

# LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

## Minutes—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, March 19, 2014 at our East Mesa Office, 9774 Butterfield Park Blvd.

Note: Minutes are in DRAFT form until approved by the Board

- I. **Call to Order, Roll Call to Establish Quorum** Sign-in sheet and agenda are attached. Directors present were Chairman Robert “Marty” Nieto (District 5), Vice-Chairman John Holguin (District 4), Director Cali Tellez (District 3) and Director Mike McMullen (District 6). Absent were Secretary Santos Ruiz (District 2), Director Arturo Terrazas (District 1) and Director Furman Smith (District 7). Staff members present were General Manager Martin Lopez, Finance Manager Kathi Jackson, Operations Manager, Mike Lopez, Projects Manager Karen Nichols and Adm Asst. Joan Ferguson. Also present were Joshua Smith, attorney and Tiffany Goosby, SCCOG. With a quorum established the meeting was called to order by Mr. Nieto at 9:33am.
- II. **Pledge of Allegiance** {0:50}
- III. **Approval of Agenda** Items 8A1 & 3 were postponed because those audits have not yet been released by the state auditor. Mr. McMullen moved to approve the agenda. He then amended his motion to include the postponement of items 8A1 & 3. Mr. Tellez seconded the motion and it passed 4–0. {2:16}
- IV. **Approval of Minutes**
  - A. **Minutes of 1/28/2014 Special Meeting** Mr. Holguin moved to approve the minutes of the 1/28/2014 special meeting. Mr. McMullen seconded the motion and with a quorum, it passed 3–0 with Mr. Tellez abstaining. {3:31}
  - B. **Minutes of 2/19/2014 Regular Meeting** Mr. McMullen moved to approve the minutes of the 2/19/2014 regular meeting. Mr. Tellez seconded the motion and it passed 4–0. {4:09}
  - C. **Minutes of 3/4/2014 Special Meeting** Mr. Holguin moved to approve the minutes of the 3/4/2014 special meeting. Mr. McMullen seconded the motion and it carried 4–0. {4:43}
- V. **Guest Presentation—None** The General Manager at this time distributed sealed envelopes that had been left in the drop box at Mesquite. The letters concerned a personnel issue and were addressed to each member of the board except Mr. Smith. It was determined that it was a matter that should be discussed in closed session. {6:27}
- VI. **Public Input—15 minutes total allotted for this item, 3 minutes time limit per person** The General Manager had public comments but he said that they would be addressed in 9C—Disconnection Policy {6:55}
- VII. **Managers’ Reports**
  - A. **General Manager** Mr. Martin Lopez prepared a written report and discussed it with the Board. Mr. Holguin asked about the FEMA claim. Mr. Martin Lopez said that he completed all the paperwork and submitted it the day he received it. LRG will be receiving \$7905.27 which, because the labor involved as well as damaged equipment, had already been paid for, will go into the reserve account. {10:13}
  - B. **Projects** Ms. Karen Nichols prepared a written report and discussed it with the Board.
    1. Mr. Holguin asked to be briefed on the Veteran’s Rd. water line extension project. This year’s capital outlay requests were granted including the \$150,152 that will include the Veteran’s Rd extension. The total project which will include the installation of 6” pipe will total \$172,000 and is anticipated to extend beyond the EBID station.

2. Mr. Nieto asked about the progress on the Mesquite Wastewater project. The final payout is waiting for the final inspection.
3. Mr. Tellez asked about the drivers' safety course. A group attended the course on March 7, 2014. The course was six hours, included a video and was followed with a 20-question exam. {16:25}

**C. Finance** Ms. Kathi Jackson prepared a written report and discussed it with the Board.

1. Extraordinary expenses included paving in Butterfield Park.
2. Electricity expenses have been itemized in order to follow expenses with the new sewer.
3. Mr. Holguin noticed that total expenses exceeded total income. Ms. Jackson pointed out that at the bottom of the columns of the profit and loss report the depreciation had been added back, making total income exceed total expenses.
4. Finance is preparing an application to consolidate/refinance the Organ/Butterfield Park/Brazito loans. The assumption of those USDA-RD loans has been waiting approval for 14 months and it appears to be easier to refinance with the Finance Authority. The terms would be 20–25 years at 3.29%. Preliminary paperwork has been filed. The board will need to approve applying for NMFA to refinance the loans.
5. The purchase of billing/accounting will have to be put out to bid instead of using the CES buying system. The consulting engineer at NMED determined that LRG would be responsible for the 1% fee that CES charges its vendors.
6. The current accounting contract is up and there is a request for professional services on the website which has also been e-mailed to accounting offices on the state's list of approved CPAs. {24:26}

**D. Operations** Mr. Mike Lopez prepared a written report and discussed it with the Board.

1. Mr. Holguin asked if the arsenic level at well #2 was in compliance. The level of arsenic at well #2 is at zero.
2. Mr. Holguin asked about billing Alto De Los Flores: they are sent a detailed invoice.
3. Decommissioning the wetlands involves capping the forced main (which was included in the Mesquite Sewer Project), capping the holding tanks and filling the four infiltration beds. Additionally, five years of monitoring is required. {29:04}

**VIII. Unfinished Business**

**A. Audits—for approval**

1. **LRGPWWA**—Postponed
2. **Brazito** There were two findings in Brazito's audit for the 2012 calendar year. The first was a late audit report. The second was a data collection form was not filed in a timely manner. These findings, however, are from the previous year. Mr. Holguin moved to approve the Brazito audit for the year ended December 31, 2012. Mr. McMullen seconded the motion and it passed 4–0.
3. **Organ**—Postponed {31:05}

**IX. New Business**

**A. Resolution FY2014-10 NMFA Planning Grant—for approval** This Planning Grant will reimburse the Authority \$37,300 from the Finance Authority from when the Comprehensive PER-environmental report was performed for the original five systems. These funds will be deposited in the reserve account. Mr. McMullen moved to approve Resolution FY2014-10 NMFA Planning Grant. Mr. Tellez seconded the motion. With no further discussion the motion carried 4–0. {33:10}

**B. Resolution FY2014-13 Authorizing the Sale of Surplus Manual Water Meters** Because the Authority is replacing a large number of manual meters with radio read meters there is a significant amount of meters

that need to be sold. The procurement code requires approval from NMFA for any sale of surplus equipment above \$5,000. Management needs board approval to dispose of the meters. Mr. McMullen moved to approve Resolution FY 2014-13 Authorizing the Sale of Surplus Manual Water Meters. Mr. Tellez seconded the motion. There was no further discussion and the motion passed 4-0. {34:27}

**C. Disconnection Procedures** Last month, the board had requested that the GM research disconnection policies of neighboring water/sewer systems. Additionally there were requests from two customer/members that the 3pm deadline be extended to 5pm along with a complaint that the "disconnection fee" amounted to paying for a service that hasn't been performed. Mr. Martin Lopez's report on neighboring systems' disconnection fees is attached and he reviewed it with the board. Mr. Tellez's main concern was the wording in the Customer/Member Policy Item 4.H, "Disconnection of Service." The disconnection fee could be construed as a fee for a service that has not been performed. The board requested that that item be rephrased with "delinquency fee" or "fee for nonpayment." The draft will be on the agenda of April's meeting. On the subject of the 3pm deadline, the GM pointed out that staff could do whatever the board decided but office hours in the satellite offices would have to be changed. Additionally, 95% of customers are compliant and used to the 3pm deadline. Mr. Holguin asked what the chronic delinquency rate was. Ms. Jackson said that currently, it is 8%. There was a consensus that the deadline of 3pm be retained. Mr. Martin Lopez pointed out that in the future, perhaps with the new billing software, it could be possible to send a telephone message to those who are late with their payments. The board asked 1) for a draft amendment to the Member/Customer Policies incorporating the discussed, 2) that Ms. Jackson track any changes in the chronic delinquency rate and 3) that Mr. Martin Lopez research automated telephone messaging systems. {48:33}

**D. 2016-2020 ICIP—Set Public Meeting Dates** The deadline for submitting Infrastructure Capital Improvement Plans (ICIP) had originally been set for September 30. The DFA has decided to divide the entities submitting plans into three separate groups with three different deadlines. LRGPWVA is in the special districts group and now has a deadline of June 16. Ms. Nichols has drafted a schedule of staff and public meetings for generating the ICIP for 2015. The schedule is attached. Mr. Holguin moved to approve the April 1 ICIP meeting date at the East Mesa office and the April 3 meeting date at the Vado office. Mr. Tellez seconded the motion and it passed 4-0. {51:30}

**X. Motion to convene in Closed Session pursuant to NMSA 1978 Section 10-15-1(H)(7) threatened or pending litigation—ROLL CALL VOTE** Mr. Tellez made a motion to convene in Closed Session pursuant to NMSA 1978 Section 10-15-1(H)(7) threatened or pending litigation. Mr. McMullen seconded the motion. The roll call was as follows: Mr. Nieto voted aye, Mr. Holguin voted aye, Mr. Tellez voted aye and Mr. McMullen voted aye. The ayes carried 4-0 and the session closed at 10:26am. {52:50}

**A. Motion to resume the Open Meeting** Mr. Tellez made a motion to resume the Open Meeting. Mr. McMullen seconded the motion. The motion carried 4-0 with no discussion. {53:08}

**B. Action, if any, related to the Closed Session topic** The Closed Session only addressed threatened or pending litigation and no action was taken. {53:18}

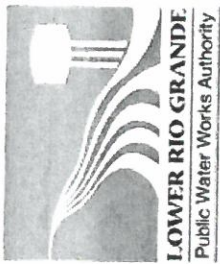
**XI. Other discussion and agenda items for next meeting, 9:30 a.m. 4/16/14 at the East Mesa Office**

**A. Customer/Member Policy amendments:**

1. Customer/members who are receiving sewer service but not water.
2. Delinquency language change

**B. Special Meeting to approve the refinancing of the debt.** It was agreed 9:30, March 27, 2014 at the La Mesa office. {57:20}

**XII.** Adjourn Mr. Holguin moved to adjourn the meeting, Mr. Tellez seconded the motion and it passed 4–0. The meeting was adjourned at 11:06am.



# Lower Rio Grande Public Water Works Authority

Sign In Sheet      Page \_\_\_ of \_\_\_

Date: March 19, 2014      Time: 9:30

Places: ESA Mesa Ofc

Event: Regular Meeting

Signature	Print Name, Title, Company or Agency Represented	Contact Information	Email Address
<i>[Signature]</i>	LRG PWWA	595 636-3851	
<i>[Signature]</i>	LRG PWWA	970-362-7852	
<i>[Signature]</i>	LRG PWWA	233-4140 CMT	
<i>[Signature]</i>	LRG PWWA	915 203 2057	Karen.riob@lrgpwwa.org
<i>[Signature]</i>	LRG PWWA	575	
<i>[Signature]</i>	LRG PWWA	571-3628	
<i>[Signature]</i>	LRG PWWA	140-4330	
<i>[Signature]</i>	LRG PWWA	635-3921	
<i>[Signature]</i>	Attorney	528-0500	j.sm.H.watsonlawlc@5.com
<i>[Signature]</i>	SCCOG	740-2926	Tigoo18by@scog-nm.com
<i>[Signature]</i>	LRG PWWA	233-5742, 123	vanferguson@lrgpwwa.org

## LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

### Meeting Notice & DRAFT Agenda—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, March 19, 2014 at our East Mesa Office, 9774 Butterfield Park Blvd.

Agendas are final 72 hours prior to the meeting and may be obtained at any LRGPWWA Office—call 575-233-5742 for information

- I. Call to Order, Roll Call to Establish Quorum
- II. Pledge of Allegiance
- III. Approval of Agenda
- IV. Approval of Minutes
  - A. Minutes of 1/28/2014 Special Meeting
  - B. Minutes of 2/19/2014 Regular Meeting
  - C. Minutes of 3/4/2014 Special Meeting
- V. Guest Presentation—None
- VI. Public Input—15 minutes total allotted for this item, 3 minutes time limit per person
- VII. Managers' Reports
  - A. General Manager
  - B. Projects
  - C. Finance
  - D. Operations
- VIII. Unfinished Business
  - A. Audits—for approval
    1. LRGPWWA
    2. Brazito
    3. Organ
- IX. New Business
  - A. Resolution FY2014-10 NMFA Planning Grant—for approval
  - B. Resolution FY2014-13 Authorizing the Sale of Surplus Manual Water Meters
  - C. Disconnection Procedures
  - D. 2016-2020 ICIP – Set Public Meeting Dates
- X. Motion to convene in Closed Session pursuant to NMSA 1978 Section 10-15-1(H)(7) threatened or pending litigation—ROLL CALL VOTE
  - A. Motion to resume the Open Meeting
  - B. Action, if any, related to the Closed Session topic
- XI. Other discussion and agenda items for next meeting, 9:30 a.m. 4/16/14 at the East Mesa Office  
Potentially illegal sewer hookups
- XII. Adjourn

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aide or service to attend or participate in the hearing or meeting, please contact the LRGPWWA office at 575-233-5742, PO Box 2646, Anthony NM 88021 OR 215 Bryant St., Mesquite NM at least one week prior to the meeting or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats. Please contact the LRGPWWA office if a summary or other type of accessible format is needed.

*Si es un individuo con una incapacidad esta en necesidad de un lector, amplificador, lenguaje por señas, o cualquier otra forma de asistencia o servicio para atender o participar en las juntas, por favor llame a la oficina LRGPWWA, 575-233-5742, PO Box 2646, Anthony NM 88021 O 215 Bryant St., Mesquite NM una semana antes de la junta o en cuanto posible. Documentos públicos, incluyendo la agenda y minutos, están disponibles en varios formatos. Por favor opóngase en contacto con la oficina LRGPWWA si un resumen o otro tipo de forma accesible es necesario.*

# LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

## DRAFT Minutes—BOARD OF DIRECTORS SPECIAL MEETING

9:30 a.m. Tuesday, January 28, 2014 at our La Mesa Office, 521 St. Valentine, La Mesa, NM

Please note that minutes are in DRAFT form until approved by the Board of Directors

- I. **Call to Order, Roll Call to Establish Quorum** Sign-in sheet and agenda are attached. Directors present were Chairman Robert “Marty” Nieto (District 5), Vice-Chairman John Holguin (District 4), Director Mike McMullen (District 6) and on telephone, Director Furman Smith (District 7). Absent were Secretary Santos Ruiz (District 2), Director Arturo Terrazas (District 1), Director Cali Tellez (District 3). Staff members present were General Manager Martin Lopez and Projects Manager Karen Nichols. Also present was Tiffany Goolsby (SCCOG). With a quorum established the meeting was called to order by Mr. Nieto at 9:33.
- II. **Pledge of Allegiance** {0:50}
- III. **Approval of Agenda** Mr. Holguin made a motion to approve the agenda. Mr. McMullen seconded the motion and it passed 4–0. {1:09}
- IV. **CDBG Project**
  - A. **Preliminary Engineering Report, Environmental Review, and Hydraulic Model for Water System Improvements—motion to approve** Mr. Holguin made a motion to approve the Preliminary Engineering Report, Environmental Review and Hydraulic Model for Water System Improvements. Mr. McMullen seconded the motion. The motion passed 4–0 with no discussion. {2:02}
  - B. **Resolution 2014-09 Adopting the Preliminary Engineering Report, Environmental Review, and Hydraulic Model—motion to adopt** Mr. Holguin made a motion to adopt Resolution 2014-09 Adopting the Preliminary Engineering Report, Environmental Review and Hydraulic Model. Mr. McMullen seconded the motion. The motion passed 4–0. {3:30}
  - C. **Close-out Public Hearing for CDBG Project—motion to authorize proceeding with the hearing** Mr. Holguin made a motion to authorize proceeding with the hearing. Mr. McMullen seconded the motion and it passed 4–0. {3:55}
- V. **Adjourn** Mr. Holguin made a motion to adjourn. Mr. McMullen seconded the motion and it passed 4–0. The meeting was adjourned at 9:37 a.m.

**Minutes approved March 19, 2014**

---

Roberto Nieto, Chairman (District 5)

---

John Holguin, Vice-Chairman (District 4)

***Absent***

---

Santos Ruiz, Secretary (District 2)

***Absent***

---

Arturo Terrazas, Director (District 1)

***Absent***

---

Carlos Tellez, Director (District 3)

---

Michael McMullen, Director (District 6)

---

Furman Smith, Director (District 7)



# LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

## DRAFT Minutes—REGULAR BOARD OF DIRECTORS MEETING

9:30 a.m. Wednesday, February 19, 2014 at LRGPWWA Berino Office, 1150 Berino Rd., Berino, NM

- I. **Call to Order, Roll Call to Establish Quorum:** Sign-in sheet and agenda are attached. Directors present were Chairman Robert “Marty” Nieto (District 5), Secretary Santos Ruiz (District 2), Director Arturo Terrazas (District 1), Director Cali Tellez (District 3), Director Mike McMullen (District 6) and Director Furman Smith (District 7). Vice-Chairman John Holguin (District 4) was absent. Staff members present were General Manager Martin Lopez, Finance Manager Kathi Jackson, Operations Manager, Mike Lopez, Projects Manager Karen Nichols and Specialist Connie Arciniega. With a quorum established the meeting was called to order by Mr. Nieto at 9:30 a.m. {:33}
- II. **Pledge of Allegiance:** Postponed due to lack of a flag {:47}
- III. **Approval of Agenda:** Mr. Martin Lopez noted that approval of the 1/28/14 minutes will need to be postponed due to the lack of a quorum from that meeting present today, and that items VIII. A. and IX. A. need to be postponed because the documents are not yet available. Mr. Smith made a motion to approve the Agenda with those items postponed, Mr. McMullen seconded, and it carried on a vote of 6-0. {01:25}
- IV. **Approval of Minutes:**
  - A. 1/15/2014 Regular Meeting: There were no additions or corrections to the minutes. Mr. McMullen made a motion to approve the minutes of 1/15/14, Mr. Ruiz seconded, and it passed on a vote of 6-0. {01:56}
  - B. 1/28/2014 Special Meeting: POSTPONED
- V. **Guest Presentation—None** {02:13}
- VI. **Public Input—15 minutes total allotted for this item, 3 minutes time limit per person**
  - A. Orlando Jimenez, a member from La Mesa, addressed the Board concerning the LRGPWWA’s policies on disconnection & reconnection of service for late payments, only one notification of the disconnect date, 3:00 p.m. cut-off time, requirement to pay the account balance in full after the cut-off time, and the hardship he feels they create. He gave some examples of how other utilities provide additional notice before disconnection and use auto-dialers for that purpose. Mr. Jimenez noted that the LRGPWWA charges the Disconnect/Reconnect Fees automatically at the cut-off time, but if the customer pays the bill after 3:00, service is not actually disconnected. He said that appears to be charging for a service that is not performed, and he felt that it should not be charged, but if it is, that it should not be called a Disconnect/Reconnect Fee.
  - B. Maria Saenz, a member from La Mesa, addressed the board concerning the same issues, expressing her concern for the high level of poverty in the area, and concurring with the Mr. Jimenez. She asked if the LRGPWWA has a policy for this.
  - C. Mr. Nieto asked the General Manager if he would like to address some of the concerns raised, and Mr. Martin Lopez gave some information about the current LRGPWWA Member/Customer Policy which is available in the offices and on the LRGauthority.org website. He stated that the cut-off time was moved up to 3:00 to eliminate the overtime required to close out the accounts receivable and generate the disconnect list when it was done at the end of the day. Mr. Lopez asked the Finance Manager to respond to a question about how many accounts were affected. Ms. Jackson briefly reviewed the aged accounts receivables numbers from her written report and noted that 86% of our customers pay their bills before the cut-off time, and without these fees, the number of delinquent accounts would go up. She also mentioned that she is a customer of a mutual domestic association that was mentioned as an example, and their Disconnect/Reconnect Fee is far higher than the LRGPPWA’s fee. He noted that the policy is adopted by the Board and can be changed by the Board, and explained why the policies were established. He pointed out that to mail out an additional disconnect notice would cost money in supplies, postage

and staff time, and the notices would have to be sent out a week prior in order to account for time in the mail, so notices would have to be sent all of the accounts that had not yet been paid at that time. So many people pay on the last day or two before the cut-off time that the notices would have to go out to far more people than just those who are really affected. Mr. Lopez also noted that stopping the actual disconnection of service for those who have paid after the cut-time is done as a courtesy. {29:07}

## VII. Managers' Reports

- A. General Manager:** Mr. Martin Lopez presented a written report and responded to questions from the board. Mr. Tellez asked why the Coyote Cable contract was less than the previous contract, and Mr. Lopez replied that there was a trade-off for GPS tracking off ten of our service vehicles. Mr. Smith asked about the easement issue in Organ, and Mr. Lopez explained that it pertained to a service line crossing a neighboring property and is being addressed through the project to relocate the meter. Mr. Smith also asked what a "smoke test" is, and Mr. Lopez explained how it works to determine which houses are connected to a sewer line and also to locate any leaks. Mr. Tellez asked about the Brazito federal mortgages, and Mr. Lopez replied that Brazito had about \$500k in federal debt and explained how federal debt precludes disposing of property we no longer need because the mortgage would follow the property and become attached to the new owner's adjacent properties. He noted that Ms. Jackson is looking into a consolidation loan to pay off the federal debt. Mr. Tellez asked about the cost of the driving school, and Mr. Lopez replied that it would be \$50/person held in Anthony. He also noted that we were pursuing the CPR classes as well, but it will be about \$99 per person plus a \$300 set up fee. Mr. Lopez mentioned that he and the Projects Manager had attended a San Pablo board meeting to discuss merger information. Mr. Terrazas asked if they will continue to buy water from Jornada Water Company. Mr. Lopez replied that they have a PER in development that will address the possibility of a new well, but they have no water rights either. Mr. Smith asked about the next step, and Mr. Lopez replied that it is up their board to review the information and make a formal request if they wish to pursue a merger. {43:34}
- B. Operations:** Mr. Mike Lopez presented a written report and responded to questions from the board. Mr. Tellez asked about the line break, and Mr. Mike Lopez said it was last month. Mr. Tellez asked about the insurance claim on the hydrant, and Mr. Lopez noted that he had obtained the police report. Mr. Nieto asked about the closure of the Mesquite wetlands, and Mr. Lopez discussed what steps need to be taken. He also noted that he would have a water loss report for next month.
- C. Finance:** Ms. Kathi Jackson presented a written report and responded to questions from the board. Ms. Jackson reported that she had written off just under \$90,000 in delinquent accounts that were long-term delinquencies that had been continuing to accrue late fees. She is also trying to get some of the shorter term delinquent accounts resolved as well. She noted that we are on track with the budget and reviewed the aged accounts receivables in more detail. She said that her staff is working on some procedures to stay in compliance with audit rules and mentioned that she is working with NMFA on refinancing our debt. {58:07}
- D. Projects:** Ms. Karen Nichols presented a written report and responded to questions from the board. Mr. Smith asked about the Timberline work, and Ms. Nichols said they were working on it as of the last she heard from the engineer, and she would follow up again. Mr. Tellez asked if the problem brought up that email from the cable company was resolved. Ms. Nichols explained that it is the contractor's issue, not ours, and Mr. Lopez said that the contractor has the documentation showing he called for locates and they did not fully locate their lines. Mr. Nieto asked how close the Mesquite Wastewater Project is to completion. Ms. Nichols replied that the Colonias Infrastructure Funds have been fully spent, and that they had crews still working on Monday. Mr. Lopez noted that the final walk-through is tomorrow, and we will put together a punch list. Mr. Lopez asked Ms. Nichols to talk about the Alto de Las Flores Interconnected Project. Ms. Nichols reported that the final disbursement request was sent in. NM DFA refused to let us use the remaining funds from that project, and it would have helped a lot with the design for the Veterans Road area line extension. {01:06:36}

**VIII. Unfinished Business**

**A. Audits**—for approval - POSTPONED

1. LRGPWWA

2. Brazito

3. Organ

**B. Payroll increase**—for approval: Mr. Lopez noted that the board asked to revisit this item, and he stated that it has been some time since the staff had an increase. He said he would like to see 5% based on the budget and felt that the staff deserved it, and he noted that it would not apply to his salary. Mr. Nieto said that he would like to see 7%, and Mr. Tellez suggested making it 3% for now. Mr. Nieto asked Ms. Jackson what would be affordable, and she replied that we would be safe with 5%, especially in light of the hiring freeze and the fact that we are short several positions. Mr. Nieto asked if the 401k would be fully funded this year. Ms. Jackson replied that it is in the budget, and Mr. Lopez pointed out that the 401k contribution had been cut as part of the budget cuts requested by the board for last year. Mr. Terrazas stated that he wished the funds were there to fully bring staff pay up to standard and asked when a raise would become effective. Ms. Jackson noted that her staff is working on payroll today, so the next pay period would be the soonest. Mr. McMullen made a motion to approve a 5% increase in payroll effective as of the next pay period. Mr. Smith seconded the motion, and it passed on a vote of 5-1 with Mr. Tellez opposing. {1:15:34}

**IX. New Business**

**A. Resolution 2014-10 NMFA Planning Grant**—for approval - POSTPONED

**B. Resolution 2014-11** Authorizing and Approving Submission of a Completed Application for Financial Assistance and Project Approval to the New Mexico Finance Authority for the Colonias Infrastructure Fund for the Mesquite-Brazito Sewer Project—for approval: Mr. Lopez discussed the project begun in 2007 by Brazito and Mesquite mutual domestics, and he noted that Mr. Jimenez is a Colonias Infrastructure Board. He also noted that a public hearing for these applications is being held February 25<sup>th</sup> at 6:00 pm at the Mesquite Fire Station. Mr. Jimenez complimented staff on doing a great job with Colonias Infrastructure applications. Mr. Lopez described the areas covered by the project, and Ms. Nichols noted that this project will bring economies of scale to the Mesquite wastewater system. Mr. McMullen made a motion to adopt the Resolution, Mr. Terrazas seconded, and it carried on a vote of 6-0. {01:21:39}

**C. Resolution 2014-12** Authorizing and Approving Submission of a Completed Application for Financial Assistance and Project Approval to the New Mexico Finance Authority for the Colonias Infrastructure Fund for Water System Improvements Project—for approval: Mr. Lopez explained that this application includes the line extension south of Veterans Road and Bosque, Three Saints and Opitz Roads in Berino including the section of Bosque that is Additive Alternate #14 in the Berino/Mesquite-Del Cerro Project. Mr. Tellez made a motion to adopt the motion, Mr. Smith seconded, and it carried on a vote of 6-0. {1:23:08}

**D. Amendment to Schedule of Rates and Fees**—for approval: Mr. Jimenez asked which rate proposal the Board adopted, and Mr. Lopez explained that it was not any of the proposals that were presented, the Board had him prepare an alternate proposal to implement the increase over three years. Mr. Lopez explained that the rates do not yet apply to Organ, Butterfield Park or Brazito until the RD transfer & assumption is approved or that debt is refinanced. He discussed the changes to the Schedule of Rates & Fees so that it now reflects the new rates currently in effect, the addition of a fire-flow test fee, a change for a copy of the customer's current bill, a copy charge for providing account history. Mr. Terrazas said the copy fee seemed low and indicated it could be \$1.25 per page. Mr. McMullen said he would make that motion. Ms. Nichols clarified the per page fee he was requesting we be an additional dollar over the proposal for the customer history and copy fees. Mr. Smith seconded the motion. Ms. Nichols clarified that the motion was to approve the proposed amendment with the change of price to \$1.25/page for

letter size copies including customer account history and \$1.40 for legal size. The directors making the motion concurred, and the vote was 6-0 in favor. {01:33:43}

- E. **Amendment to Member–Customer Policy**—for approval: Mr. Lopez reviewed the proposed amendment with the board, noting that it breaks out three steps in dealing with delinquent accounts. Mr. Tellez made a motion to approve the amendment, Mr. McMullen seconded, and it passed on a vote of 6-0. {01:36:31}
  
- X. **Other discussion and agenda items** for next meeting, 9:30 a.m. 3/19/14 at the East Mesa Office: Ms. Nichols noted that the next agenda would include the postponed item from this one, audits, Resolution FY2014-10 and Mr. McMullen mentioned the 1/28/14 minutes. Ms. Jackson mentioned there might be an item related to the refinance. Mr. Lopez asked if the Board wished to pursue and items related to Mr. Jimenez’ comments. Mr. Tellez requested a copy of the policy.
  
- XI. **Adjourn:** Mr. McMullen made a motion to adjourn, Mr. Smith seconded, and it carried on a vote of 6-0. Mr. Nieto adjourned the meeting at 11:12 a.m.

**Minutes approved March 19, 2014**

\_\_\_\_\_  
Roberto Nieto, Chairman (District 5)

Absent  
\_\_\_\_\_  
John Holguin, Vice-Chairman (District 4)

\_\_\_\_\_  
Santos Ruiz, Secretary (District 2)

\_\_\_\_\_  
Arturo Terrazas, Director (District 1)

\_\_\_\_\_  
Carlos Tellez, Director (District 3)

\_\_\_\_\_  
Michael McMullen, Director (District 6)

\_\_\_\_\_  
Furman Smith, Director (District 7)

# LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

## DRAFT Minutes—SPECIAL BOARD OF DIRECTORS MEETING

9:30 a.m. Tuesday, March 4, 2014 at our Vado Office, 325 Holguin Rd., Vado NM

Agendas are final 72 hours prior to the meeting and may be obtained at any LRGPWWA Office—call 575-233-5742 for information

- I. **Call to Order, Roll Call to Establish Quorum** Sign-in sheet and agenda are attached. Directors present were Chairman Robert “Marty” Nieto (District 5), Vice-Chairman John Holguin (District 4), Director Cali Tellez (District 3), Director Mike McMullen (District 6) and Director Furman Smith (District 7). Absent were Secretary Santos Ruiz (District 2) and Director Arturo Terrazas (District 1). Staff members present were General Manager Martin Lopez and Adm. Asst. Joan Ferguson. Also present was Josh Smith, atty. Present telephonically were Raul Sedillo, atty and Ryan Sanders, atty both from Butt Thornton & Baeher PC. With a quorum established the meeting was called to order by Mr. Nieto at 9:30.
- II. **Pledge of Allegiance** {0:13}
- III. **Approval of Agenda** Mr. Nieto moved to approve the agenda. Mr. McMullen seconded the motion and it carried 5–0. {0:36}
- IV. **Motion to convene in Closed Session pursuant to NMSA 1978 Section 10-15-1(H)(7) threatened or pending litigation—ROLL CALL VOTE** Mr. Nieto moved to convene in closed session pursuant to NMSA 1978 Section 10-15-1(H)(7) threatened or pending litigation. Mr. Tellez seconded the motion. The roll call vote was as follows: Mr. Nieto, aye; Mr. Holguin, aye; Mr. Tellez, aye; Mr. McMullen, aye; Mr. Smith, aye. The ayes carried and the session was closed at 9:33 am. {1:36}
  - A. **Motion to resume the Open Meeting** Mr. Nieto moved to resume the open meeting. Mr. Smith seconded the motion. The roll call vote was as follows: Mr. Nieto, aye; Mr. Holguin, aye; Mr. Tellez, aye; Mr. McMullen, aye; Mr. Smith, aye. The ayes carried 5–0 and the session resumed at 10:30 am. {58:05}
  - B. **Action, if any, related to the Closed Session topic** Mr. Holguin moved to include himself and Mr. Tellez in the arbitration. The motion was then amended by Mr. Holguin to include Mr. Martin Lopez. Mr. McMullen seconded the motion and it passed 5–0. {58:58}
- V. **Adjourn** Mr. Nieto moved to adjourn the meeting. Mr. McMullen seconded the motion and it passed 5–0. The meeting was adjourned at 10:31am. {59:07}

Minutes approved March 19, 2014

---

Roberto Nieto, Chairman (District 5)

---

John Holguin, Vice-Chairman (District 4)

### Absent

---

Santos Ruiz, Secretary (District 2)

**Absent**

---

Arturo Terrazas, Director (District 1)

---

Carlos Tellez, Director (District 3)

---

Michael McMullen, Director (District 6)

---

Furman Smith, Director (District 7)

**LRGPWWA**  
**Manager's Report**  
**March 19, 2014**

- Transfer of Assets from Associations
  - Berino: BLM permit completed, RD Mortgage Release prior to merger need to be recorded at DAC; awaiting documents from RD
  - Organ Audit complete-waiting release by State Auditor
- NMDOT Vado Interchange water line relocation-minor changes to design required
- LRGPWWA statute amendment (Cervantes) needed Message from Governor-bill died
- FEMA (Berino Office) approved claim:
  - Total                   \$9,034.59
  - Federal               \$6,775.95
  - State                   \$1,129.32
  - LRGPWWA           \$1,129.32
- Easement off Tres Yuccas Road towards Hondo Road resolved
- New rates went into effect March 1<sup>st</sup> no issue with customers
  - 9 qualified for small business category
- RFQ for vehicle maintenance created, developing one for backhoes
- Vehicle inspections-weekly basis
- Cease to discharge into Mesquite Wetlands facility February 15<sup>th</sup>, will begin Closure of Facility as per DP1036 (March 2015)
- Smoke Test for Organ sewer only customers complete/confirmed connection—need to develop policy for provide service
- Commence Budget and ICIP for FY2015

**Capital Outlay Projects**  
**Chart by County**

**Chapter 66**

**Legislative Council Service**  
**51st Legislature, 2nd Session, 2014**

Project Title	Amount	City	Fund	Track
<b>Summary for Cibola</b>		<b>\$2,148,000</b>		
<b>County: Colfax</b>				
3163 ANGEL FIRE STREETS & DRAINAGE IMPROVE	\$70,000	Angel Fire	STB	25/ 21
3007 CIMARRON WWATER TREATMENT FACILITY	\$40,000	Cimarron	STB	16/ 14
3691 CIMARRONCITO DAM IMPROVE	\$300,000		STB	15/ 8
633 EAGLE NEST WATER SYSTEM IMPROVE-PH 2	\$80,000	Eagle Nest	STB	16/ 15
581 MAXWELL WATER WELL	\$1,000,000	Maxwell	STB	16/ 16
41 MCMC OPERATING ROOM EQUIP-MTF	\$200,000	Raton	MTF	43/ 1
40 MCMC RADIOLOGY EQUIPMENT & RENOVATE-MTF	\$1,200,000	Raton	MTF	43/ 2
415 RATON DRAINAGE SYSTEMS AND STREET REPAIRS	\$200,000	Raton	STB	25/ 22
417 RATON LAKE MALOYA DAM OUTLET IMPROVEMENTS	\$300,000	Raton	STB	15/ 10
408 SCCCSHD CIMARRON HEALTHCARE CLINIC	<b>VETO</b> \$68,000	Cimarron	STB	22/ 87
3319 SPRINGER WASTEWATER SEWER LAGOONS	\$75,000	Springer	STB	16/ 17
2949 SPRINGER WATER TREATMENT PLANT IONIZATION	\$150,000	Springer	STB	16/ 18
<b>Summary for Colfax</b>		<b>\$3,615,000</b>		
<b>County: Curry</b>				
2773 7TH STREET IMPROVE-CLOVIS	\$200,000	Clovis	STB	25/ 24
2772 CLOVIS EFFLUENT REUSE SYSTEM	\$320,000	Clovis	STB	16/ 19
2775 CLOVIS MAINSTREET PRGRM BUILDINGS RENOVATE	\$175,000	Clovis	STB	22/ 88
3267 CLOVIS POTTER PARK PARKING LOT	\$50,000	Clovis	STB	22/ 89
3167 CURRY CO ROAD IMPROVEMENTS	\$485,000		STB	25/ 23
3391 EASTERN NMWUA WATER SYSTEM IMPROVE	\$100,000	Clovis	STB	16/ 20
489 GRADY MSD BUS	\$100,000		STB	13/202
486 MELROSE EMERGENCY SIRENS	\$50,000	Melrose	STB	22/ 90
<b>Summary for Curry</b>		<b>\$1,480,000</b>		
<b>County: De Baca</b>				
3601 10TH JUDICIAL DIST ATTORNEY FT SUMNER OFFICE	\$24,000	Fort Sumner	STB	9/ 1
3004 DE BACA CO REFUSE COLLECTION TRUCK/BINS	\$180,000		STB	16/ 21
<b>Summary for De Baca</b>		<b>\$204,000</b>		
<b>County: Dona Ana</b>				
899 4TH STREET ROAD & DRAINAGE IMPROVE-ANTHONY	\$300,000	Anthony	STB	25/ 28
897 ANTHONY FLOOD CONTROL FACILITIES	\$50,000	Anthony	STB	22/ 93
3587 ANTHONY WSD FARMERS' MARKET/YOUTH REC CENTER	\$140,000	Anthony	STB	22/ 94
546 ANTHONY WSD WATER LINE EXTENSIONS	<b>VETO</b> \$18,000	Anthony	STB	16/ 25
2830 BAYLOR CANYON & DRIPPING SPRINGS RDS IMPROVE	\$828,000		STB	25/ 25
1735 CABALLO SWCD GARFIELD WATERSHED STRUCTURE REHAB	\$125,000		STB	31/ 2
3674 CAMINO REAL REG UTIL AUTH N WWATER TREAT SYS	\$3,700,000		STB	16/136
3680 CAMINO REAL REG UTIL AUTH WELL REPLACE	\$1,750,000		STB	16/137
906 CHAMBERINO MDWC & SA WATER SYSTEM IMPROVE	\$100,000	Chamberino	STB	16/ 27
892 CYNTHIA LANE IMPROVE-CHAPARRAL	\$168,000	Chaparral	STB	25/ 29
711 DESERT AIRE MDW & SWA WATER SYSTEM IMPROVE	\$50,000		STB	16/ 24
2651 DONA ANA BALLPARK LIGHTING IMPROVE	\$90,000	Dona Ana	STB	22/ 95
2785 DONA ANA CO FIRE PREVENTION TRAINING TRAILER	\$122,000	Las Cruces	STB	22/ 97
2835 DONA ANA CO LAW ENFORCEMENT ACADEMY PHASE 1	\$60,000		STB	22/ 91
2650 DONA ANA CO RINCON PUBLIC PARK IMPROVE	\$60,000	Rincon	STB	22/106
2817 DONA ANA CO SOUTHERN NM FAIRGROUNDS	\$218,000		STB	22/ 92
2783 DONA ANA CO TORTUGAS ROAD & DRAINAGE IMPROVE	\$300,000	Tortugas	STB	25/ 40
3286 HATCH PLACITAS ARROYO IMPROVE	\$500,000	Hatch	STB	22/ 96
3689 HATCH WELL	\$60,000	Hatch	STB	16/145



**Capital Outlay Projects**  
**Chart by County**

**Chapter 66**

**Legislative Council Service**  
**51st Legislature, 2nd Session, 2014**

Project Title	Amount	City	Fund	Track
2856 HEALTH SCIENCES ACADEMY INFRA & EQUIP	\$133,000	Santa Teresa	STB	13/203
2832 KATYDID LANE IMPROVE-CHAPARRAL	\$153,000	Chaparral	STB	25/ 30
548 LA UNION MDS&WA STORAGE TANK	\$50,000	La Union	STB	16/ 28
549 LA UNION MDS&WA WATER SYSTEM IMPROVE	\$150,000	La Union	STB	16/ 29
544 LA UNION MDS&WA WATER SYSTEM PLAN	\$50,000	La Union	STB	16/ 30
3208 LAS CRUCES ALAMEDA DEPOT NEIGHBORHOOD LIGHTING	\$100,000	Las Cruces	STB	25/ 33
2365 LAS CRUCES CHILD CRISIS CLINIC RENOVATE & EQUIP	\$50,000	Las Cruces	STB	22/ 98
3210 LAS CRUCES KLEIN PARK IMPROVEMENTS	\$141,000	Las Cruces	STB	22/ 99
3188 LAS CRUCES MESILLA VALLEY CMTY OF HOPE FENCE	\$45,000	Las Cruces	STB	22/100
907 LAS CRUCES MESILLA VALLEY CMTY OF HOPE HEALTH FCLT	\$295,850	Las Cruces	STB	22/101
3209 LAS CRUCES MESQUITE HISTORIC DISTRICT LIGHTING	\$150,000	Las Cruces	STB	25/ 34
1651 LAS CRUCES SEPTIC SYSTEM REMEDIATION	\$2,250,000	Las Cruces	STB	16/ 31
1647 LAS CRUCES STREETS IMPROVE	\$1,036,000	Las Cruces	STB	25/ 35
2825 LAS CRUCES TRAFFIC SIGNAL MGMNT CONTROL CTR	\$725,000	Las Cruces	STB	22/102
2080 LAS CRUCES TRANSIT SYSTEM IMPROVE	\$50,000	Las Cruces	STB	25/ 36
2822 LAS CRUCES WATER SYSTEM & WELLS	\$2,000,000	Las Cruces	STB	16/146
562 LAS CRUCES WOMEN VETERANS MONUMENT	\$406,500	Las Cruces	STB	22/103
3034 LAS CRUCES-DONA ANA CO CINEMATIC INFRASTRUCTURE	\$555,000	Las Cruces	STB	22/104
578 LOWER RIO GRANDE PWWA INFO TECH & METERS	\$130,000		STB	16/ 22
573 LOWER RIO GRANDE PWWA SEWAGE/MESQUITE & BRAZITO	\$30,000		STB	16/ 23
577 LOWER RIO GRANDE PWWA WATER SYSTEM/BERINO	\$152,150	Berino	STB	16/ 26
890 MCCOMBS RD & HERMOSA DR INTERSECTION IMPROVE	\$65,700	Chaparral	STB	25/ 31
572 MESILLA PUBLIC SAFETY BLDG IMPROVE PHASE 2	\$445,000	Mesilla	STB	22/105
3483 NMSU AMERICAN INDIAN STUDENT CENTER IMPROVE	\$100,000	Las Cruces	STB	31/ 3
2997 NMSU AQUACULTURE RESEARCH FCLTIES	\$70,000	Las Cruces	STB	31/ 4
3588 NMSU GOLF COURSE IRRIGATION SYSTEM	\$75,000	Las Cruces	STB	31/ 5
3382 NMSU NURSING SIMULATION LAB EQUIP	\$75,000	Las Cruces	STB	31/ 6
3183 NMSU SPEECH & HEARING CLINIC EQUIP/FURNISH	\$72,000	Las Cruces	STB	31/ 7
3040 NMSU THERAPEUTIC RIDING ARENA	\$150,000	Las Cruces	STB	31/ 8
3285 NORTHWIND/WILDWIND INTERSECT IMPROVE-DONA ANA CO	\$35,000		STB	25/ 26
894 OLD SEQUOIA RD IMPROVE-CHAPARRAL	\$67,000	Chaparral	STB	25/ 32
887 PRESCOTT ANTHONY DR IMPROVE-CHAPARRAL	\$170,000		STB	25/ 27
908 SUNLAND PARK BIKE & PEDESTRIAN LANES & TRAILS	\$50,000	Sunland Park	STB	25/ 38
911 SUNLAND PARK INFO TECH & CONNECTIVITY SYSTEM	\$155,000	Sunland Park	STB	22/107
910 SUNLAND PARK STREETS & DRAINAGE IMPROVE	\$100,000	Sunland Park	STB	25/ 39
2659 TRUJILLO STREET IMPROVE PLACITAS DONA ANA CO	\$50,000	Placitas	STB	25/ 37

**Summary for Dona Ana**

**\$18,903,200**

**County: Eddy**

2802 ALTA VISTA 6TH GR ACADEMY ASBESTOS IMPROVE	\$28,000	Carlsbad	STB	13/208
2811 ARTESIA GUADALUPE PARK IMPROVE	\$75,000	Artesia	STB	22/109
656 ARTESIA PARK JUNIOR HIGH SCHL OFFICE	\$300,000	Artesia	STB	13/207
810 ARTESIA WATER METER SYSTEM PHASE 2	\$287,500	Artesia	STB	16/ 33
551 BOX CANYON RD IMPROVE-EDDY CO	\$50,000		STB	25/ 41
576 CARLSBAD HALAGUENO ART PARK PHASE 3 IMPROVE	\$75,000	Carlsbad	STB	22/110
583 CARLSBAD HIGH SCHL BLEACHERS	\$96,600		STB	13/204
590 CARLSBAD HIGH SCHL CEILINGS/LIGHTS	\$65,000		STB	13/205
2805 CARLSBAD MSD CENTRAL OFFICE INFO TECH	\$50,000	Carlsbad	STB	13/209
571 CARLSBAD PECOS RIVER VILLAGE CONFERENCE CTR	\$220,000	Carlsbad	STB	22/111
560 CARLSBAD ROADS DRAINAGE IMPROVE-BRIDGES	\$287,500	Carlsbad	STB	25/ 43
606 CARLSBAD SAN JOSE PLAZA IMPROVEMENTS	\$100,000	Carlsbad	STB	22/112
580 CARLSBAD SOUTHSIDE FIRE SUBSTATION CONSTRUCT	\$50,000	Carlsbad	STB	22/113
655 COTTONWOOD RURAL WATER ASSN WATER SYSTEM IMPROV	\$366,000	Artesia	STB	16/ 34

**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY  
PROJECTS REPORT – 3/19/14 BOARD OF DIRECTORS MEETING**

**Authority Construction Projects:**

**LRG: 11-02.1 -Mesquite Wastewater Project – Gannett Fleming– CONSTRUCTION Stage – Layne Southwest - RD \$7,262,081, CITF \$1,670,257:** Project is complete except for final punch-list items and various customer issues with landscaping, driveways, etc. that the contractor is working on prior to submitting final pay app.

**LRG-11-02.2 - Authority/Brazito Sewer Project – Vencor – Pre-Design/Funding Application Stage – NMFA/SAP funded Planning, CITF/RD Applications pending:** PER & EID are complete and approved, NMFA Planning Grant funds have been received. Capital Outlay Request was awarded in the amount of \$30,000. Colonias Infrastructure Trust Fund application has been submitted and USDA Rural Development application is in preparation.

**LRG-11-03 – Interconnect & Looping Project – see 12-01 Authority PER**

**LRG-11-04 – Berino/ Mesquite-Del Cerro Water System Project WTB #223 – Vencor – Bid Stage – RD - \$5,420,147/WTB - \$4,371,630:** Engineer sent response letter to re-bid comments & Addendum #2 to NMED/CPB on 3/6/14. Addendum #2 was approved by NMFA at the recommendation of NMED-CPB and by USDA-RD. 3/12. Bid opening was delayed for last minute NMED-DWB re-review of at Mr. Deal's insistence. As we have pointed out the NMED-DWB, the project now only consists of pipeline work which does not require their approval, but the engineer will meet with NMED-DWB on 3/14 to review the plans.

**LRG-11-05 – Surface Water Treatment Plant WTB #252– Bohannon Huston - Design stage - \$750,000 WTB – 10% Loan 10% Match –** Project Team is within a QA/QC edit phase for the final draft report. A complete final draft report is being compiled and anticipated to be produced by the end of March. Review meeting with LRGPWWA staff will be scheduled for early April.

**Authority PERs/EAs/40 Yr. Water Plan, Equipment:**

**LRG-12-01 – Authority PER – Vencor – Planning Stage - CDBG Planning Grant \$50,000, NMFA Planning Grant \$37,500 & \$12,500 Local Match:** NMED-CPB approval of the PER was received on 1/21/14. CDBG Close-Out Public Hearing was held on 2/4/14. Tiffany Goolsby, SCCOG, is working on the close-out of the CDBG Planning Grant with Eric Walters at NM DFA-LGD. Final SCCOG invoice has been paid. Categorical Exclusion from this PER was submitted with Waterline Extension Project (incl. Veterans Rd.) CITF Application.

**Forty-Year Water Plan – CE&M – complete – needs update for new mergers:** pending NM-OSE comments/approval.

**LRG-12-02 - Radio Read Meters – in-house/Rio Grande Pump & Supply – Installation Ongoing - 600,950 DWSRLF:** : \$595,000 was approved at 50% subsidized + 25% grant = 75% grant, 25% loan at 0% plus fees approved by NMFA Board 4/27/12. All (7½ pallets) of the meters have been received, 7 funds requisitions have been submitted and 7 paid. 5% of the funding is withheld by NMFA until project

completion. As of the report send to NMFA & NMED-CPB on 3/13/13, 2274 of the 3204 meters had been installed. Second & final shipment of dual check valves has been received. Mr. Deal was out to inspect the installations at the end of February.

**LRG-13-02 – System-wide Information Technology Standardization - \$175,000 NM STB:** Fourth monthly report has been submitted. LRGPWWA has been accepted as a member of CES purchasing cooperative. NMED-CPB has determined that CES cannot be used for purchasing with Severance Tax Bond funds for the full amount because they withhold 1% from the vendors as their fee. Project will be put out to bid. Finance Manager is working on specifications for billing & accounting software.

**LRG-13-03 – Water System Purchase Project – for RFP – Planning Stage - \$37,500 NMFA Planning Grant – on DWSRLF Priority List:** New NMFA Planning Grant has been approved by NMFA Board. NMFA consulted with Mr. Deal at NMED-CPB and we have a copy of his written response regarding acceptable scope of work. Will be issuing informal RFPs soon.

#### **Individual MDWCA Projects:**

**LRG-12-04 - Organ Water & Sewer Project – Bohannon Huston – Construction Phase – Morrow - \$2,990,382 RD Colonias Grant, \$101,000 RD Loan:** The contractor has mobilized back on site to begin work on the Change Order #6 work items. They are currently installing the additional flow meters and check valves at the Organ Booster Station site and the Tierra Alta Tank Site. JCH was on site March 10, 2014 to change the logic in the booster pump control panel to accept control from the SCADA system. It is anticipated that the paving on 5th & Furnace will be started in the next couple of weeks. The additional Booster Station pneumatic tank is on order and may be a couple week out until it arrives. Timberline Electric has been notified of the work that is need for their adjustments and upgrade and LRGPWWA has provided them the material they requested for the additional work at Well #2. It is anticipated that construction will continue through April due the length of time required for material orders and the SCADA upgrades.

**LRG-13-01 – Brazito Water System Improvements – Engineers Inc. – Design Phase - \$523,354 NM CTF Grant, \$58,150 Loan, \$58,150 Match Requirement:** The data collection phase (Field Survey & Mapping) has been completed. Preliminary design on the waterline is approximately 25% complete. An updated opinion of probable construction cost and opinion of probable project cost has been provided for the CIF funding application. SMA representatives have contacted a local supplier (Cheryl with Rio Grande Pump and supply) to provide specification information for the master meter 3G meters that Lower Rio Grande PWWA is currently using.

#### **Other projects:**

**USDA-RD Transfer & Assumption Application Packages:** Application packages for Butterfield Park, Organ & Brazito were submitted 1/7/13 and are still under review at RD at national level.

**Infrastructure Capital Improvements Plan 2016-2020:** Received notice from NM-DFA that the ICIP deadlines have been split into three groups and moved up. Special Districts are due 6/1/14. Met with Tiffany Goolsby (SCCOG) on 3/4/14 to develop a schedule, and that is on today's agenda.

**Documents Retention & Destruction** – Sorting of old association documents for storage or destruction is ongoing, and staff is implementing approved retention/destruction schedules for LRGPWVA documents. Two more 90 gallon bins were sent out for shredding on 3/5/14.

**Website and Email** – Notices and Board Minutes pages are current. Latest newsletter has been posted.

**Training** – Registered for ICIP Workshop 4/30/14, attended Driving Training on 3/7/14

**Funding Applications Pending:**

- A **Project Interest Form** and supplemental documents were submitted to NMED for CWSRLF funding to decommission the wetlands in Mesquite on 5/7/13. This is a regulatory requirement/condition of the permit and must be done.
- **USDA-RD Water Rights Purchase Project:** \$1.8 million Application and PER were submitted to USDA-RD on 6/26/13. We can reduce the amount of water rights that need to be purchased based on the NM-OSE correction to our Combine & Commingle Permit in order to add a construction component and keep the amount requested the same. RD has advised that a few of the application documents will need to be updated, but it will not be a whole new application package.
- Capital Outlay Requests have been awarded by our NM Legislators for the Mesquite-Brazito Sewer Project (\$30,000), SCADA portion of Information Technology Project (\$130,000), and Waterline Extension Project which includes Veterans Road (\$152,150). Last date for a possible veto has passed.
- Three 2014 Colonias Infrastructure Trust Fund applications have been submitted:
  - Mesquite-Brazito Sewer Project - \$540,608
  - Waterline Extension Project – Design Build (includes Veterans Rd., Bosque area & Berino/Mesquite-Del Cerro shortfall) - \$882,430
  - Waterline Extension Project – Brazito (funding shortfall from 2012 CITF Project) - \$157,896

**2014 Legislative Report:** Report has been posted and updated at the Directors Only page on our website during the 2014 session. Final Report is attached.

**LRGPWWA**  
**Profit & Loss**  
 February 2014

	Feb 14	Jul '13 - Feb 14
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
Credit Card Fees	686.98	3,875.68
Interest	14.94	175.80
<b>Non-Operating Revenue</b>		
Copy/Fax	50.50	452.00
Other Income	0.00	27,595.60
Non-Operating Revenue - Other	0.00	460.61
<b>Total Non-Operating Revenue</b>	50.50	28,508.21
<b>Operating Revenue</b>		
Activation & Connection Fees	2,280.00	33,572.28
Contract Services	0.00	7,900.00
Impact Fees	1,600.00	10,142.20
Installation Fees	4,803.56	9,835.48
Membership Fees	680.00	3,710.00
Monthly Services	139,296.28	1,246,219.50
Monthly Services-Sewer	8,361.50	67,917.10
Other Income	45.00	1,419.99
Penalties-Sewer	244.32	2,010.60
Penalties-Water	3,815.59	16,109.75
Returned Check Fees	130.00	1,290.00
Tampering Fee/Line Breaks	500.00	4,770.36
<b>Total Operating Revenue</b>	161,756.25	1,404,897.26
<b>Other Types of Income</b>		
Miscellaneous Revenue	2,853.48	26,307.15
Other Types of Income - Other	0.00	275.40
<b>Total Other Types of Income</b>	2,853.48	26,582.55
<b>Total Income</b>	165,362.15	1,464,039.50
<b>Gross Profit</b>	165,362.15	1,464,039.50
<b>Expense</b>		
<b>Accounting, Auditing, Legal</b>		
Accounting Fees	0.00	1,436.44
Audit	0.00	20,813.50
Bad Debts	0.00	90,697.29
Bank Service Charges	637.87	4,282.79
Cash Short/Over	-3.91	276.93
Dues and Subscriptions	0.00	602.00
Engineering Fees	0.00	1,073.47
Legal Fees	0.00	5,292.08
Legal Notices	0.00	1,101.74
Licenses & Fees	0.00	1,050.00
Meals	0.00	36.18
Permit Fees	0.00	760.00
Postage	154.32	7,395.17
Project Development	0.00	14,090.69
Training	450.00	2,471.16
<b>Travel</b>		
Lodging Per Diem	230.36	230.36
Meals Per Diem	84.78	214.37
Mileage/Parking Per Diem	0.00	24.60
Travel - Other	0.00	962.06
<b>Total Travel</b>	315.14	1,431.39
<b>Total Accounting, Auditing, Legal</b>	1,553.42	152,810.83

LRGPWWA  
Profit & Loss  
February 2014

	Feb 14	Jul '13 - Feb 14
<b>Debit Service</b>		
Interest paid to NMED	0.00	539.77
Interest paid to NMFA	0.00	17,321.21
Interest paid to USDA	4,769.40	35,974.12
<b>Total Debit Service</b>	4,769.40	53,835.10
<b>Depreciation Expense</b>	63,299.06	506,758.89
<b>Lab, Chemicals</b>		
Chemicals	596.34	12,986.33
Laboratory Fees	87.12	1,359.33
<b>Total Lab, Chemicals</b>	683.46	14,345.66
<b>Salaries</b>		
401K 10% Company Contribution	0.00	0.00
401K Employee Contribution	0.00	-47.30
Accrued Leave	1,229.95	10,217.24
Administrative Labor	19,446.64	163,471.73
Clerical Labor	13,071.93	126,377.95
Employee Benefits-401K Contrib	1,834.27	15,464.66
Federal Income Tax Withholding	0.00	127.00
HISC-Blue Medicare Rx.	84.70	742.60
Insurance-Dental	858.52	7,253.29
Insurance-Health	10,127.58	75,811.21
Insurance-Work Comp	1,677.00	9,981.00
Merit	0.00	3,031.97
Mileage	0.00	272.80
Operations Labor	27,737.19	241,029.58
Payroll Taxes-Federal Unemploym	0.00	827.74
Payroll Taxes-Medicare	891.53	7,819.05
Payroll Taxes-Social Security	3,812.10	33,571.56
Payroll Taxes-State Unemploymen	0.00	0.00
Payroll Taxes-Worker's Comp Fee	0.00	2.30
<b>Total Salaries</b>	80,771.41	695,954.38
<b>Supplies</b>		
Computer Maintenance	2,424.90	26,991.99
Fuel	5,935.39	55,262.80
Maint. & Repairs-Infrastructure	0.00	1,271.56
Maint. & Repairs-Office	0.00	1,625.19
Maintenance & Repairs-Other	16,030.51	46,453.88
Materials & Supplies	12,180.16	74,092.29
Office Supplies	602.82	4,709.04
Printing and Copying	1,611.87	4,536.38
Tool, Furniture	0.00	8.06
Uniforms-Employee	268.50	5,411.60
<b>Total Supplies</b>	39,054.15	220,362.79
<b>Taxes, Liability, Insurance</b>		
Cobra Fee	15.30	122.40
Government Penalties & Interest	0.00	2,286.69
Insurance-General Liability	108.00	39,835.00
Insurance-Vision	0.00	0.00
Property Taxes	0.00	2,306.40
State Taxes	0.00	23.00
Water Conservation Fee	1,078.72	11,543.85
<b>Total Taxes, Liability, Insurance</b>	1,202.02	56,117.34

**LRGPWWA**  
**Profit & Loss**  
 February 2014

	Feb 14	Jul '13 - Feb 14
<b>Utilities</b>		
Automobile Repairs & Maint.	2,916.71	45,634.26
Cell Phone	1,449.85	11,243.75
DAC Waste Water Flow Charge	0.00	2,325.53
Electricity-Lighting	499.85	3,499.11
Electricity-Offices	934.23	9,763.92
Electricity-Sewer	256.18	9,035.72
Electricity-Wells	19,250.01	163,639.49
Garbage Service	114.00	1,359.00
Locates	0.00	2,328.11
Natural Gas	299.25	1,529.77
Security/Alarm	187.51	1,074.56
Telephone	1,089.59	8,764.03
Wastewater	1,007.90	1,096.10
<b>Total Utilities</b>	<u>28,005.08</u>	<u>261,293.35</u>
<b>Total Expense</b>	<u>219,338.00</u>	<u>1,961,478.34</u>
<b>Net Ordinary Income</b>	<u>-53,975.85</u>	<u>-497,438.84</u>
<b>Net Income</b>	<u><u>-53,975.85</u></u>	<u><u>-497,438.84</u></u>

Add back Depreciation

53,975.85 -  
 63,299.06 +  
 9,323.21 \*

497,438.84 -  
 506,758.89 +  
 9,320.05 =

## Lower Rio Grande PWWA

### Operators Report

March 19, 2014

#### System Problems and Repairs.

- Backflow inspections are current.(Mesquite District)
- My operators and I will begin decommission the wet lands the week of 3/24/14.
- We only lack 2 Routes, which is about 765 meters to be changed out.
- We have taken all of the disinfection bi-product samples for the Lower Rio Grande PWWA South valley.
- Well #2 Venadito in Desert Sands is back on line Special Bac-Ts were taken and passed.
- Most of all our Operators have been to the defensive driving course.
- We had 7 new water services installed in the South Valley.
- We installed three new water services in Alto De Los Flores.
- We had a 6" main line break on Ernesto Rd in Desert Sands.
- We only had 6 over time call outs for February.



**NMED:** Half of our Monthly Bac-T-Samples have been taken leaving the second half to be taken next week.

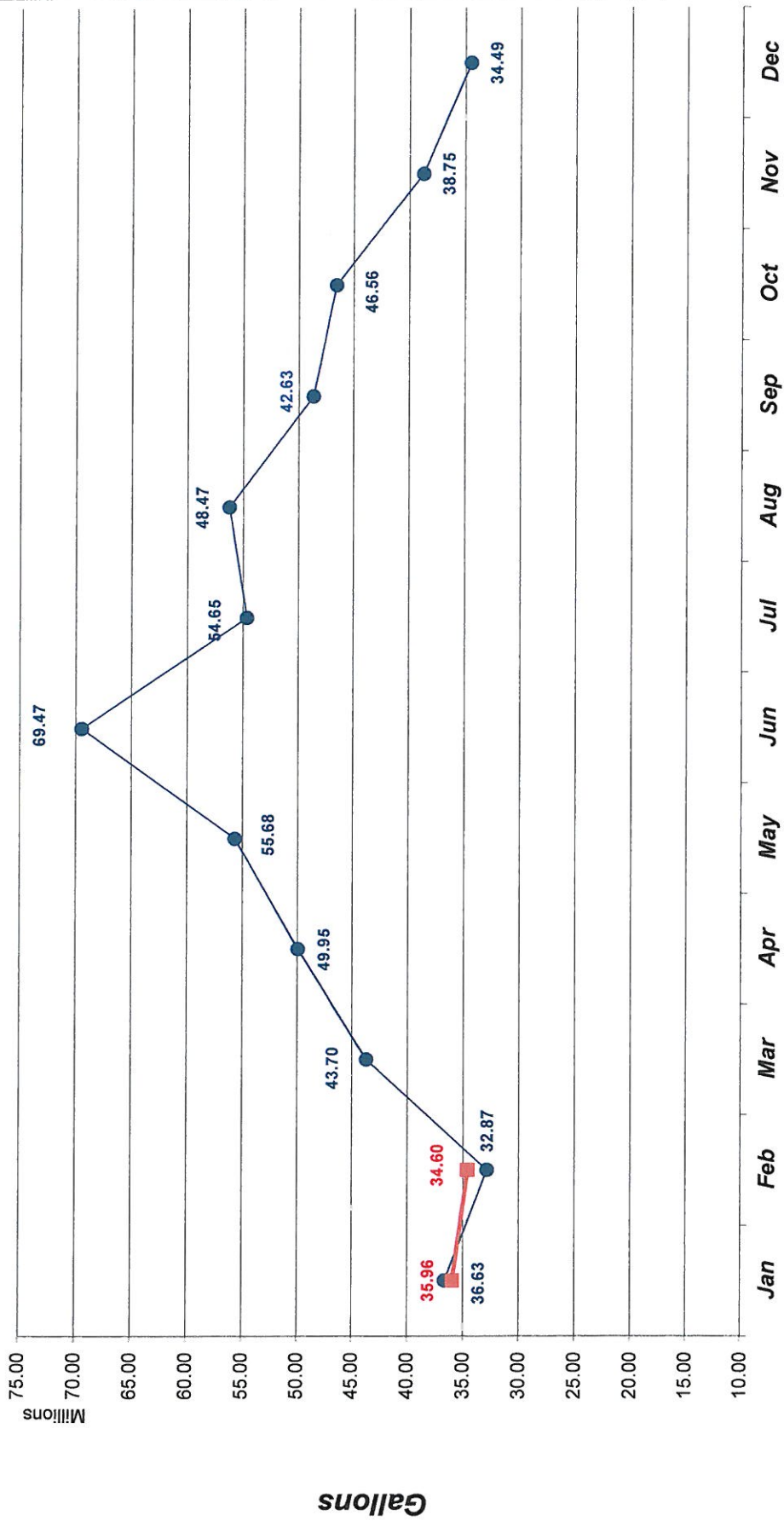
**Mesquite district Wetlands:** We will soon start rehab of the wetlands.

**Mesquite Sewer Report.** Sent February 6, 2014.

**Chlorine:** No problems.

**Reports:** NMED, State Engineers, and the water conservation reports have been sent.

# Lower Rio Grande PWWA Water Production Report



● 2013 Production ■ 2014 Production

**Brazito Mutual Domestic Water  
Consumers Association**

**Basic Financial Statements and  
Supplementary Information  
for the Year Ended December 31, 2012  
and Independent Auditors' Report**

**STATE OF NEW MEXICO  
BRAZITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**TABLE OF CONTENTS**

---

	<b>Page</b>
DIRECTORY OF OFFICIALS	1
INDEPENDENT AUDITORS' REPORT	2
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	5
Statement of Revenues, Expenses and Changes in Net Position	6
Statement of Cash Flows	7
Notes to Basic Financial Statements	9
SUPPLEMENTARY INFORMATION:	
Statement of Revenue, Expenditures and Changes in Cash Balance - Budget and Actual on Budgetary Basis	20
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	23
Schedule of Findings and Questioned Costs	26
Exit Conference	29

**STATE OF NEW MEXICO  
BRAZITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**DIRECTORY OF OFFICIALS  
DECEMBER 31, 2012**

---

**Board of Directors**

Jeff Griffith	President
Mario Gonzales	Vice President
Teresa Acosta-Garcia	Secretary/Treasurer
Michael McMullen	Director
Crescensio Acosta	Director

**Officials**

Norman Saunders	Manager
-----------------	---------

## **INDEPENDENT AUDITORS' REPORT**

Hector H. Balderas, State Auditor  
and the Board of Directors of the  
Brazito Mutual Domestic Water Consumers Association  
New Mexico

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Brazito Mutual Domestic Water Consumers Association, (the Association), as of and for the year ended December 31, 2012, which collectively comprise the Association's basic financial statements as listed in the table of contents. We have also audited the budgetary comparison for the major enterprise fund presented as supplemental information in the financial statements for the year ended December 31, 2012 as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Brazito Mutual Domestic Water Consumers Association, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparisons for the business type funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis which is also required to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Accounting principles generally accepted in the United States of America require that budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013 on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

*White + Samaniego + Campbell, LLP*

El Paso, Texas  
November 26, 2013

## **BASIC FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO  
BRAZITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**STATEMENT OF NET POSITION  
DECEMBER 31, 2012**

---

**ASSETS:**

Current assets:

Cash and cash equivalents	\$ 73,571
Accounts receivables, net	2,105
Other assets	<u>6,690</u>

Total current assets 82,366

Noncurrent assets:

Capital assets	<u>2,637,455</u>
----------------	------------------

Total assets \$ 2,719,821

**LIABILITIES:**

Current liabilities:

Accounts payable	\$ 14,676
Accrued liabilities and other expenses	2,531
Current portion of long-term debt	<u>16,401</u>

Total current liabilities 33,608

Non-current liabilities:

Non-current portion of long-term debt	<u>511,577</u>
---------------------------------------	----------------

Total noncurrent liabilities 511,577

Total liabilities 545,185

**NET POSITION:**

Net investment in capital assets	2,109,477
Unrestricted	<u>65,159</u>

Total net position 2,174,636

Total liabilities and net position \$ 2,719,821

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO  
BRAZITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

Operating revenues	
Service fees	\$ 166,435
Activation, connection and installation fees	5,322
Membership fees	10,150
Other income	<u>85</u>
Total operating revenues	181,992
Operating expenses	
Advertising	33
Bad debt expense	1,223
Bank charges	210
Depreciation	73,072
Office Expense	2,207
Miscellaneous	8,223
Taxes and license - other	2,451
Insurance	8,499
Maintenance and repairs	13,069
Payroll expense	21,155
Professional fees	40,470
Travel and entertainment	375
Utilities	<u>27,429</u>
Total operating expenses	<u>198,416</u>
Operating loss	(16,424)
Nonoperating revenues (expenses)	
Grant revenue	491,918
Interest income	26
Other income (expense)	(8,487)
Interest expense	<u>(19,079)</u>
Total nonoperating revenues (expenses)	<u>464,378</u>
Change in net position	447,954
Net position, beginning of year	<u>1,726,682</u>
Net position, end of year	<u>\$ 2,174,636</u>

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO  
BRAZITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 244,037
Cash paid to suppliers for goods and services	(152,436)
Cash payments to suppliers and employees	<u>(21,155)</u>
Net cash provided by operating activities	70,446
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Other income	<u>(8,461)</u>
Net cash used in non-operating activities	(8,461)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from long-term debt	172,000
Principal payments	(137,416)
Grants	491,918
Acquisition of property and equipment	(521,198)
Interest payments	<u>(19,079)</u>
Net cash used in financing activities	<u>(13,775)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>48,210</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>25,361</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 73,571</u>

(Continued)

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO  
BRAZITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED IN OPERATING ACTIVITIES:

Operating loss	\$	(16,424)
Adjustment to reconcile operating loss to net cash provided by operating activities:		
Depreciation		73,072
Change in:		
Accounts receivable		3,391
Other assets		(98)
Accounts payable		10,149
Accrued payable and other liabilities		<u>356</u>
Total adjustments		<u>86,870</u>
Net cash provided by operating activities	\$	<u>70,446</u>

(Concluded)

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO  
BRAZITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**NOTES TO BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Brazito Mutual Domestic Water Consumer Association (the Association) supplies water to occupants and residents within the vicinity of the communities of southern New Mexico. Sales revenues are generated primarily from water supply sales to domestic and commercial users within these areas.

The Association has a Board of Directors that consists of five (5) members who are responsible for legislative and fiscal control of the Association. The Board is also responsible for administrative control of the Association.

**Reporting Entity**

The financial statements of the Association have been prepared in accordance with general accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Association is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Association may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The Association has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected Association members are financially accountable. There are no other primary governments with which the Association Board Members are financially accountable. There are no other primary governments with which the Association has a significant relationship.

The accounts of the Association are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the Association are classified as a proprietary fund type. The fund classification and a description of the fund type follows below:

**Measurement Focus and Basis of Accounting**

The proprietary fund financial statements are reported using the economic resources measurement focus.

The proprietary fund is accounted for using the accrual basis of accounting. The revenues are recognized when they are earned and the expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Association are charges to customers for sales and services. The Association also recognizes as connection, membership and delinquency fees as revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **Analysis of Impairment**

Management review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is determined based upon comparison of future cash flows to the recorded value of the assets. Impairment losses are measured based upon the fair value of the impaired assets. No such impairment losses were recorded during the year ended December 31, 2012.

#### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Association considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### **Budget and Budgetary Accounting**

The Association follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before January 1 of each year, the Board of Directors, approves and certifies to the estimated operating budgets for use by the local board pending final approval from the United State Department of Agriculture and the New Mexico Department of Finance and Administration - Local Government Division.
2. The United State Department of Agriculture and New Mexico Department of Finance and Administration - Local Government Division approve the budget for the Association to utilize during the year.
3. Budget adjustments may be made during the year. The Board of Directors approves budget resolutions to increase or decrease revenue and/or expenditure line items during the year.
4. The level of budget authority is at the fund level.

#### **Use of Restricted Funds**

When both restricted and unrestricted resources are available for use, it is the Association's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **Revenue**

The policy for defining the proprietary fund's operating revenues and expenses is how individual transactions would be categorized for purposes of preparing a statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally are not reported as components of operating income.

#### **Estimates**

The preparation of financial statements in conformity with United States generally accepted accounting principles require the use of management's estimates.

#### **Allowance for Doubtful Accounts**

Management considers the majority of the accounts receivable as collectible. Any accounts receivable considered uncollectible are not considered material. Accordingly, no allowance for doubtful accounts

has been recorded.

**Capital Assets**

Capital assets are recorded at historical costs. Purchase property and equipment in excess of \$5,000 is capitalized. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Office equipment	10 years
Utility lines, pump station and shed	38 years
Wells	15-20 years
Water system	38 years
Vehicles	5 years

**Net Position**

Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets; restricted; and unrestricted net assets. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net position consists of funds for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted consists of all other net assets not included in the above categories.

***New Governmental Accounting Standards*** - In November 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 61 The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, which is effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The Association is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. That Statement supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. Statement 62 is effective for financial statements for periods beginning after December 15, 2011, with early application encouraged. The objective of this statement is to provide non-conflicting pronouncements between FASB and GASB. The Association is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2011, the GASB issued Statement No. 63, Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position, which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government

that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Association is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2011, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 64 Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53, which is effective for financial statements for periods beginning after June 15, 2011. Earlier application is encouraged. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The Association is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 65 Items Previously Reported as Assets and Liabilities, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The Association is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In March 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 66 Technical Corrections-2012- an amendment of GASB Statements No. 10 and No. 62, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The Association is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 67 Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25. Earlier application is encouraged. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that



meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The Association is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68 Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27. Earlier application is encouraged. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The Association is analyzing the effect that this statement will have on its financial statement, and currently believes it will have no significant effect on the financial statement for the upcoming year.

2. **CASH AND DEPOSITS**

Cash and investments - The Association is required by New Mexico State Statute (Section 6-10-17) to be 50 percent collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

<b>Citizens Bank</b>	<b>Balance Per</b>		
<b><u>Name of Account</u></b>	<b>Bank</b>	<b>Reconciled</b>	<b>Type</b>
	<b>12/31/12</b>	<b>Balance</b>	
Operating account	\$ 56,124	\$ 64,169	Checking
Construction account	12,133	93	Checking
Reserve account	9,309	9,309	Checking
Certificate of Deposit	-	-	CD
Total Deposited	<u>77,566</u>	<u>\$ 73,571</u>	
Less: FDIC Coverage	<u>(77,566)</u>		
Uninsured amount	-		
50% collateral requirement	-		
Pledged securities	-		
Over (under) requirement	<u>\$ -</u>		

### **Custodial Credit Risk-Deposits**

Custodial credit risk is the risk that in the event of a failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of December 31, 2012, the Association did not have any amount that was exposed to custodial credit risk.

### **3. PROPERTY AND EQUIPMENT**

The cost basis of property and equipment are stated as follows:

	<b>Beginning</b>		<b>Increases</b>	<b>Decreases</b>	<b>Ending</b>
	<b>Balance</b>	<b>Transfers</b>			<b>Balance</b>
Capital assets not being depreciated:					
Land	\$ 22,869	\$ -	\$ -	\$ -	\$ 22,869
Construction in progress	130,146	-	521,198	-	651,344
Water rights	<u>158,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,777</u>
Total capital assets not being depreciated	<u>311,792</u>	<u>-</u>	<u>521,198</u>	<u>-</u>	<u>832,990</u>
Capital assets, being depreciated					
Buildings	229,170	-	-	-	229,170
Structure improvements	33,633	-	-	-	33,633
Water systems	2,168,470	-	-	-	2,168,470
Furniture, fixtures and equipment	-	-	-	-	-
Transportation equipment	<u>95,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,218</u>
Total capital assets, being depreciated	<u>2,526,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,526,491</u>
Total capital assets	<u>2,838,283</u>	<u>-</u>	<u>521,198</u>	<u>-</u>	<u>3,359,481</u>
Less accumulated depreciation for:					
Buildings	70,091	-	5,729	-	75,820
Structure improvements	19,711	-	2,035	-	21,746
Water systems	495,387	-	60,933	-	556,320
Furniture, fixtures and equipment	-	-	-	-	-
Transportation equipment	<u>63,765</u>	<u>-</u>	<u>4,375</u>	<u>-</u>	<u>68,140</u>
Total accumulated depreciation	<u>648,954</u>	<u>-</u>	<u>73,072</u>	<u>-</u>	<u>722,026</u>
Total other capital assets, net	<u>\$ 2,189,329</u>	<u>\$ -</u>	<u>\$ 448,126</u>	<u>\$ -</u>	<u>\$ 2,637,455</u>

Depreciation expense was \$73,072 for the year ended December 31, 2012.

4. **LONG TERM DEBT**

Changes in long-term debt during the year ended December 31, 2012 were as follows:

	<u>Balance</u> <u>12/31/11</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>12/31/12</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
NM Environment Dept	\$ 41,653	\$ -	\$ 9,535	\$ 32,118	\$ 9,202
USDA RD \$5k Loan	4,721	-	64	4,657	62
USDA RD \$40k Loan	37,213	-	512	36,701	539
USDA RD \$80k Loan	74,140	-	1,045	73,095	1,097
USDA RD \$172k Loan	-	172,000	1,852	170,148	2,456
USDA RD \$222k Loan	222,000	-	10,741	211,259	3,045
RCAC Loan	121,483	-	121,483	-	-
	<u>\$ 501,210</u>	<u>\$ 172,000</u>	<u>\$ 145,232</u>	<u>\$ 527,978</u>	<u>\$ 16,401</u>

**New Mexico Environmental Department**

On May 2006, the Brazito Mutual Domestic Water Consumers Association entered into a \$113,421 agreement with the New Mexico Environmental Department. The loan bears interest at 3% and maturing in May 2016. The note is payable in monthly installments of \$836 starting June 2006. The loan is secured by real estate of the Association.

Loan principal and interest payments for each of the next years and thereafter are as follows:

<b>Year Ending</b> <b>December 31:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	9,202	838	10,040
2014	9,482	558	10,040
2015	9,771	269	10,040
2016	<u>3,663</u>	<u>25</u>	<u>3,688</u>
Totals	<u>\$ 32,118</u>	<u>\$ 1,690</u>	<u>\$ 33,808</u>

**United State Department of Agriculture - Rural Development Loan**

On October 9, 2007, the Brazito Mutual Domestic Water Consumers Association entered into a \$5,000 loan agreement with the United States Department of Agriculture (USDA) Rural Development. The loan bears interest at 4.5% and maturing in October 2047. The note is payable in monthly installments of \$23 starting November 2007. The loan is secured by real estate of the Association.

Loan principal and interest payments for each of the next years and thereafter are as follows:

<b>Year Ending December 31:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	62	191	253
2014	71	205	276
2015	74	202	276
2016	77	199	276
2017	81	195	276
2018-2022	464	916	1,380
2023-2027	581	799	1,380
2028-2032	727	653	1,380
2033-2037	910	470	1,380
2038-2042	1,139	241	1,380
2043-2047	<u>471</u>	<u>20</u>	<u>491</u>
Totals	<u>\$ 4,657</u>	<u>\$ 4,091</u>	<u>\$ 8,748</u>

**United State Department of Agriculture - Rural Development Loan**

On January 17, 2006, the Brazito Mutual Domestic Water Consumers Association entered into a \$40,000 loan agreement with the United States Department of Agriculture (USDA) Rural Development. The loan bears interest at 4.25% and maturing in January 2046. The note is payable in monthly installments of \$174 starting February 2006. The loan is secured by real estate of the Association.

Loan principal and interest payments for each of the next years and thereafter are as follows:

<b>Year Ending December 31:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	539	1,549	2,088
2014	562	1,526	2,088
2015	586	1,502	2,088
2016	612	1,476	2,088
2017	638	1,450	2,088
2018-2022	3,631	6,809	10,440
2023-2027	4,489	5,951	10,440
2028-2032	5,550	4,890	10,440
2033-2037	6,861	3,579	10,440
2038-2042	8,482	1,958	10,440
2043-2047	<u>4,751</u>	<u>255</u>	<u>5,006</u>
Totals	<u>\$ 36,701</u>	<u>\$ 30,945</u>	<u>\$ 67,646</u>

**United State Department of Agriculture - Rural Development Loan**

On September 8, 2005, the Brazito Mutual Domestic Water Consumers Association entered into an \$80,000 loan agreement with the United States Department of Agriculture (USDA) Rural Development. The loan bears interest at 4.125% and maturing in September 2045. The note is payable in monthly installments of \$341 starting October 2006. The loan is secured by real estate of the Association.

Loan principal and interest payments for each of the next years and thereafter are as follows:

<b>Year Ending December 31:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	1,097	2,995	4,092
2014	1,144	2,948	4,092
2015	1,192	2,900	4,092
2016	1,242	2,850	4,092
2017	1,294	2,798	4,092
2018-2022	7,333	13,127	20,460
2023-2027	9,009	11,451	20,460
2028-2032	11,069	9,391	20,460
2033-2037	13,599	6,861	20,460
2038-2042	16,709	3,751	20,460
2043-2047	<u>9,407</u>	<u>494</u>	<u>9,901</u>
Totals	<u>\$ 73,095</u>	<u>\$ 59,566</u>	<u>\$ 132,661</u>

**United State Department of Agriculture - Rural Development Loan**

On March 25, 2010 the Brazito Mutual Domestic Water Consumers Association entered into a \$172,000 loan agreement with the United States Department of Agriculture (USDA) Rural Development. The loan bears interest at 2.75% and maturing in March 2050. The note is payable in monthly installments of \$592 starting April 2010. The loan is secured by real estate of the Association.

Loan principal and interest payments for each of the next years and thereafter are as follows:

<b>Year Ending December 31:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	2,456	4,648	7,104
2014	2,524	4,580	7,104
2015	2,594	4,510	7,104
2016	2,667	4,437	7,104
2017	2,741	4,363	7,104
2018-2022	14,893	20,627	35,520
2023-2027	17,086	18,434	35,520
2028-2032	19,601	15,919	35,520
2033-2037	22,487	13,033	35,520
2038-2042	25,797	9,723	35,520
2043-2047	29,595	5,925	35,520
2048-2052	<u>27,707</u>	<u>1,635</u>	<u>29,342</u>
Totals	<u>\$ 170,148</u>	<u>\$ 107,834</u>	<u>\$ 277,982</u>

**United State Department of Agriculture - Rural Development Loan**

On October 26, 2009, the Brazito Mutual Domestic Water Consumers Association entered into a \$222,000 loan agreement with the United States Department of Agriculture (USDA) Rural Development. The loan bears interest at 3.375% and maturing in October 2049. The note is payable in monthly installments of \$844 starting November 2009. The loan is secured by real estate of the Association.

Loan principal and interest payments for each of the next years and thereafter are as follows:

<b>Year Ending December 31:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	3,045	7,083	10,128
2014	3,149	6,979	10,128
2015	3,257	6,871	10,128
2016	3,369	6,759	10,128
2017	3,484	6,644	10,128
2018-2022	19,297	31,343	50,640
2023-2027	22,838	27,802	50,640
2028-2032	27,030	23,610	50,640
2033-2037	31,992	18,648	50,640
2038-2042	37,863	12,777	50,640
2043-2047	44,813	5,827	50,640
2048-2051	<u>11,122</u>	<u>228</u>	<u>11,350</u>
Totals	<u>\$ 211,259</u>	<u>\$ 154,571</u>	<u>\$ 365,830</u>

5. **RISK MANAGEMENT**

The Association covers its risk of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters through various insurance policy coverage. The coverage includes workers compensation, general and professional liability, property, and fidelity bonds coverage. The Association transfers these risks of loss to the insurance carrier except for deductible amounts. Premiums paid on policies for the year ended December 31, 2012 was \$8,499.

6. **SUBSEQUENT EVENTS**

On February 28, 2013, the Board of Directors of Brazito Mutual Domestic Water Consumer Association, according to the Sanitary Project Act, Section 3-29-20-1, NMSA 1978, approved a plan of merger with the Lower Rio Grande Public Water Works Association. The Association will immediately commence the process of merge into the Association. The process may take one to two years.

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
BRAZITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH  
BALANCE - BUDGET AND ACTUAL ON BUDGETARY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
Operating Income				
Water revenue	168,000	168,000	171,757	3,757
Other income	<u>12,050</u>	<u>12,050</u>	<u>10,235</u>	<u>(1,815)</u>
Total operating income	180,050	180,050	181,992	1,942
Operating Expenses				
Salaries, labor	50,100	50,100	21,155	28,945
Accounting, legal	36,000	36,000	40,680	(4,680)
Taxes, insurance	10,950	10,950	10,950	-
Utilities	33,000	33,000	27,429	5,571
Supplies	22,800	22,800	15,276	7,524
Bad debt expenses	-	-	1,223	(1,223)
Miscellaneous	3,770	3,770	8,256	(4,486)
Travel and entertainment	-	-	375	(375)
Depreciation	<u>81,000</u>	<u>81,000</u>	<u>73,072</u>	<u>7,928</u>
Total operating expenses	237,620	237,620	198,416	39,204
Excess (deficiency) of revenues over expenditures	<u>(57,570)</u>	<u>(57,570)</u>	<u>(16,424)</u>	<u>41,146</u>
Nonoperating revenues				
Agency loans/grants	547,000	547,000	491,918	(55,082)
Other (income) expenses	<u>(19,800)</u>	<u>(19,800)</u>	<u>(27,540)</u>	<u>(7,740)</u>
Total nonoperating income	<u>527,200</u>	<u>527,200</u>	<u>464,378</u>	<u>(62,822)</u>
Revenue over (under) expenses	<u>\$ 469,630</u>	<u>\$ 469,630</u>	<u>\$ 447,954</u>	<u>\$ (21,676)</u>

See accompanying notes to financial statements and independent auditors' report.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

Hector H. Balderas, State Auditor  
and the Board of Directors of the  
Brazito Mutual Domestic Water Consumers Association  
New Mexico

We have audited the financial statements of the business-type activities and the budgetary comparison presented as supplementary information of the Brazito Mutual Domestic Water Consumers Association (the Association) as of and for the year ended December 31, 2012, and have issued our report thereon dated November 26, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiency (12-02) to be considered a significant deficiency. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that we have not identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item (12-02).

We also noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which is described in the accompanying schedule of findings and responses as finding 12-01.

The Association's responses to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Association's response and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*White + Samaniego + Campbell, LP*

El Paso, Texas  
November 26, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

Hector H. Balderas  
New Mexico State Auditor  
and the Board of Directors of  
Brazito Mutual Domestic Water Consumers Association  
New Mexico

**Report on Compliance for Each Major Federal Program**

We have audited the Brazito Mutual Domestic Water Consumers Association's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Brazito Mutual Domestic Water Consumers Association's major federal programs for the year ended December 31, 2012. The Brazito Mutual Domestic Water Consumers Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Association's compliance with those requirements.

### ***Opinion on Each Major Federal Program***

In our opinion, the Association, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and responses as item (12-02). Our opinion on each major federal program is not modified with respect to these matters.

Brazito Mutual Domestic Water Consumers Association's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and responses. Brazito Mutual Domestic Water Consumers Association's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Association's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. We consider the deficiency (12-02) to be considered a significant deficiency.

Brazito Mutual Domestic Water Consumers Association's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and responses. Brazito Mutual Domestic Water Consumers Association's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*White + Samaniego + Campbell, LLP*

El Paso, Texas  
November 26, 2013

**STATE OF NEW MEXICO  
BRAZITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2012**

---

<b>Federal Grantor Pass Through Grantor Program Title</b>	<b>CFDA</b>	<b>Award Amount</b>	<b>Expenditures</b>
<i>United States Department of Agriculture Rural Development</i>			
Water and Waste Disposal Systems for Rural Communities - Grant	10.760	\$ 719,219	\$ 653,572
Total Expenditures of Federal Awards		<u>\$ 719,219</u>	<u>\$ 653,572</u>

**Note 1 - Basis of Presentation**

The above Schedule of Expenditures of Federal Awards includes the federal grant activity of the Brazito Mutual Domestic Water Consumers Association and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

See accompanying notes to financial statements and independent auditors' report.

**STATE OF NEW MEXICO  
BRAZITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2012**

---

**SECTION I - SUMMARY OF AUDITORS' REPORT**

**FINANCIAL STATEMENTS**

Type of Auditors' Report Issued	Unmodified	
Significant Deficiencies Identified?	<u>  X  </u> Yes	<u>      </u> No
Significant Deficiencies Identified that Are Considered to Be Material Weakness(es)?	<u>      </u> Yes	<u>  X  </u> No
Noncompliance Material to Financial Statements	N/A	

**FEDERAL AWARDS**

Type of Auditors' Report Issued on compliance for Major Programs	Unmodified	
Internal Control Over Major Programs:		
Significant Deficiencies Identified?	<u>      </u> Yes	<u>  X  </u> No
Significant Deficiency(ies) Identified that Are Considered to Be Material Weakness(es)?	<u>      </u> Yes	<u>  X  </u> No
Any Audit Findings Disclosed that are Required to be Reported in accordance with Section 501(a) of Circular A-133?	<u>      </u> Yes	<u>  X  </u> No

Identification of Major Programs:

CFDA	10.760	Water and Waste Disposal Systems for Rural Communities
------	--------	--

Dollar Threshold Used to Distinguish Between Type A and Type B Programs	\$300,000	
Auditee Qualifies as Low-Risk Auditee	<u>  X  </u> Yes	<u>      </u> No

**STATE OF NEW MEXICO  
BRAZITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

**Late Audit Report (12-01) - Other Matters**

<b>CONDITION</b>	The audit report was submitted to the State Auditor after the required deadline.
<b>CRITERIA</b>	Special districts audits for the year ended of December 31 are required to be submitted to the State Auditor within five months after year-end. This is a requirement of the State Auditors Office Rule 2.2.2.9A(1) ( C).
<b>EFFECT</b>	State Auditor regulations have not been adhered to. Also, the users of the financial statements such as legislators, creditors, bondholders, State and Federal grantors, etc., do not have timely audit reports and financial statements for their review. Late audit reports could have an effect on State and Federal Funding.
<b>CAUSE</b>	The Association was unable to submit the audit report on a timely basis as a result of the merger.
<b>RECOMMENDATION</b>	The Association should adhere to all audit report required deadlines.
<b>RESPONSE</b>	The Association has merged with Lower Rio Grande Public Water Works and will have no future audit reports under this Association.

**Data Collection Form Submission - United States Department of  
Agriculture Rural Development CFDA 10.760 Water and Waste Disposal  
Systems for Rural Communities, Awarded in 2012 (12-02) - Significant  
Deficiency**

---

<b>CONDITION</b>	The Association did not submit their data collection form to the Federal Clearing House by September 30, 2013 (9 months after fiscal year ending December 31, 2012).
<b>CRITERIA</b>	OMB Circular A-133 states that the single audit data collection form is to be submitted no later than 9 months after the end of the fiscal year.
<b>CAUSE</b>	The Association did not have controls in place to ensure that internal controls were in place and working properly.
<b>EFFECT</b>	The data collection form was not filed timely.
<b>RECOMMENDATION</b>	The Authority should adhere to the rules for submitting the required data collection form.
<b>RESPONSE</b>	The Association has merged with Lower Rio Grande Public Water Works and will have no future audit reports under this Association.

**STATE OF NEW MEXICO  
BRAZITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

**STATUS OF PRIOR YEAR FINDINGS**

No findings



**STATE OF NEW MEXICO  
BRAZITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**EXIT CONFERENCE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

---

An exit conference was conducted November 26, 2013 in a closed meeting of the Association pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Brazito Mutual Domestic Water Consumers Association

Jeff Griffith	President
Martin Lopez	General Manager
Kathi Jackson	Finance Manager

White + Samaniego + Campbell, LLP

Roxie Samaniego, CPA	Partner/On-Site Manager
----------------------	-------------------------

**FINANCIAL STATEMENT PREPARATION**

The combined financial statements of the Association as of, and for the year ended, December 31, 2012 were prepared by White + Samaniego + Campbell, LLP, with the aid of responsible Association personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.



**LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY  
RESOLUTION NO. 2014-10**

AUTHORIZING THE EXECUTION AND DELIVERY OF A LOCAL GOVERNMENT PLANNING GRANT AGREEMENT BY AND BETWEEN THE NEW MEXICO FINANCE AUTHORITY (THE "FINANCE AUTHORITY"), AND LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY (THE "GRANTEE"), IN THE AMOUNT OF THIRTY SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$37,500) EVIDENCING AN OBLIGATION OF THE GRANTEE TO UTILIZE THE GRANT AMOUNT AND THE LOCAL MATCH AMOUNT SOLELY FOR THE PURPOSE OF FINANCING THE COSTS OF A PRELIMINARY ENGINEERING REPORT AND SOLELY IN THE MANNER DESCRIBED IN THE GRANT AGREEMENT; CERTIFYING THAT THE GRANT AMOUNT, TOGETHER WITH THE LOCAL MATCH AMOUNT AND OTHER FUNDS AVAILABLE TO THE GRANTEE, IS SUFFICIENT TO COMPLETE THE PROJECT; APPROVING THE FORM OF AND OTHER DETAILS CONCERNING THE GRANT AGREEMENT; 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 GRANT AGREEMENT.

Capitalized terms used in the following preambles have the same meaning as defined in Section 1 of the Resolution unless the context requires otherwise.

WHEREAS, Grantee is a legally and regularly created, established, organized and existing special water district created pursuant to law, more specifically Section 73-26-1, NMSA 1978, as amended and supplemented; and

WHEREAS, the Grantee is qualified to receive the Planning Grant pursuant to the Finance Authority's Rules Governing the Local Government Planning Fund and NMSA 1978, § 6-21-6.4, as amended; and

WHEREAS, the Governing Body hereby determines that the Project may be financed with amounts granted pursuant to the Grant Agreement, that the Grant Amount, together with the Local Match and other moneys available to the Grantee, is sufficient to complete the Project, and that it is in the best interest of the Grantee and the public it serves that the Grant Agreement be executed and delivered and that the funding of the Project take place by executing and delivering the Grant Agreement; and

WHEREAS, the Governing Body has determined that it may lawfully enter into the Grant Agreement, accept the Grant Amount and be bound to the obligations and by the restrictions thereunder; and

WHEREAS, the Grantee acknowledges and understands that the Planning Grant must be expended and a Planning Document must be completed within one (1) year from the Closing Date, or the Grantee will forfeit the ability to draw Grant funds from the Local Government Planning Fund; and

WHEREAS, the Grant Agreement shall not constitute a general obligation of the Grantee or a debt or pledge of the faith and credit of the Grantee, the Finance Authority or the State; and

WHEREAS, there have been presented to the Governing Body and there presently are on file with the Grantee's Secretary this Resolution and the form of the Grant Agreement which is incorporated by reference and made a part hereof; and

WHEREAS, all required authorizations, consents and approvals in connection with (i) the use of the Grant Amount for the purposes described and according to the restrictions set forth in the Grant Agreement; and (ii) the authorization, execution and delivery of the Grant Agreement which are required to have been obtained by the date of this Resolution, have been obtained or are reasonably expected to be obtained.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY:

**Section 1. Definitions.** As used in this Resolution, the following terms shall, for all purposes, have the meanings herein specified, unless the context clearly requires otherwise (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

“Act” means the general laws of the State, the New Mexico Finance Authority Act, NMSA 1978, § 6-21-1 through § 6-21-6.4, as amended, and enactments of the Governing Body relating to the Grant Agreement, including this Resolution, all as amended and supplemented.

“Authorized Officers” means any one or more of the means in the case of the Grantee the Chair, Vice Chair, and Secretary of the Governing Body.

“Closing Date” means the date of execution, delivery and funding of the Grant Agreement.

“Completion Date” means the date of final payment of the cost of the Project.

“Finance Authority” means the New Mexico Finance Authority.

“Governing Body” means the Board of Directors of the Grantee, or any future successor governing body of the Grantee.

“Grant Account” means the account in the name of the Grantee established pursuant to this Resolution and held by the Finance Authority for deposit of the Grant Amount for disbursement to the Grantee for payment of the costs of the Project.

“Grant Agreement” means the grant agreement dated March 28, 2014, entered into by and between the Grantee and the Finance Authority, as authorized by this Resolution.

“Grant Amount” means the sum of Thirty Seven Thousand Five Hundred Dollars (\$37,500).

“Grantee” means the Lower Rio Grande Public Water Works Authority, Dona Ana County, New Mexico.

“Herein,” “hereby,” “hereunder,” “hereof,” “hereinabove,” “hereafter” and similar words refer to this entire Resolution and not solely to the particular section or paragraph of this Resolution in which such word is used.

“Local Government Planning Fund” means the fund of the same name created pursuant to the Act and held and administered by the Finance Authority.

“Local Match” means Twelve Thousand Five Hundred Dollars (\$12,500).

“NMSA 1978” means the New Mexico Statutes Annotated, 1978 Compilation, as amended and supplemented.

“Planning Document” means a written document in the form of a preliminary engineering report created for the purpose of evaluating and estimating the costs of alternatives of meeting the Grantee’s public project needs, specifically to identify and address water system improvements due to the integration of systems.

“Planning Grant” or “Grant” means the amount provided to the Grantee pursuant to the Grant Agreement for the purpose of funding the Project, and is equal to the Grant Amount.

“Project” means the preparation of the Planning Document, as more particularly described in Exhibit “A” attached to the Grant Agreement.

“Resolution” means this Resolution No. 2014-10 adopted on March 19, 2014, as supplemented from time to time.

“State” means the State of New Mexico.

**Section 2.** Ratification. All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Grantee and officers of the Grantee, directed toward the Project and the execution and delivery of the Grant Agreement, shall be and the same hereby is ratified, approved and confirmed.

**Section 3.** Authorization of the Project and the Grant Agreement. The Project and the method of funding the Project through execution and delivery of the Grant Agreement are

hereby authorized and ordered. The Project is for the benefit and use of the Grantee and the public it serves.

**Section 4.** Findings. The Governing Body on behalf of the Grantee hereby declares that it has considered all relevant information and data and hereby makes the following findings:

A. The Project is needed to [identify and address water system improvements due to the integration of systems.

B. The costs of the Project are beyond the local control and resources of the Grantee.

C. The Project and the execution and delivery of the Grant Agreement pursuant to the Act to provide funds for the financing of the Project are in the interest of the public health, safety and welfare of the public served by the Grantee.

D. The Grantee will perform (or cause to be performed) the Project with the proceeds of the Planning Grant, and will utilize the Project for the purposes set forth in the Grant Agreement.

E. The Grantee will forfeit the Planning Grant if the Grantee fails to utilize the Grant Amount within one (1) year of the Closing Date.

F. The Local Match is legally available to be applied to the Project.]

**Section 5.** Grant Agreement—Authorization and Detail.

A. Authorization. This Resolution has been adopted by the affirmative vote of a majority of a quorum of the Governing Body. For the purpose of protecting the public health, conserving the property, and protecting the general welfare and prosperity of the public served by the Grantee and performing the Project, it is hereby declared necessary that the Grantee execute and deliver the Grant Agreement evidencing the Grantee's acceptance of the Grant Amount of Thirty Five Thousand Five Hundred Dollars (\$37,500) and the availability of the Local Match in the amount of Twelve Thousand Five Hundred Dollars (\$12,500) to be utilized solely for the Project and solely in the manner and according to the restrictions set forth in the Grant Agreement, the execution and delivery of which are hereby authorized. The Grantee shall use the proceeds of the Grant "and the Local Match, to finance the performance of the Project. The Project will be owned by the Grantee and will be utilized by the Grantee as set forth in the Grant Agreement.

B. Detail. The Grant Agreement shall be in substantially the form of the Grant Agreement presented at the meeting of the Governing Body at which this Resolution was adopted. The Grant shall be in the amount of Thirty Five Thousand Five Hundred Dollars (\$37,500).

**Section 6.** Approval of Grant Agreement. The form of the Grant Agreement as presented at the meeting of the Governing Body at which this Resolution was adopted is hereby

approved. Authorized Officers are hereby individually authorized to execute, acknowledge and deliver the Grant Agreement with such changes, insertions, and deletions as may be approved by such individual Authorized Officers, and the Grantee's Secretary is hereby authorized to affix the seal of the Grantee on the Grant Agreement and attest the same. The execution of the Grant Agreement shall be conclusive evidence of such approval.

**Section 7.**     Disposition of Proceeds; Completion of Acquisition of the Project.

A.     Grant Account. The Grantee hereby consents to creation of the Grant Account by the Finance Authority and approves of the deposit of the Grant Amount into the Grant Account. Until the Completion Date, the money in the Grant Account shall be used and paid out solely for the purpose of the Project in compliance with applicable law and the provisions of the Grant Agreement.

B.     Completion of Acquisition of the Project. The Grantee shall proceed to acquire and complete the Project with all due diligence. Upon the Completion Date, the Grantee shall execute a certificate substantially in the form attached as Exhibit "C" to the Grant Agreement stating that acquisition of and payment for the Project have been completed. As soon as practicable and, in any event, not more than sixty (60) days after the Completion Date, any balance remaining in the Grant Account shall be transferred and returned to the Local Government Planning Grant Fund.

C.     Finance Authority Not Responsible. The Finance Authority shall in no manner be responsible for the application or disposal by the Grantee or by the officers of the Grantee of the funds derived from the Grant Agreement or of any other funds held by or made available to the Grantee's in connection with use of the Project.

**Section 8.**     Authorized Officers. Authorized Officers are hereby individually authorized and directed to execute and deliver any and all papers, instruments, opinions, affidavits and other documents and to do and cause to be done any and all acts and things necessary or proper for carrying out this Resolution, the Grant Agreement, and all other transactions contemplated hereby and thereby. Authorized Officers are hereby individually authorized to do all acts and things required of them by this Resolution and the Grant Agreement for the full, punctual and complete performance of all the terms, covenants and agreements contained in this Resolution and the Grant Agreement, including, but not limited to, the execution and delivery of closing documents in connection with the execution and delivery of the Grant Agreement.

**Section 9.**     Amendment of Resolution. This Resolution after its adoption may be amended without receipt by the Grantee of any additional consideration, but only with the prior written consent of the Finance Authority.

**Section 10.**    Resolution Irrepealable. After the Grant Agreement has been executed and delivered, this Resolution shall be and remain irrepealable until all obligations of the Grantee under the Grant Agreement shall be fully discharged, as herein provided.

**Section 11.** Severability Clause. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

**Section 12.** Repealer Clause. All bylaws, orders, resolutions, ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any bylaw, order, resolution or ordinance, or part thereof, heretofore repealed.

**Section 13.** Effective Date. Upon due adoption of this Resolution, it shall be recorded in the book of the Grantee kept for that purpose, authenticated by the signatures of the Grantee's Chairman and Secretary of the Grantee, and this Resolution shall be in full force and effect thereafter, in accordance with law; provided, however, that if recording is not required for the effectiveness of this Resolution, this Resolution shall be effective upon adoption of this Resolution by the Governing Body.

*[Remainder of page intentionally left blank.]*



**Section 14. Execution of Agreements.** The Lower Rio Grande Public Water Works Authority and its Governing Body agrees to authorize and execute all such agreements with the Finance Authority as are necessary to consummate the Grant contemplated herein and consistent with the terms and conditions attached hereto.

PASSED, APPROVED AND ADOPTED THIS 19<sup>TH</sup> DAY OF MARCH, 2014.

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

By \_\_\_\_\_  
Roberto Nieto  
Chairman

ATTEST:

\_\_\_\_\_  
Santos Ruiz  
Secretary

*[Remainder of page intentionally left blank.]*

Governing Body Member \_\_\_\_\_ then moved adoption of the foregoing Resolution, duly seconded by Governing Body Member \_\_\_\_\_.

The motion to adopt said Resolution, upon being put to a vote was passed and adopted on the following recorded vote:

Those Voting Aye: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Those Voting Nay: \_\_\_\_\_  
\_\_\_\_\_

Those Absent: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ (\_\_\_) members of the Governing Body having voted in favor of said motion, the Grantee's Secretary declared said motion carried and said Resolution adopted, whereupon the Grantee's Chair and the Grantee's Secretary signed the Resolution upon the records of the minutes of the Governing Body.

After consideration of matters not relating to the Resolution, the meeting on motion duly made, seconded and carried, was adjourned.

*[Signature page follows.]*

LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY

(SEAL)

By \_\_\_\_\_  
Roberto Nieto  
Chairman

By \_\_\_\_\_  
Santos Ruiz  
Secretary

*[Remainder of page intentionally left blank.]*



**EXHIBIT “A”**

**Notice of Meeting**

**Lower Rio Grande Public Water Works Authority**  
**Resolution Number FY2014-13**

AUTHORIZING AND APPROVING THE SALE OF SURPLUS MANUAL WATER METERS

**WHEREAS**, the Lower Rio Grande Public Water Works Authority (“LRGPWWA”) is a Local Public Body established under Section 73-26-1, NMSA 1978, and the Board of Directors is authorized to acquire and disposed of real property, personal property and rights-of-way for the benefit of the LRGPWWA; and

**WHEREAS**, the LRGPWWA has initiated a Radio-Read Meter Project funded by the New Mexico Drinking Water State Revolving Loan Fund for replacement of its manual water meters with radio-read water meters resulting in over three-thousand (3,000) surplus manual water meters; and

**WHEREAS**, under Section 13-6-2, NMSA 1978, Local Public Bodies are authorized to sell or dispose of property with approval of the Local Government Division of the Department of Finance and Administration (“NM DFA-LGD”) required for property valued over five-thousand dollars (\$5,000);

**NOW THEREFORE, BE IT RESOLVED** BY THE BOARD OF DIRECTORS OF THE LOWER RIO GRANDE PUBLIC WATER WORKS AUTHORITY:

Section 1. That the General Manager of the Lower Rio Grande Public Water Works Authority is hereby authorized to initiate the disposal of surplus manual water meters upon the completion of the Radio-Read Meter Project contingent upon the written approval of the NM DFA-LGD;

Section 2. That the disposal of surplus manual water meters shall be accomplished by a sealed-bid process advertised at least once in a local newspaper and posted on the LRGPWWA web site, open for a minimum of ten (10) days. Bids will remain open and subject to acceptance until the Board of Directors awards the bid, and the Board of Directors reserves the right to withdraw the property from sale at any time and the right to reject all bids.

Section 3. That the officers and employees of the Governing Body are hereby directed to comply with the requirements of Section 13-6-2, NMSA 1978 and any terms of approval by NM DFA-LGD.

PASSED, APPROVED and ADOPTED by the Board of Directors of the Lower Rio Grande Public Water Works Authority at its meeting of March 19, 2014.

---

Roberto Nieto, Board Chair

SEAL:

ATTEST:

---

Santo Ruiz, Secretary

## **Delinquent/Over Due/Past Due**

### **LRGPWWA**

Payments by	3:00 pm
Disconnection 20 days after due date (approximately 45 days after bill is mailed)	
Overdue penalty	15% per month
Disconnection Fee	\$20.00
Reconnection Fee after normal business hours	\$20.00

### **City of Las Cruces**

Payments by	2:00 pm
Disconnection 46 days after bill mailed	
Delinquent Account Deactivation and Reactivation	\$26.00
Reconnection next business day	
Premium Field Service Activation Charge (M-F)	\$52.00
Premium Field Service Activation Charge (Sat, Sun, Holi)	\$65.00
Shutoff Notice Fee (plus applicable service activation fee)	\$15.00
Late Payment Penalty Fee	2.5% per month
Past Due amount on Shutoff Notice plus the Late Payment Penalty Fee and the applicable Shutoff Notice Fee must be paid before 2:00 pm on the Shutoff Note due date	

### **Dona Ana MDWCA**

Payments	5:15 pm
Overdue penalty	10% per month
Disconnection by 20 <sup>th</sup> of following month	
If payment is made prior to actual interruption, no additional fees are assessed	
Non-Payment fee	\$35.00
Restoration Next Day	\$35.00
Restoration Same Day	\$60.00
Reminder Phone Call (does not waive applicable fees)	

### **AWSD**

Payments by	5:00 pm
Open Saturdays 8 to noon	
Late penalty	1% per month
Late Notice (2 <sup>nd</sup> bill) after due date	
Termination Notice	
Disconnection 5 days after written termination notice	
Disconnection Fee	\$15.00





[www.LRGauthority.org](http://www.LRGauthority.org)

# LOWER RIO GRANDE

---

## Public Water Works Authority

---

325 Holguin Road Box C Vado, New Mexico 88072 (575) 233-5742

### 2016-2020 Infrastructure Capital Improvement Plan (ICIP) Timeline

9:30 am, Wed., March 19, 2014	Approve Public Meeting Dates	Board of Directors
1:30 pm, Mon., March 24, 2014	Meet w/Tiffany Goolsby (SCCOG) & review 2015-2019 ICIP	Staff
9:00 am, Wed., March 26, 2014	Meet to review 2015-2019 ICIP & Discuss needed Infrastructure Planning & Improvements	Staff
6:00 pm, Tues., April 1, 2014	Public Meeting-LRGPWWA East Mesa Office	Staff
6:00 pm, Thurs., April 3, 2014	Public Meeting – LRGPWWA Vado Office	Staff
2 <sup>nd</sup> Week of April, 2014	Meet w/Ms. Goolsby & Develop Draft ICIP	SCCOG/Staff
9:30 am, Wed., April 16, 2014	Review Draft 2016-2020 ICIP, Staff Recommendations & Public Comments	Board of Directors
4 <sup>th</sup> Week of April	Meet w/Ms. Goolsby & Develop Final Draft 2016-2020 ICIP	SCCOG/Staff
TBA, Wed., April 30, 2014	2016-2020 ICIP Workshop by NM-DFA Local Government Division	Staff
9:30 am, Wed., May 21, 2014	Adopt Final Draft 2016-2020 ICIP By Resolution	Board of Directors
4:00 pm, Mon., June 16, 2014	DEADLINE FOR SUBMISSION OF ICIP	SCCOG