



Las Campanas Water Cooperative

SANTA FE, NEW MEXICO

ANNUAL OWNERS MEETING

Open Session Meeting Minutes

July 24, 2019/10:30 A.M.

Directors Present: Ken Kirk, President
Virginia "Ginny" Selvin, Secretary
Jack Keely, Treasurer
James Lightfoot, Director
Steven Miller, Director
Barbara Shoemaker, Director
Robert Taber, Director

Directors Not Present: Stephen Raab, Vice-President

Also Present: Kim Visser-Weinmann, General Manager
Linda Spingler, Controller
Bryan Romero, Consultant for Water & Sewer Co-op
Heather Roybal, Administration
Seth Fullerton, Legal Council
Gerardo Gonzalez-Ortiz, Jacobs Project Manager
Matthew Kear, Jacobs Regional Business Manager

I. **CALL TO ORDER:**

The open session meeting of the Board of Directors of the Las Campanas Water & Sewer Cooperative ("Co-op") was called to order by Board President, Ken Kirk, with a quorum present at 10:36 a.m. on July 24th, 2019 at The Club at Las Campanas.

A. **PRESIDENTS REPORT:**

Welcome to the 2019 Annual Members meeting of the Las Campanas Water Cooperative. We have a great deal to cover today but, at the outset I would like to acknowledge the hard work and ongoing commitment of your staff, including Jacobs Engineering and your Board of Directors. I also want to acknowledge the

tremendous support we have received from our members which tells me that we are doing something right.

In April, I reported that the Co-op was in the process of reviewing our contract with Jacobs for Water & Sewer services, developing a cost of service analysis to use in determining a future rate structure, and focusing attention on our projected Capital Improvement Program and other operational initiatives. I also noted that all these initiatives are integral to the development of our 2020 budget. While we are getting close to wrapping up these critical efforts, we are not quite there yet. I would like to share with you, however, where I believe we are heading.

First and foremost, we would like to work towards becoming a “Utility of the Future”, a term in the industry that refers to a Utility that takes a proactive approach to Utility Management, one that is guided by a systematic and cost-effective infrastructure asset and renewal program as opposed to making infrastructure investments reactively, when absolutely needed or when equipment breaks down. While perhaps more costly, this approach would ensure the long-term viability of our water and sewer systems.

We also anticipate that we are going to have to modify our rate structure to accommodate rising costs in several areas. Our infrastructure is aging and this, combined with increased growth, the existing County rate increases which have already gone into effect for Estates I and II, inflation and other factors point strongly in favor of a rate adjustment starting in 2020. I can assure you that the Co-op will only make infrastructure investments that make sense and that are consistent with our needs and priorities.

Regarding potential rate adjustments, the Co-op is going to take a close look at our reserve policy. This morning I recommended to our Board that we ask Black & Veatch, the firm that worked on our Cost of Service study, to assess whether the reserves we currently have are appropriate for our size and future needs. The Board approved this recommendation and we will have the benefit of the analysis to consider as we work on the budget for next year.

In a few minutes, Linda Spingler, our Controller, will report on the Co-op’s current financial position and Barbara Shoemaker, Chair of the Communications and Sustainability Committee will update you on their timely and ambitious agenda. In addition, we have asked Ginny Selvin, Board Secretary and long-time resident to share her knowledge of how Las Campanas addressed water related issues during its formative years.

Just a reminder about “Eye on Water.” A number of members have come up to me and other Board members and staff over the past few months applauding the value

of our “Eye On Water” program. I am extremely proud of the fact that we are very close to achieving our goal of having 75% of our members using the app. If you haven’t already signed up, please do so as soon as possible. It’s a great program and tool that will help the Community conserve water and help you save money.

As I mentioned at our April meeting, the Co-op is planning to develop a long-range strategic plan to guide our future efforts. We plan to jump start this process in the Fall with a meeting of current and past Co-op Board members. We encourage you to participate as well by responding to our survey we will be sending to you in August. We value your ideas and will take your recommendations seriously.

Our talented staff and Board never lose site of the fact that we all work for you. Our primary responsibility is to provide you with clean & safe water, and we take this very seriously. With your ongoing support, we can continue our impressive record in this regard and at the same time achieve our lofty goal of becoming a “Utility of the Future”.

Two action items are on our agenda today, one relating to the election of Directors and the other relating to the approval of our amended Bylaws.

II. OLD BUSINESS

A. Approval of the April 17, 2019 Open Meeting Minutes:

Ken Kirk entertained a motion to approve the April 17, 2019 Open Meeting minutes. Ginny Selvin moved to approve the April 17, 2019 Open Meeting minutes as submitted. Robert Taber seconded the motion; the motion carried unanimously.

III. NEW BUSINESS

A. Finance Report

As of June 30, 2019

Linda Spingler presented the June 30, 2019 Financial Statement. As of June, 30, 2019, the Cooperative remains in very good standing and has a total cash position of \$6.4m. New Mexico Bank & Trust balances total \$359k.

The Vanguard Money Market account balance as of June 3, 2019 is \$1.04m, an increase of \$2k from May.

The Reserve balance is \$5m, an increase of \$48k from May.

The Accounts Receivable balance is \$239k, and includes \$234 of Members over 60 days, as well as \$52 of Members over 90 days.

The Fixed Asset balance is \$14.7m. June activity includes \$29k spent on the AMR project, as well as \$8k spent on the Pond Liner Project.

The Accounts Payable balance is \$78k, and includes \$32k paid to Black and Veatch, as well as \$8k to HDR for the Pond Liner Project.

Linda Spingler also reported the findings of the 2018 Annual Audit conducted by Moss Adams, the Co-op's independent auditor issued a clean opinion, and had no audit findings, no proposed adjustments and no management recommendations. The Audit Results will be published on the Co-op's website when the final version is available.

B. Operations Report:

Stephen Raab was unable to attend the Board meeting, and Ken Kirk presented the 2nd Quarter 2019 Operations Report in his absence. There are three key themes the Operations Committee would like to focus on this quarter. The first is the enhancement of the Operations planning process which has improved preparation and support for the 2020 budget. Second, the Committee would like to continue to work with staff and our consultant, Black and Veatch, to negotiate a renewed contract with Jacobs Engineering. Third, Co-op's Operations efforts are proceeding on schedule with its key Goals and Objectives for 2019.

(1) Update on Eye On Water program: Installation of the meters is 92% complete for a total of 122 meters remaining. A total of 61% of households have signed on to the Eye On Water program, versus 49% at the time of the 1st Quarter Board meeting. The Co-op has a goal of 75% (or higher) by the end of 2019. To help increase participation, the Co-op requests that the Las Campanas residents communicate the Eye On Water program with neighbors and friends.

(2) Installation of Pond Liner: The pond liner replacement program remains on schedule. The bid process was completed on May 22nd, 2019 with the bid openings conducted on this date; the process adhered to the Co-op's competitive bidding requirement. Construction will begin in August 2019.

(3) Development and Implementation of a Risk-Based Capital Improvements Program: Capital expenditure items have been identified and prioritized based on risk (impact on services, regulatory compliance etc.), and is part of a three-year plan for capital expenditures (2020, 2021 and 2022).

(4) Support of the Jacobs Contract: The Jacobs Engineering contract is due for renewal in November 2020, and the revised and renewed contract is likely to cover a five year term. The Co-op's goal is to have a new contract negotiated by December

2019 to have an effective begin date of January 2020. Internal staff was supported by Black and Veatch as part of the review of the existing contract with three goals:

1. Negotiate a contract that is favorable for the Las Campanas community in terms of service and cost.
2. Put in place contractual provisions to enhance the overall program.
3. Structure the contract so that it is easier to manage and track by internal staff.

Jacobs Engineering will be required to divide our service and support area into six standalone areas of support:

1. Operations and management
2. Repair and replace
3. Capital Improvement Program
4. Asset Management Plan
5. Engineering support
6. Technology (efficiencies gained through data collection and analysis)

(5) Development of a Classification Program for Support Activities: The control of expenditures remains a top priority for the Co-op, with a formal competitive bidding process adhered to as required by the Co-op's policy. The 2020 Operations program for outsourced activities will fully adhere to our competitive bidding program. All outsourced activities are placed into a three-category system:

1. Activities that should be completed by Jacobs Engineering.
2. Activities that can be completed by Jacobs Engineering or another third-party contractor.
3. Activities that should only be completed by a third-party contractor.

The goal is to obtain the best possible outsourced service at the most reasonable and lowest cost.

C. Communications / Sustainability Update:

Barbara Shoemaker presented the 3rd Quarter 2019 Communications / Sustainability Report.

Communications Initiatives:

During the next quarter the Co-op will conduct a Member Survey as one of the many steps we are undertaking to put together a comprehensive long-term plan. The survey will allow for Member comment on a wide range of topics. We hope you will complete the survey to help guide the Board in its planning for the future. An email will be sent letting you know to be on the lookout for the survey in your inbox.

If you haven't already, please visit the Co-op's updated website. We have a few more updates planned to further enhance functionality, including adding a member comment link to make it easy to share your experiences and / or questions. The website archives newsletters, governance documents, and an ever-expanding resource section relative to effective plantings, water conservation, and other topics of interest.

A new Welcome Booklet is in the final stages of development to provide to Co-op members with important information about water conservation, our billing system, and the resources provided by the Co-op.

We will be presenting information to the Sotheby's real estate team about the Eye On Water initiative along with sharing our Welcome Booklet so that potential new residents have access to information about our Las Campanas Water Community.

The Co-op continues to focus on building engagement in our Las Campanas Water Community. The July meeting has generated sign-ups of nearly 100 members. At each meeting we schedule a speaker to share expertise that will be of interest to the Co-op members such as our July speaker, Ginny Selvin, who has prepared a history of the Las Campanas' water history.

Sustainability Initiatives:

- **Eye On Water** continues to prove to be a valuable new resource to support our members in tracking water usage for conservation and identifying leaks through the "leak alert" system. At present, 61% of our members have enrolled. The Co-op will continue to promote enrollment now that most properties have access to Eye On Water and remain committed to our goal of 75% enrollment by year-end. *Please note, Estates I and II are not eligible for Eye On Water as water service is provided by Santa Fe County Water Utilities.*

Over the coming months the Co-op staff will outreach to residents in each Estate to offer personalized assistance to anyone who might be experiencing difficulty in downloading or using the Eye On Water app. Please do not hesitate to call the office should you require assistance.

- **Quarterly Conservation Bulletins** are being sent out by mail and email to all members in an on-going effort to provide timely information to our members on subjects such as
 - Household Water Usage/Conservation
 - Irrigation: Best Practices Throughout the Year

These bulletins are all archived on the Co-op Website.

- **Time-Sensitive Communications** are sent out periodically as friendly reminders of best practices on subjects such as
 - Guidance for Turning on Irrigation in the Spring
 - Using Eye-on-Water to Monitor for Leaks
 - Guidance for When and How to Effectively Revegetate Post-Construction

D. 2019 / 2020 Board of Directors Election Discussion:

Ken Kirk led a discussion regarding the 2019 / 2020 Board of Directors election. Ken Kirk, Ginny Selvin, and Barbara Shoemaker terms have expired and are all interested in serving another three year term. No other residents in the community are interested in serving on the Board at this time, and the Bylaws allowed the Co-op to avoid a costly election process and allow a motion to approve the Directors to be held at today's open session and be approved by the resident forum.

Ken Kirk entertained a motion for the Members to approve election of Ken Kirk, Ginny Selvin, and Barbara Shoemaker. Phil Vasta moved to approve these three Directors as stated. Mike Everett seconded the motion; the motion carried unanimously.

E. Member Approval of Redlined (Amended) Bylaws:

Seth Fullerton presented a summary of changes made to the Co-op's Bylaws. The purpose of updating the bylaws was to clear up some inconsistencies, identify duties of the Board and the staff, clarify the process of voting by the Members, and provide a clear definition of "Co-op." The rights of the Co-op's Members were not changed.

Ken Kirk entertained a motion to the Members to approve the amended Bylaws. Mike Everett moved to approve amended Bylaws as submitted. Susie Kalat seconded the motion; the motion carried unanimously.

F. Las Campanas Water History Presentation:

Ginny Selvin gave a PowerPoint presentation regarding the history of water at Las Campanas.

IV. Resident Open Forum:

The Board President called for an Open Forum, and there were several questions.

- An owner asked for clarification on how the Eye On Water meters work. Bryan Romero explained the new meter system and how the new endpoints transmit data. The owner also asked if Eye On Water was available in Estates I and II; it is not available in those areas as both estates are served by Santa Fe County Water Utilities.

- An owner asked about the duration of the Pond Liner Project and if there will be any disruption to the Las Campanas community while the project is underway. The Pond Liner Project is expected to take one month to complete, with very little (if any) disruption to the community.
- An owner asked about the projected life span of the new pond liner. The projected life span is twenty to twenty-five years and has ultra-violet (UV) protection.
- An owner asked if hydrant flushing will be taking place. The Co-op is planning for hydrant inspections to take place via a third-party company. Jacobs Engineering will continue to flush hydrants as well as service our water lines.
- An owner inquired about the Jacobs Engineering contract and asked if the Co-op will be going through the bid process with other Engineering companies to get the best possible service and rates. At this point, Jacobs Engineering does not have any competition in New Mexico. Competition is further complicated due to the small service area of Las Campanas. Phil Vasta, a former Co-op Board Member, confirmed this statement as he had researched as well. The Co-op contracted with Black and Veatch during this contract renewal process and found Jacobs Engineering's rates to be in line with the rest of the market in the United States.

V. **Adjournment:**

There being no further business, the meeting was adjourned at 11:58 a.m. The next scheduled meeting is October 30, 2019 at 10:30 a.m.

Board President

Date

Board Secretary

Date