

Quarterly Board Meeting

Open Session

Aldea Community Center

April 13, 2022, 10:30 – 11:30 AM

I. CALL THE MEETING TO ORDER: President, Stephen Raab

II. NEW BUSINESS:

- A. President's Report, Stephen Raab, **Exhibit A**
 - 1. Board Member and Personnel Introductions
- B. Financial Committee Update, Steven Miller, **Exhibit B**
 - 1. 1st Qtr. CY22 Financial Report
 - 2. Summary of How Rates are Set
- C. Operation Committee Update, Herb Faling, **Exhibit C**
 - 1. Update on end-point replacement
- D. Governance & Legal Committee, Stan Weiner, **Exhibit D**
 - 1. Update on Revision to Bylaws
- E. Sustainability Committee, Stephen Raab, **Exhibit E**
 - 1. Launch of Community-wide Sustainability Committee

III. ADJOURNMENT

To access the Zoom recording of the meeting, go to:

https://us06web.zoom.us/rec/share/bw4ZNZC0bsmACDsdLdxaCRhxD_kDVOmEmtUGO4DZiRKUKxJleVJBEFSCuW5l_Ccl.U7_shF4-Ry81Amwx

Access Passcode: !*8SG8D7



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

Q1 President's Report – Stephen Raab, Board President (**Exhibit A**)

April 13, 2022

I am pleased to report that the Las Campanas Water Co-op (“Co-op”) is past all of the turmoil of late 2021 and early 2022 and Co-op’s Board and staff are now fully focused on running the Co-op as effectively and efficiently as possible. The Board members remain a very active and involved team, directly participating in the operations of the Co-op which include chairing and staffing the Co-op’s Core Four committees (Operation, Finance, Legal & Governance and Sustainability).

We are close to hiring a new General Manager and expect to make an announcement within about two weeks. Our top candidate has an impressive resume which includes a proven track record in engineering, project management, the establishment and implementation of formal goals & objectives and financial management. The community can expect an announcement on GM position by around mid-April.

For 2022, we have comprehensive set of goals & objectives for 2022 that will focus on not only the deliverables for the overall organization, but provides direction for individual staff members and the Board. Our goals & objectives are being formally tracked and reviewed on a monthly basis and directly support our commitment to continuous improvement. I would like to remind the community that are overall goal is to provide great service at the lowest possible cost.

The greatly enhanced budgeting program that was developed in 2021 has been carried over to 2022. Our budget divides our budget into water and sewer services so that we can closely monitor the cost of doing business for each of the services we provide. I am very confident that I will be able to report at our mid-year meeting that the Co-op is operating well within its 2022 budget.

On or about May 11th we will be adding two new directors to the Co-op’s Board. We were pleased to offer four excellent candidates for the two new Board positions. I thank all four candidates for their interest in serving on the Board. We hope to formally announce the new directors at the April 13th quarterly Board meeting’s Open Session.



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

In closing, I remind the community that New Mexico, and the Southwest in general, continues to be challenged with the driest years in over 127 years. We cannot let a few snowstorms lead us to believe that we are out of a two decades long drought. As I noted in my last report in 2021, farmers and ranchers continue to be faced with an endless string of difficult years since the late 19th century. Livestock is suffering. Some producers are selling off their herds and crop yields continue to be low. On a positive note, the majority of Las Campanas home owners stay within their water allocation. Please consider setting a household goal of reducing water consumption by at least 20%. Consider working with your landscape architects and landscaping staff to minimize the amount of water you are using, nearly 2/3 of our water usage is used for irrigation.

Please do not hesitate to contact the Board if you have any questions or concerns. We can be reached at Board@lcwatercoop.com.

Sincerely, Stephen Raab



Las Campanas Water Cooperative
Finance Committee Report
13 April 2022
(Exhibit B)

Committee Members: Steve Miller (Chairperson), Herb Faling

The Co-op's financial support was outsourced to Carr, Riggs & Ingram, LLC (CRI) late last year. CRI, a firm with offices across the United States, was chosen after a rigorous source selection. This has provided the Co-op with professional financial services with the "bench-strength" necessary to provide uninterrupted services of the highest caliber. The Co-op's account manager is Rhonda Williams, a CRI Partner. Rhonda and most of the staff supporting the Co-op are based in Santa Fe, with additional expertise being drawn from Albuquerque and Las Cruces.

CRI's initial focus was the inspection and acceptance of the financial data that previous bookkeepers had compiled. Reconciliations of the 2020 and 2021 accounts have been completed to support the outside audit of accounts which is expected to be completed by mid-May and will be presented at the July Board meeting.

CY21 Financial Summary

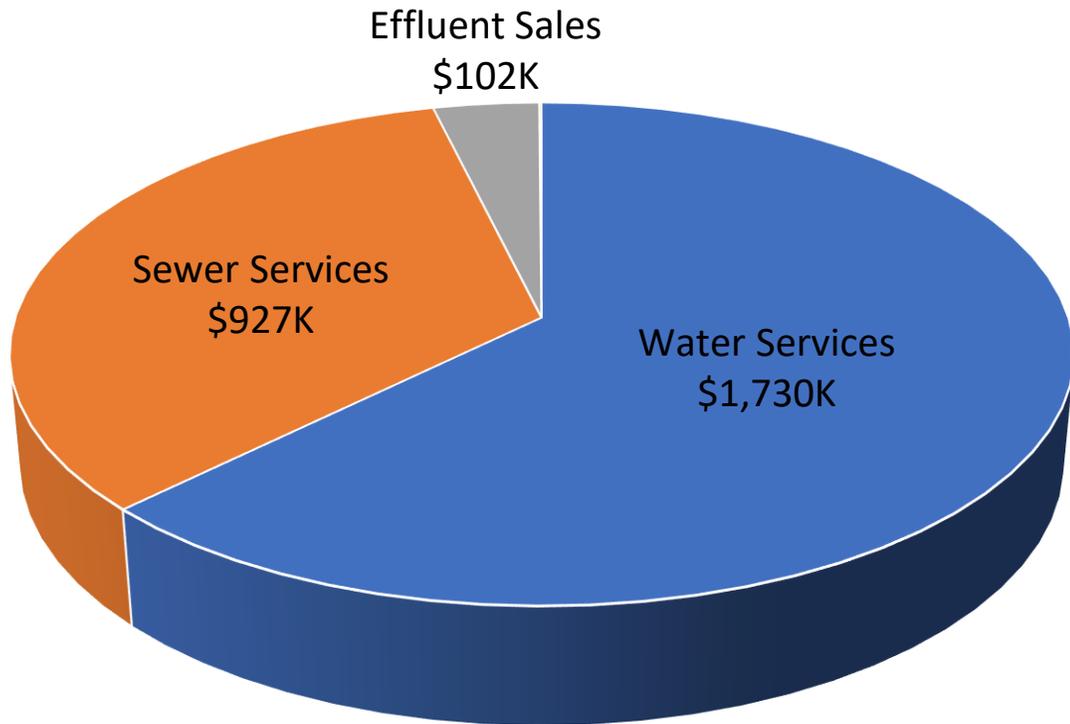
- End-of-year operating deficit: **(\$121,675)**
- Driven principally by unplanned sewer system repair costs and legal fees.

We are in the process of transitioning all accounts receivable/payable activities from Erykah Vigil to CRI to allow Erykah to take on additional responsibilities.

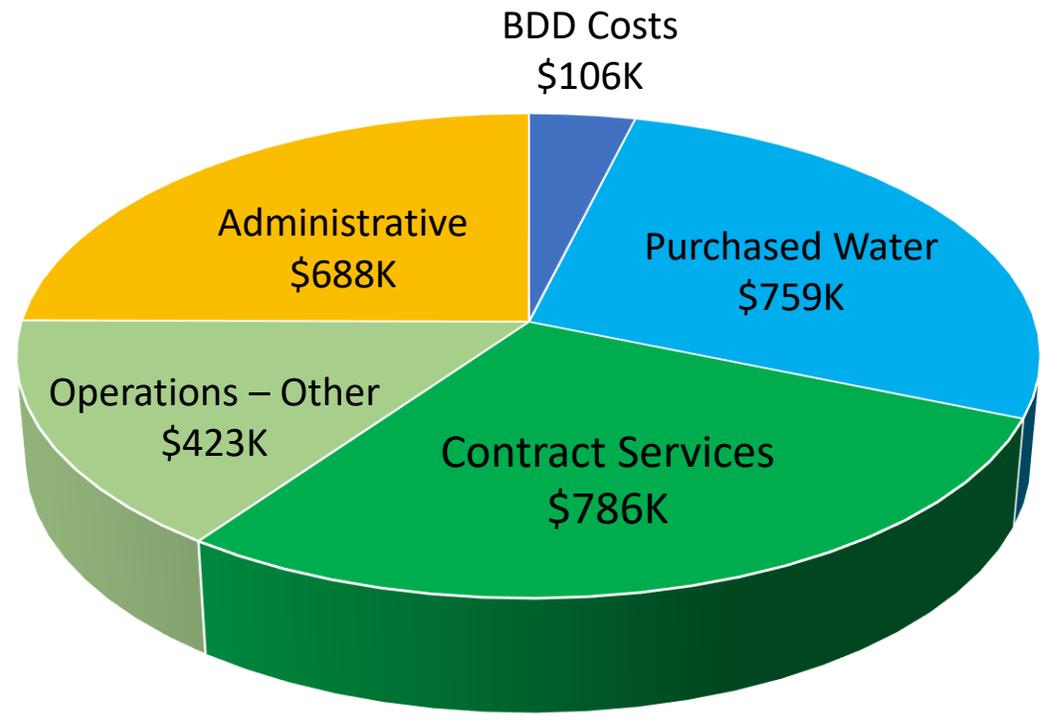
The Board has approved the calendar year 2022 operating budget, an overview of which is provided in the attached graphic. The first quarter 2022 (ending March 31st) Profit and Loss statement is also provided for your review.

The Committee's next major activity will be to assess whether a rate increase needs to be implemented, effective 1 July 2022.

CY22 Annual Budget

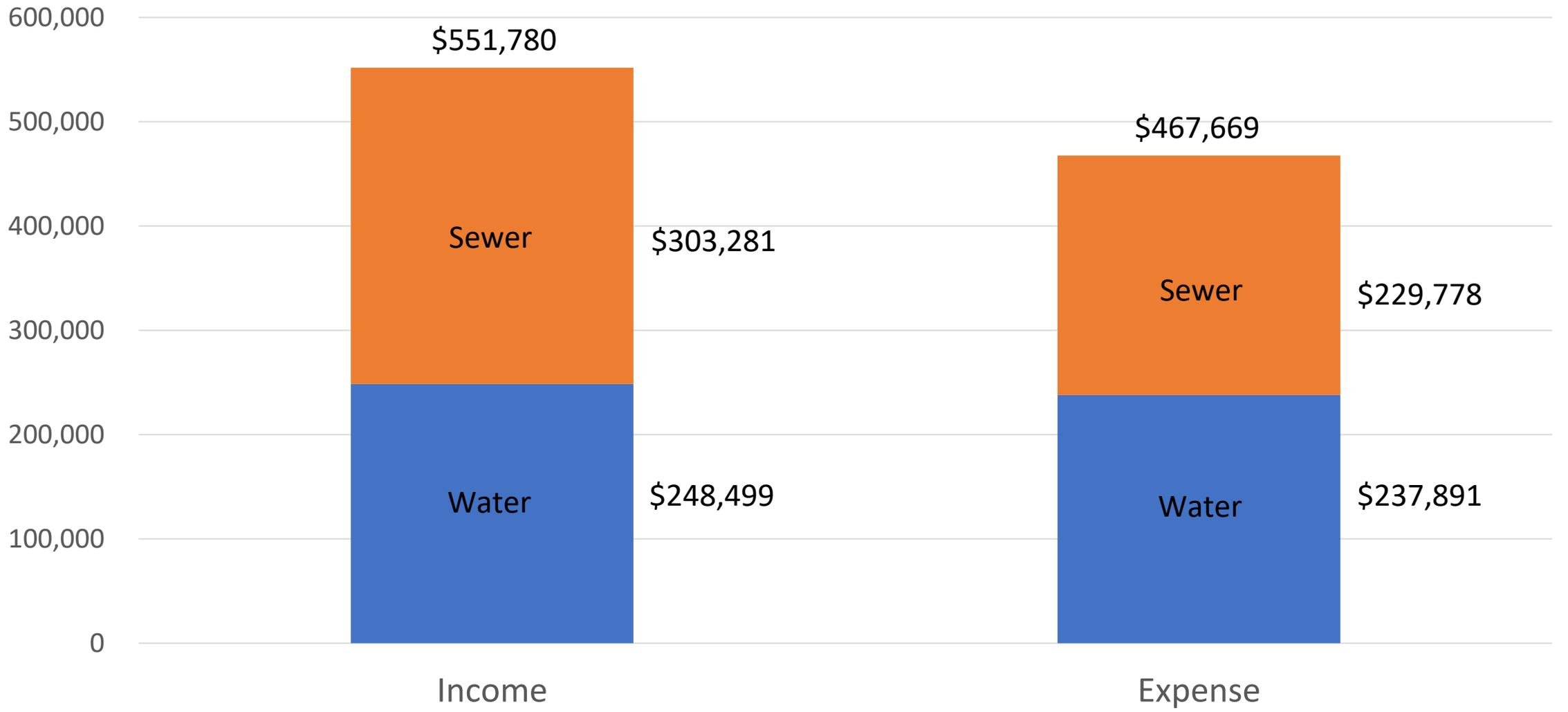


Income
\$2.76M



Expense
\$2.76M

1st Quarter CY22 Financial Summary



Q1CY22 Financial Summary

| | Water Actual | Sewer Actual | Total Actual |
|--------------------------------------|-----------------|-----------------|-----------------|
| Service Income | 248,499 | 293,922 | |
| Effluent Sales | | 9,359 | |
| Late Fees | 0 | 0 | |
| Total Income | 248,499 | 303,281 | 551,780 |
| BDD Costs | 23,474 | | |
| Purchased Water | 24,194 | | |
| Electricity | 1,389 | 10,950 | |
| Chemicals | 0 | 0 | |
| Contract Services | 129,321 | 156,409 | |
| Government Compliance | | 140 | |
| Repairs & Maintenance | 0 | 4,229 | |
| Meter Expense | 0 | | |
| AMR Monthly Service Fees | 1,461 | | |
| Operational Expenses - Other | 18,103 | 18,103 | |
| Total Operational Expenses | 197,943 | 189,831 | 387,774 |
| Total Administrative Expenses | 39,948 | 39,948 | 79,895 |
| Total Expenses | 237,891 | 229,778 | 467,669 |
| Net Income | 10,608 | 73,503 | 84,110 |

Operations Committee Report for Q1-2022 (Exhibit C)

Ben Lee, Chairman, Operations Committee

Along with Bryan Romero and members of the Operations committee, we feel satisfied that we have been able to complete our goals and objectives for 2021 and continue to progress in our objectives for 2022. Our overall objective is to maintain consistent water supply and efficient treatment of sewage for the community of Las Campanas. Among the completed activities of 2021 are the following:

- Completed predictive asset management program which includes weekly, monthly and quarterly reporting of the condition of our assets. Such reports are supplied by Jacobs. This along with strategic spares strategy that identifies and predicts the likely hood of component failure allows us to purchase spare components for rapid response in the event of a failure as well as helping us determine the co-ops long term reserve requirements. These tools allow us to be proactive in identifying potential problems as well as produce mitigation plans.
- Established electrical boundary protection for lift station #4
- Completed and submitted our DP944 Permit application to NMED.

Among the activities of Q1-2022 are the following:

- Repair of damaged water line at the entrance to Las Casitas. This repair was done expeditiously despite the difficulties of having to work around bad weather.
- Finalized the SCADA upgrade contract (Supervisory control and data acquisition) which allows for electronic monitoring and remote reporting of equipment and insures that problems are recognized and addressed in real time.

Additional focus items in 2022 will be as follow:

- Implement SCADA Phase 1 upgrades
- Determine the reason for the pipe failure at the entrance to Las Casitas. The section of defective pipe will be sent out to an independent expert for evaluation.
- Reduce the number of endpoints that require manual reads. While 83% of the devices are reporting properly 17% continue to have issues. Part of the problem was associated with the firmware (software) updates implemented by the vendor. This issue has been resolved. The balance of the issues are associated with defective equipment that must be replaced (either under warranty or because of outdated equipment), or the endpoints can't communicate due to inadequate cell phone transmission capability.
- Examine possibilities for supplementing the energy source of the sewage plant with solar energy

Legal and Governance Committee Report – April 13, 2022 (**Exhibit D**)

The Committee's primary responsibility is, together with outside legal counsel, to review proposed contracts, purchase orders and related types of documents that arise day-to-day,

The Committee has also been undertaking the following additional major projects:

1. Completion of matters relating to the Special Meeting and recall election conducted during the Fall of 2021. In that regard, on April 6, 2022, at the request of counsel for Mr. Kirk, counsel for Mr. Kirk inspected the ballots tabulated by the independent accounting firm pursuant to procedures agreed to by counsel for Mr. Kirk and the Co-op. At the conclusion of the ballot inspection, counsel for Mr Kirk noted that he did not see anything out of order. This will hopefully result in the dismissal of the litigation filed by Mr. Kirk against the Co-op and three of its Board members, which has remained pending.
2. The Co-op's lawsuit filed against Mr. Kirk. The lawsuit has not yet been served upon Mr. Kirk, and in the near future lawyers for the Co-op and Mr. Kirk are expected to begin a dialogue aimed at resolving the lawsuit.
3. The Committee is working on two sets of proposed amendments to the Co-op's bylaws that will be presented to the membership for a vote at the annual meeting to be held on July 13.

The first set of proposed amendments are required by the New Mexico statutes governing the Co-op. These amendments relate to prior amendments to the bylaws which were not properly adopted by the members in the manner required by the statutes governing the Co-op and rendered the Co-op's bylaws out of compliance with the applicable New Mexico statutes. The first of these bylaw amendments were adopted in 2019. This first set of proposed amendments is necessary to bring the Co-op's bylaws into compliance with New Mexico statutes.

We are also working on a second set of proposed amendments that will be presented to the membership for approval at the annual meeting. Among other proposed changes will be a requirement that members who have objections to the conduct of the business of the Co-op by the Board will, prior to initiating litigation or other extraordinary proceedings as occurred last Fall, a member must first present those objections to the Board and engage in a good faith dialogue and, if necessary, mediation, in an effort to resolve those concerns prior to initiating these type of costly extraordinary proceedings.

Las Campanas Sustainability Committee

13 April 2022

(Exhibit E)

The Las Campanas Water Cooperative (“Co-op”) will be moving forward with a two-part approach to advancing our sustainability program. Our first step will be to re-introduce the Sustainability Committee (“Committee”) by the end of April. The Committee’s primary goal will be to advance conservation programs, offer training and track regulations so that we can meet our sustainability goals. The Committee will meet on a quarterly basis. The Co-op’s Committee will be comprised of three Board members, the Co-op’s General Manager and four Committee members from the Las Campanas community. The Committee will have a formal set of goals & objectives and will provide the community with updates that will be included in the Co-op’s quarterly newsletters.

The sustainability effort will be expanded beyond the Co-op to include the establishment of a community-wide Sustainability Committee that will include representation from the Home Owners Association, the Club and the Co-op. The community-wide effort will be coordinate by the each of the respective Boards. The goals for the community-wide effort will be to better coordinate sustainability effort across all three Boards, track local, county and state regulations and mandates, improve communications on our collective sustainability efforts and hopefully produce a community sustainability report that can be shared with home owners, real estate agents, builders & developers and agencies.

A request for volunteers to join the Co-op’s Sustainability Committee will be distributed by later April.