

Tyrone Water & Wastewater Association Board Meeting
April 16, 2025 – 6:30 P.M. – Tyrone Community Center
Draft Minutes
Website: tyronewater.org

- 1. Call to order and declare a quorum – Alan Berg**
 - a. Alan Berg called the meeting to order. Alan Berg, Doug Gorthy, Elizabeth Gonzales and Angie Roach were present. Alan Berg declared a quorum.
- 2. Approval/disapproval of Agenda-deletions**
 - a. Alan Berg stated that there were no deletions to the agenda. Doug Gorthy made a motion to approve the agenda as presented. Elizabeth Gonzales seconded the motion. The agenda was approved unanimously.
- 3. Approval/disapproval of minutes of March 26, 2025, monthly meeting**
 - a. Angie Roach made a motion to approve the second draft of the minutes of the March 26, 2025 meeting. Doug Gorthy seconded the motion. The minutes were approved unanimously.
- 4. Approval/disapproval of March 2025 financial report**
 - a. The financial report was inadvertently skipped at this point in the meeting.
- 5. Old Business**
 - a. USDA/RD application process update**
 - i. Alan Berg stated that the USDA required us to update our sam.gov account; Priscilla Lucero helped us get this account.
 - ii. Alan noted that he has another meeting with the USDA tomorrow. Until we can get the USDA to approve additional debt, we cannot proceed with our projects. We are still hoping to start construction this year.
 - b. Monday and Wednesday office hours report by Eddie Mendoza**
 - i. Alan Berg and Eddie Mendoza reported that Eddie has been holding office hours on Monday and Wednesdays. Eddie has been discovering wrong mailing addresses. Additionally, about 13 people have stopped in to ask questions. Some people hadn't heard that the lift station was completed or about our upcoming water projects.
 - ii. Alan and Eddie expressed concern that people still don't know about our work despite the multiple means of communication that we've tried. Property owners need to know about our upcoming fee change; and both owners and renters need to be reminded not to use wipes.
 - c. Report on Western Bank and First American Bank accounts**
 - i. Alan Berg stated that our accountant, Jennifer Klotz, had discovered that we had 5 accounts at Western Bank and 4 at First American Bank! To recover the \$35,000 out of the First American bank accounts, we will need a resolution and signed minutes.
 - ii. Our ACH deposits go through Western Bank. Alan and Angie have been set up as authorized signers at Western Bank.
 - d. Auction of 507 Cuprite Street. Sold to USDA for \$128,000**
 - i. Alan Berg stated that there was an auction for 507 Cuprite Street at the Courthouse. The USDA bid \$128,000 – which was the amount of the loan that they held on the property.
 - ii. What will happen to our lien on the property? The USDA will likely sell the property to a “flipper”. That person will need to pay the lien. We're owed \$9700, and we have shut the water off to the property.
- 4. Approval/disapproval of March 2025 financial report**
 - a. Angie Roach made a motion to discuss the March 2025 financial report. Elizabeth Gonzales seconded the motion.
 - b. Alan Berg noted that Jennifer Klotz has provided a new style for our Statement of Activity; the format follows the State's order of account numbers.
 - c. Alan stated that our revenue for the month was \$27,154: \$20,865 for assessments, \$4361 from water

- fees, and \$1200 from other income (i.e. the WNM antenna on our water tower). Our budget is fairly aligned for the year thus far.
- d. Priscilla Lucero commented that we should set up a separate account for each grant. She also reminded the Board that we must approve a Budget Amendment Resolution for each grant; it must be documented for our auditor.
 - e. Questions and Comments from the Board and Community Members.
 - i. What is the “Grant Expense”? These are bills from BHI for the work that they’re doing for us on the water and sewer system improvements.
 - ii. We are still working to break out the budget more clearly for the next year.
 - iii. Priscilla Lucero noted that the Grant Expenditures should have separate categories for “Engineering & Design”, “Construction”, and “Equipment Purchases”.
 - iv. Priscilla also stated that we need to watch for a questionnaire from the New Mexico Department of Finance. This must be completed for us to get our grant funds from them.
 - v. Does the “Insurance Expense” recur monthly? Yes. It was one pre-paid premium, but we are using accrual accounting to show the monthly amount.
 - vi. At the May meeting, we will review a draft budget for next year that we need to approve and send to the State.
 - f. Alan called for a vote to approve the March 2025 financial report. The motion was approved unanimously.

6. New Business

a. Priscilla Lucero, Director Southwest New Mexico Council of Governments (SWNMCOG) presentation on infrastructure capital improvement plans (ICIP). Current ICIP attached to Final Agenda

- i. Priscilla Lucero stated that she was here to provide a quick overview of the ICIP. This plan is used by legislators to allocate funds. For example, in 2025, each Senator got \$4.7 million to allocate, and Members of the House got \$2.5 million. One of our legislators (we don’t know which one) gave us the \$100,000 for the new truck.
- ii. The ICIP request forms are now due in December. We must prioritize our top 3 items that we want our legislators to consider.
- iii. We should consider what we will apply for next year: Colonias, Capital Funds, Unit Funds. We need to put our ideas into the appropriate year that we think we’ll need them. Also, any relevant planning documents (Technical Report, Asset Management Plans) should be included in our application. Finally, Priscilla suggested that we always include “Water System Improvements” as a catch-all for new things that may arise.
- iv. Again, we need to have our top 3 priorities for Capital requests for the next year and move other items down or to latter years. The Board then discussed moving the truck down on the list, so that we may obtain a new truck again in the future. The Board also moved the backhoe to the lowest priority. Finally, we need to fix the category for item 003. There is no limit to the number of lines in the ICIP, but the top 3 are for Capital Funds.
- v. The Board also discussed the inaccurate name on the document. Priscilla stated that it’s okay for now but not to sign a final document with that name.
- vi. Priscilla noted that the State has new software coming soon for ICIP, pay requests, and quarterly reporting.
- vii. Alan mentioned that the largest item not on the ICIP is the sewer. We are awaiting the BHI Technical Report for our sewer system, and we expect that they will recommend replacement with an approximate cost of \$8 million. Priscilla recommended that repairing the sewer system should be a Colonias application. The Colonias can fund several-million-dollar projects, but Capital requests can only be for \$300-400,000. She also recommended that we request BHI provide estimates for a phased approach based on priority.
- viii. What happens if the bids for the water project come in higher than the awarded funds? Then that information goes back to the Colonias Board for discussion.
- ix. Priscilla recommended adding an Asset Management Plan to the ICIP. Alan Berg stated that we

already have one. Priscilla then reminded the Board that the Asset Management Plan had to be reviewed/updated yearly and then approved by Resolution at the annual meeting in May.

- x. Priscilla also noted that we need to have a certified inventory for any asset over \$20,000. The Board must review the inventory annually. The new lift station, which cost \$2 million, should be included in the inventory and asset management plan. Additionally, Jennifer Klotz can depreciate this asset within our accounting books.
- xi. Alan Berg stated that we also added Road Improvements to the ICIP. We put \$5 million in our ICIP, and the County put \$5 million in their ICIP. Priscilla Lucero felt that since the County owns the streets, they should put the entire amount in their ICIP. Priscilla suggested removing the Road Improvements item; instead, we could try to put money into a Reserve Account as a match for the County.
- xii. Is the Unit Fund only for water not wastewater? Correct, the only caveat would be for re-use of wastewater.
- xiii. Alan Berg mentioned the idea of installing a solar electric field; we have a lot of acreage, and we pay ~\$500 per month for electricity. We could do a grant with a 25% match. Would we be allowed to make a profit? Priscilla Lucero didn't see why not. In fact, a technical report could show both a proposed design and the cost savings for New Mexico Unit Funds.
- xiv. Priscilla Lucero noted that at the end of April/early May, the state would be considering funding for capacity and regionalization. This is a 100% grant. There is no official application; we just submit our request to the Board. Alan Berg mentioned that we only have one line for water; perhaps we could request funds for a well for redundancy? Priscilla agreed and also suggested adding a Preliminary Engineering Report for a new well in our ICIP.
- xv. Where does this community fit in for fiber optics? Priscilla suggested calling WNM; they have a grant from the USDA ReConnect Program to extend fiber to underserved areas.
- xvi. Priscilla noted that we will need an approved Resolution to submit our ICIP.
- xvii. Elizabeth Gonzales volunteered to be on the ICIP committee.

b. Approval/Disapproval of Resolution 2025-17-AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BY AND BETWEEN TYRONE WATER & WASTEWATER ASSOCIATION, NEW MEXICO (THE "GOVERNMENTAL UNIT") AND THE NEW MEXICO FINANCE AUTHORITY (THE "FINANCE AUTHORITY"), IN THE PRINCIPAL AMOUNT OF \$586,818 FOR THE PURPOSE OF FINANCING THE COSTS OF REFUNDING THE GOVERNMENTAL UNIT'S OUTSTANDING SERIES 2012 USDA RURAL DEVELOPMENT LOAN AGREEMENT DATED FEBRUARY 12, 2013 AND FUNDING A LOAN AGREEMENT RESERVE ACCOUNT, AND EVIDENCING A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL UNIT TO PAY THE PRINCIPAL AMOUNT OF \$586,818 TOGETHER WITH INTEREST THEREON; PROVIDING FOR THE PLEDGE AND PAYMENT OF THE PRINCIPAL AND INTEREST DUE UNDER THE LOAN AGREEMENT SOLELY FROM THE NET REVENUES OF THE SYSTEM OF THE GOVERNMENTAL UNIT; APPROVING THE FORM AND TERMS OF, AND OTHER DETAILS CONCERNING THE LOAN AGREEMENT; SETTING THE MAXIM INTEREST RATE OF THE LOAN; RATIFYING ACTIONS HERETOFORE TAKEN; REPEALING ALL ACTION INCONSISTENT WITH THIS RESOLUTION; AND AUTHORIZING THE TAKING OF OTHER ACTIONS IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE LOAN AGREEMENT. Note: Complete Resolution on website

- i. Alan Berg read the text shown above aloud and noted that the entire 32-page resolution is available on the website (and was available to the Board for review in advance of the meeting).
- ii. Elizabeth Gonzales made a motion to discuss the Resolution. Angie Roach seconded the motion.
- iii. Alan Berg stated that we are still paying the USDA for the failed lift station. We need to get the USDA out of the way, so that we can take on additional debt (i.e., the 20% loan portion of our Colonias projects).
- iv. Our attorney, Debbie Edwards, has reviewed the NMFA loan documents.

- v. The repayments would start in about a year from now, and if we generate enough revenue, we can pay the NMFA loan off early.
- vi. A roll-call vote was taken. Elizabeth Gonzales, Angie Roach, Doug Gorthy and Alan Berg all voted yes. The Resolution was approved unanimously.

c. Consideration of renewal/nonrenewal of pollution insurance

- i. Alan Berg stated that our pollution insurance is expensive. We're paying almost \$12,000 per year for a policy with a \$50,000 deductible! We kept this insurance last year as we were still in the process of building a new lift station. We will consider, in the next meeting, if this insurance is still needed.
- ii. Alan provided the following additional information: 1. We never carried this insurance previously, 2. It's a large chunk of our budget, 3. We would keep out other insurance policies, and 4. The policy remains in force until August, so we have some time to think about this.
- iii. Questions and Comments from the Board and Community:
 - 1. How much pressure does our system operate under? The system is low-pressure, gravity-fed and the lines traverse uninhabited land. The exception is where we use 102 psi to pump the sewage up from the lift station to the Town of Silver City manhole.
 - 2. What is the status of our early warning system? Eddie stated that it's in progress. He feels that the most important part is already working - a meter that provides information on the volume and pressure of what we're pumping.

d. May 21, 2025 Annual Membership Meeting – agenda items

- i. Alan Berg stated that the next meeting will include the following agenda items: ICIP, New Board Members, Pollution Insurance, and Draft Budget and Resolution.
- ii. Additional Comments from the Board and Community:
 - 1. Alan noted that there is only one year left on his term on the Board; he will retire after that.
 - 2. Now that Eddie Mendoza is full-time again, he has been taking on more of the load.
 - 3. We may need an Administrative Person during the upcoming construction projects. We would have to add this to our budget. Priscilla stated that the New Mexico Unit Fund can include administrative expenses.

e. Fiscal Year 2026 Draft Budget Schedule

- i. Alan Berg stated that the draft budget would be presented in the next meeting. We are not anticipating any increase beyond the \$75. We will ask the membership to approve the budget, and then we can submit it to the State.

f. Increase in monthly assessments from \$65.00 to \$75.00 beginning July 2026, the start of Fiscal Year 2026

- i. Alan Berg reminded everyone that our monthly assessments will increase from \$65 to \$75 in July. It was noted that \$10 is the cost of a single meal at McDonald's.

7. Report and Approval of Officers and Committees

a. President's Report

- i. Alan Berg stated that the ad is running in the newspaper to auction off the defunct equipment. We have only had one inquiry so far.

b. Secretary's Report - Nothing to report.

c. Treasurer's Report-No Treasurer

d. Doug Gorthy-member

- i. Doug Gorthy asked Eddie Mendoza about the status of the lift station alarm. Eddie stated that we're waiting for a Technician to verify what is needed, then the company will provide a cost estimate for the installation.
- ii. Doug asked about sewer lateral lines from people's houses to the main lines. A new main sewer line in the future could change the depth/location of where lateral lines meet the main line, so it would make sense to wait for the new main line before replacing/upgrading a sewer

lateral? Alan and Eddie agreed that would be a good idea. Alan Berg further stated that he asked Bohannon-Huston to attend the Membership Meeting next month to discuss construction logistics and answer questions.

- iii. Alan Berg also noted that given the lead time for Colonias (and other) funds, we will be unable to install the water and sewer simultaneously. Doug summarized the sequence: 1. Replace the water lines (street tear-up #1), 2. Replace sewer lines (street tear-up #2), 3. This is the ideal time to put in a new lateral, and 4. New pavement installed.
- iv. Additional discussion on sequencing occurred between Priscilla Lucero and the Board. Because Colonias Funds commit us to both Scope and Timelines, we really cannot deviate from the sequence summarized above (item 7.d.iii). Alan pointed out an additional, major concern: we cannot risk further delays to the water system projects as any failure could leave the town without water for weeks.
- v. Eddie pointed out that the sewer lines are deeper than the water lines. So, the new water line will cross laterals but not main sewer lines. Additionally, the soil is heterogenous. The clay sewer lines may fail while we are digging for new water lines. We will likely have to do spot patching on the sewer and will need emergency funds available for these repairs.
- vi. Doug provided a final summary: 1. We repair the water lines and backburner the sewer lines. We will leave the streets in a patched/graveled condition. Later, we will come back to do the sewer line replacement.

e. **Elizabeth Gonzales-member** – Nothing to report.

f. **Water Operator - Eddie Mendoza** – Nothing to report.

8. **Input from property owners and residents**

- a. Regarding the BHI report, there is a comment “3rd Extension denied”, what does this mean? We are not ready to proceed with construction yet (due to the USDA-related delays). We had requested an extension, but the State told us to re-apply for the extension closer to the actual deadline.
- b. There is information on “defensive space” for wildfires available on the table in the Community Center.
- c. Why is it taking so long to replace the guardrail at the entrance to town? This is not our issue. This question needs to be addressed to the New Mexico Department of Transportation.
- d. What is the status of the water tower rehabilitation? We’re waiting to receive the money from the State. Again, this is related to the USDA issue.
- e. A community member talked to Grant County regarding the failing wall on Malachite Ave. It is the property owner’s responsibility to replace the wall. The general consensus is that the wall is likely to fall with the next good rain. Alan Berg noted that we have gotten a blue stake request, so perhaps someone is looking into repairs?
- f. Wasn’t the Board going to write a letter to the Community about the change in the assessments and summarizing the upcoming project work? Yes, but we haven’t sent it yet. We’re still working on the list of addresses, and we’ll send it soon.

9. **Adjournment-A. Berg**

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