

TYRONE WATER & WASTEWATER ASSOCIATION BOARD MEETING

April 17, 2024 – 6:30 P.M. – TYRONE COMMUNITY CENTER

Draft Minutes

Website: tyronenmwater.org

1. Call to order and declare a quorum – Alan Berg-President

a. The meeting was called to order. Alan Berg, Doug Gorthy, and Angie Roach were in attendance.
Alan

Berg declared a quorum.

b. Alan Berg stated that Jesse Lewis is unlikely to continue participating on the Board due to ongoing medical concerns. Alan reminded everyone that we really need members of the Community to volunteer to be on the Board.

2. Approval/disapproval of Agenda-Deletions

a. Alan Berg stated that Items 4 & 5 would be deleted from the agenda as Carney Foy was not in attendance.

b. Doug Gorthy moved to approve the agenda as amended. Angie Roach seconded the motion. The amended

agenda was approved unanimously.

3. Approval/disapproval of minutes of the March 20, 2024, TWWA Board Meeting.

a. Doug Gorthy moved to approve the draft minutes for the March 20, 2024 TWWA Board Meeting. Angie Roach seconded the motion. The minutes were approved unanimously.

b. Alan Berg noted that having these approved minutes from the last meeting was important as we need to submit them to NM Environment Department as part of our application for a \$50,000 grant for an assessment of our sewer lines.

4. Approval/disapproval of a motion to move into closed session for an exit conference of the FY 2023 Agreed Upon Procedures (AUP) in accordance with Section 12-6-5 of the Audit Act provides that an audit report does not become a public record, i.e., subject to public inspection, until five days after the auditor releases it to the audited agency. Where the agency being audited is governed by a public body subject to the Open Meetings Act and where release of the report occurs at an exit conference at which a quorum of the members of the body is present, such exit conference need not be open to the public in order to preserve the confidentiality of the information protected by Section 12-6-5.

5. Return to Open Session. Report on topic discussed in the closed session.

6. Approval/disapproval of the March 2024 financial reports

a. Alan Berg discussed the March 2024 Financial Statements and General Ledger

i. Financial Statements

1. Alan Berg noted that various categories under “Assets” would be combined on July 1st with the new fiscal year. This was a finding from our audit.
2. Alan Berg stated that our revenues are hovering at about \$20,000 per month, and that we’re still working on delinquencies.

ii. General Ledger

1. Alan Berg noted that we received a payment from David Maxwell – the Maxwell property is the only non-Tyrone property connected to our sewer line. They are paid and current on their assessments.
 2. Alan explained that the Rain-for-Rent and Griffith Propane charges are for the back-up pumps while we wait for our new Lift Station to be constructed. Charges from HEI were for the emergency response to our lift station in late February.
 3. Alan Berg summarized the USDA loan for which we are making payments. This loan was the 20% portion of a \$3 million project in 2010 for the now defunct lift station. We still have a \$538k balance and 29 years of payments left. Our monthly payment covers the interest, but we’re not making much headway on the principal. Alan has been looking into whether we can buy out the remainder of the loan (via a new New Mexico loan) at a lower interest rate; right now, we’re paying a lot of money without much benefit.
- b. Angie Roach moved to approve the financial reports as presented. Doug Gorthy seconded the motion. The financial reports were approved unanimously.

7. Old Business

a. Status of lift station schedule and activities. Last activity March 26, 2024

- i. Alan Berg reported that the last time the contractors were on-site at the lift station was March 26th. The propane tank was sited too close to the generator, so this will result in a \$26,000 change order which Stantec is absorbing.
- ii. The generator will arrive next week, but it won’t work without propane.
- iii. The pumps are on-site, but the panel to run the system is backordered.
- iv. Alan Berg stated that there will be a meeting tomorrow to figure out the current schedule; it’s slipped another month. In the meantime, Kenny and Chantel Salazar are checking on the 2 Rain-4-Rent pumps daily; the pumps require a lot of diesel fuel.

b. Status of PNM power line relocation application-Approved and on PNM schedule

- i. Alan Berg reported that there was a power failure yesterday at the lift station. Fortunately, PNM was there to start work.
- ii. PNM found that the electrical infrastructure at the lift station was not in conformance with their standards. This will have to be rectified by the electrical sub-contractor.
- iii. PNM did give us a break on the cost of transformers as we’re an existing customer; they cost \$4000 vs. the new price.

iv. Luis Terrazas and Priscilla Lucero have both been very helpful in our interactions with PNM.

c. \$50,000 grant for investigation of the existing sewer lines in Tyrone resulting in a Preliminary Engineering Report (PER)

i. Alan Berg stated that, after tonight's meeting, he will submit the March Meeting Minutes to the State, and they will send us a \$50,000 grant. Alan noted that the State has a lot of money allocated to projects, but the immense amount of paperwork is delaying a lot of the projects from starting.

8. New Business

a. Resolution 2024-16 Approval/disapproval of Infrastructure Capital Improvement Plan for 2026-2030 Fiscal Year. Current ICIP attached.

i. Discussion of current ICIP elements

1. Alan Berg began the discussion of the proposed 2026-2030 Infrastructure Capital Improvement Plan (ICIP). A copy of the current 2025-2029 ICIP is provided in the Attachments.

2. To date, we've received \$382,220 in funding. Some items, like the Backhoe Purchase, need to be delayed. We will also remove Park Improvements as that is now in the purview of the Tyrone Community Association.

3. The current ICIP has \$4.5 million for our Wastewater System Improvements. In reality, Wastewater will either be ~ \$8 million or nothing. In the latter case, if the Engineers determine that our sewer lines have a sufficient lifespan remaining, we will not be able to obtain State funding for their replacement.

ii. Additional needs for Tyrone townsite

1. We need to add \$900,000 to the ICIP for Water Tower rehabilitation and repairs.

a. As a reminder, the water tower will need a new vault and valves. This will allow us to drain the tower and repair the old "temporary" patch.

b. BHI was out today with their drone to get elevations and inspection of the tower. This is being paid for from the \$112,000 grant from Freeport-McMoRan.

2. We should also add a project to the ICIP to repave the Community's streets when the water and wastewater projects are done.

iii. Alan Berg stated that he would meet with Priscilla Lucero and BHI new week to discuss the ICIP.

iv. Alan Berg made a motion to Approve Resolution 2024-16 in favor of completion of a 2026-2030 FY Infrastructure Capital Improvement Plan. Doug Gorthy seconded the motion. Alan Berg, Doug Gorthy, and Angie Roach voted yes. The motion passed unanimously.

b. Agenda for annual membership meeting on May 15, 2024

i. Election of board members

1. Nominations from the floor

2. Presentations by nominees

3. Voting process (Robert's Rules of Order as guidance)

- Alan Berg stated that our Bylaws require an Annual Membership Meeting in May. With Mandy Lilla gone and Jesse Lewis out with medical concerns, we really need additional participation on the Board. This is a Covenant Community and part of the process is participation.

- Alan also noted that we've lost the information on how long Board terms should be; this information loss occurred when Anna Flores shredded the Community's records.

- We will accept nominations from the floor for Board Members and voting will follow Robert's

Rules of Order.

ii. Approval/disapproval by majority of the membership in attendance to incur additional debt to finance our portion (10% or 20%) of the water tower repair and water system construction which is estimated to be \$6,546,073.

1. A 1% loan from the State of New Mexico for 20 years

2. 10%-\$654,607 which is estimated to be \$9.35/month per property

3. 20%-\$1,988,381 which is estimated to be \$18.70/month per property

- Alan Berg stated that the biggest issue on the agenda for the Annual Meeting is that we don't know if we'll get 80% or 90% grants for our \$880k Water Tank Rehabilitation project and \$5.7 million Water System project. This is a total of \$6,546,073; the interest rate will not exceed 2%.

- We do not know what % of these projects will be a loan nor the interest rate. Estimates on our required repayment range from \$10 to \$20 per home per month (see Attachment for the numbers that Alan displayed at the meeting).

- The Board would like to see if we can absorb these possible increased costs without raising our rates. If not, we will need to increase either our assessments or our water bills.

Additionally, the Community also needs to re-build its Reserve funds.

- The Board believes that the Community should be involved in making the decision to accept these monies and attendant loans and encourages everyone to attend the Membership meeting. The Board has drafted a letter to homeowners to explain the situation.

- Alan Berg stated that he thinks we have a good chance to get these monies from the State. At the least, we really must get funding for the Water Tower rehabilitation. If the patch on the Water Tower fails, the water will empty out of the tank, and we would have no water until it could be repaired. The entire Community could be without water for 2 weeks or more.

iii. Questions and Comments from Community Members and the Board:

1. When will we know if we are awarded these State funds? May 12 or 13. Hopefully, we will know before the next meeting.

2. When the lift station is operational, we should save \$8300/month on the Rain-for-Rent pumps? Yes, and actually somewhat more because of the fuel costs for those pumps.

3. We have to get our Reserves up and out of crisis mode. If we have a major failure without anything in our Reserves, we will be forced to do an assessment on every house to pay for it. It's better that everyone pay \$20/month now than a single emergency assessment of thousands of dollars per home. We need to analyze how quickly we can build up our Reserves. Even if we have to pay a small additional amount monthly, it will put us in the best position.

4. When do we find out the status of the sewer line? After we submit last month's minutes to the State, they will release the funds. BHI can then work on the Preliminary Engineering Report. Actual scoping of the lines could begin next month.

5. The Engineering results will guide the decision on replacing the sewer lines. We need to know this information before we tear up the streets for the water lines.

6. Will we know the determination of the sewer systems before the next meeting? No. If we add a sewer line replacement project, it will double the cost of our projects.

7. Can we delay the water project if needed? No, but we could phase it. How long is the project to replace all of the water lines? 1-1/2 to 2 years.

8. It is important for the Community to come out for the decision to obligate the Community to \$6 million worth of projects!

9. We are concerned about the impact of increased costs on Elderly and other members of our Community. Perhaps we can provide some kind of exemption or provide waivers for people? Perhaps there is some form of assistance available through the Colonias?

10. In sum, we are working on 4 major infrastructure projects: Lift Station, Water Lines, Water Tower and Sewer. Please come to the Annual Membership Meeting!

c. Approval/disapproval of 2024 Emergency Response Plan for wastewater emergencies

i. Alan Berg noted that on May 15th, we will also have to approve a new Emergency Response Plan.

d. Approval/disapproval of the creation of the Draft Fiscal Year 2025 TWWA budget including preliminary:

i. Revenue expectations

ii. Expenditures

iii. Doug Gorthy made a motion to develop a Draft FY 2025 budget. Alan Berg seconded the motion.

iv. Alan Berg stated that we need to analyze the budget to see what we can do with regards to the costs for our new grant-loans and to build reserves.

v. A vote was taken on the motion. Doug Gorthy, Alan Berg, and Angie Roach all voted yes.

9. Report and Approval of Officers and Committees

a. President's Report

i. Alan Berg reported that we had a good session with the Colonias Infrastructure Board. TWWA had spent our funds on-time and within budget.

b. Vice President's Report-No Vice President

c. Secretary's Report

i. Angie Roach had no comment; Alan Berg and Doug Gorthy thanked her for preparing thorough and accurate minutes.

d. Treasurer's Report-No Treasurer

e. Doug Gorthy-member

i. Doug Gorthy stated that he'd been having some conversations with Alan Berg about Alan's future plans. Alan Berg will be headed to Arkansas after the May Membership Meeting to be with his wife; he will be in Arkansas at least one month. Alan Berg stated that he cannot be President much longer though he is willing to remain on the Board.

ii. Doug pointed out that we may need to pay an Administrator. Alan does a tremendous amount of work for us, and it seems unlikely that we will find someone else to voluntarily shoulder that load.

1. Would a paid Administrator need to live in town? No.

2. Angie Roach suggested that we add the cost of an Administrator to our Draft FY 2025 budget.

iii. Doug Gorthy noted that once our infrastructure repairs and replacements are completed, a lot of the "heavy work" will be done. The Community had a great gift (aka Alan Berg!) for the last 2 years, but that is ending now.

iv. Doug closed by commenting that we need more than just 6 or 7 people attending the Board Meetings. The Board is making a 20-year financial commitments on behalf of the Community. The Community needs to be involved in these decisions.

f. Dr. Jesse Lewis-member-Unable to attend.

g. Water Operator - Eddie Mendoza-Lead and Copper Rule and Consumer Confidence Report schedule. New EPA PFAS Rules.

Eddie Mendoza was unable to attend the Board Meeting, so Alan Berg provided the following updates:

i. Eddie is taking an inventory of all the houses for the Lead and Copper Rule.

ii. The EPA has a new rule related to PFAS (per- and polyfluoroalkyl substances). PFAS are the "forever chemicals" that are used in firefighting foam and other products. These chemicals are very water soluble and are found all over the country. Fortunately, our well fields are in locations that have not been impacted by industrial activity.

iii. We are waiting for the Town of Silver City to give us our Consumer Confidence report; we do know that all values were good.

iv. Kenny and Chantel Salazar are still cleaning the lift basket daily. We've been getting a tremendous amount of grease, and yesterday, there was a pair of underwear in the basket! Note that our pumps are not designed to handle cloth.

10. Public Input

a. A Community Member, who is a tenant, asked if he could vote (in the upcoming Membership Meeting) on the homeowners' behalf? Robert's Rules of Order says that the homeowner must be in attendance but attending by Zoom or telephone counts. Please note that Zoom will be available for the May Membership Meeting. We want everyone to participate!

11. Adjournment-A. Berg

a. Angie Roach made a motion to adjourn the meeting. Doug Gorthy seconded the motion. The motion was approved unanimously.