increase in TWSD employee headcount, does it need to be approved by the Board of Directors?

Audience member Terry Borzoni, thanked the Board.

Audience member, Ardin Schug said that you have an action item list and it should be prioritized. We need to start running this place like a business. We talk to Ronnie and nothing gets done about anything.

Audience member, Sid Benson, did I hear that none of these expenses of the PER would be used by the standby fees? Chairman Richard McMullen said nothing has been allocated until the proposal is done and it is sent to Steven Deal. A rate study would be the next item.

Audience member, Harvey English, constructed a list of items that he wanted to address. I want to thank the Board for stepping up and doing a good job.

Treasurer Michael Gonzalez: I want to thank everyone that came. We are continuing to make improvements to the District. It will be up to the community what they want to do with Bohannon Huston for the PER. The community needs to know the cost structure. There will need to be multiple meetings with the community to make this decision, it will increase their water bills. This is a needed step, but everyone needs to be aware what we are biting off. God is good.

Vice Chairman Clark Clement: I appreciate everyone coming and making comments on how things should be ran. We now have the pipeline for the 3 inch dedicated line from the golf course well to Tank 2. We are working on volunteers for this project. This will alleviate a lot of the water problems. We can not fix everything we would like too, but we are working on a plan. The Bar contract has been implemented. We are currently working on the golf course, we have already had one tournament.

Chairman Richard McMullen: I think the District as a whole is making progress. We are open and the public is more than welcome to address their concerns and praises. I deeply appreciate all the input from the community. The Board members are part of this community. Elections are coming up in November and anyone interested should contact the County Clerk's office and register. There will be 5 positions available.

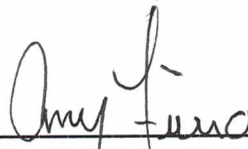
Director Tash Robb: I will keep looking for a location for the community garden.

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

Minutes Approved June 15, 2019:

21

Secretary Amy Fierro



VICE Chairman Richard McMullen

CLARK CLEMENT

