



Doña Ana Mutual Domestic Water Consumers Association
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The following are the minutes of the Regular Meeting of the Doña Ana Mutual Domestic Water Consumers Association Board of Directors, February 20, 2025 convened at 3:00 p.m. in the Doña Ana Mutual Domestic Water Consumers Association Board Room located at 5535 Ledesma Dr., Las Cruces, NM 88007:

Call to Order & Roll Call

President Melton called the meeting to order at 3:00 p.m. and called roll:

Vice President – Kenny Morrow, Present

Secretary/Treasurer – Brian Cox, (Excused Absence)

Board Member – Brian Clouse, Present

Board Member- Ralph Owens, Present

A Quorum was declared.

Others in Attendance:

Legal Counsel- Nan Winters (Present via Zoom)

Executive Director- Jennifer Horton

Office Manager- Margo Lopez

Executive Assistant- Shelby Morales (Excused Absence)

Approval of Agenda

Mr. Owens moved to approve the agenda as presented; the motion was seconded by Mr. Clouse. There was no further discussion, and the motion passed unanimously by roll call vote 4-0.

Minutes

Mr. Clouse moved to approve the Regular Board Meeting Minutes of January 16, 2025 as presented; Mr. Morrow seconded. Ms. Horton stated the date needed to be changed to reflect the meeting date on the 16th. Mr. Clouse moved to approve the minutes as amended, Mr. Morrow seconded. There was no further discussion, and the motion passed unanimously by roll call vote 4- 0.

Customer Issues and Public Input

Ms. Horton shared an email that she and President Melton received. She stated the email came from Mr. Joe Shmoe. She provided each member of the Board of Directors with a copy to review. She stated that Mr. Shmoe was requesting an audit on Ms. Horton with regards to her role with the Association and her relationship with the owner of Morrow Enterprises, Inc. She further stated that Mr. Shmoe wanted to know how Morrow Enterprises, Inc. receives all funds for the projects with the Association while other contractors are left out. Ms. Horton continued to state that Mr. Shmoe would like for Ms. Horton to be held accountable and stated Mr. Shmoe felt that she needs to be transparent and not abuse her position of power for her personal gain. Ms. Horton led the discussion. She stated that she had sent the email to Legal Counsel, Nan Winters. Ms. Horton stated she has no issues with an audit and stated that on several occasions she has been transparent about her relationship with the owner's stepson and her role with regard to the contracts with Morrow Enterprises, Inc. Ms. Horton stated she would stand for any questions during the open meeting that the

Board of Directors may have. When the Board asked who Mr. Joe Shmoe was, Ms. Horton stated that she believes it was a contractor who was unhappy with a contract that Morrow Enterprises, Inc. received. However, Ms. Horton stated that she did not know who Mr. Shmoe was for certain. She further pointed out there was no contact information to be able to follow up with him. Ms. Horton stated that she did not feel that they were expecting to be followed up but rather to create an issue. President Melton stated that the Association has been incredibly careful to take precautions to avoid any possible conflict of interest and he stated the Association is in accordance with the law. Ms. Horton stated that Legal counsel, Nan Winters, suggested that it be put on public record, again. It was stated that Ms. Horton's relationship has been disclosed on multiple occasions in public meetings and Ms. Horton has recused herself from any voting for the selection of contracts when it involves Morrow Enterprises, Inc., and Ms. Horton does not sign the pay apps or change orders. Furthermore, Ms. Horton does not approve the contracts. Ms. Horton clarified that she may be the Operational Manager from the standpoint in the field. However, one of the other 2 Chief Procurement Officers administer the contract, as she is not involved in the contract negotiations. The Board of Directors did not feel this request was creditable as there was no formal information requested, and no contact information provided to respond. Ms. Horton explained that if a contractor is unhappy with the award to Morrow Enterprises, Inc., that there would be a procedure that the contractor would have followed to protest the award. She stated there was none. Ms. Horton continued to state that her relationship had never been a secret and had been made public for all 8 years. She further stated that prior to any award that she had disclosed any conflicts of interest. Ms. Horton clarified that Ms. Lopez is the contract administrator for this recent award to Morrow Enterprises, Inc. and that Ms. Morales is the contract administrator for the Southeast Collection Project with Morrow Enterprises, Inc. Ms. Horton stated in the past several years the Association has worked with various

contractors, not just Morrow Enterprises, Inc. She stated that there were 2 other contracts where Morrow Enterprises, Inc., were not selected. One was for the one that Spartan Construction was awarded and the other project Morrow Enterprises, Inc. did not bid, DNR Tank was the only bidder for the tank project. Ms. Horton addressed Mr. Owens, as he is the newest member of the board and stated she knew he was aware that she had a conflict of interest as she had disclosed it in an open meeting before, but did not know if he knew what that conflict was. She shared that her significant other is the stepson to the owner of Morrow Enterprises, Inc. and shared that he does not have ownership of the company. She further clarified that he does work for the company as their Utility Superintendent. Ms. Horton explained to Mr. Owens that financials, including loans, grants and contracts are thoroughly reviewed by the auditors as we are asked to respond to a Related Party Questionnaire- annually. She stated that due to her conflict with Morrow Enterprises, Inc., the auditors would look into it thoroughly. The Board of Directors did not have any question and President Melton felt he did not have any concern as a full disclosure had been made on several occasions.

Board President Report

President Melton advised that a member of a fraternal organization in which he belongs to is trying to exercise his fraternal relationship to gain some sort of concession from the Association. President Melton stated that he has repeatedly referred him to the staff but does not seem to make it that way. Other than that, President Melton stated that things have been going quite well.

Staff Reports

Ms. Horton provided financials for the month of January. Ms. Horton began to review the Check Listing and pointed out several large checks to Morrow Enterprises, Inc.

for the Southeast Collection Project. She stated that going forward they would see a couple of separate checks issued to the contractor to allow each funding agency to see their part of it. She stated the Budget Report is as of the end of January 31st and stated there was revenue of \$4.4 million and expenditures of \$3.8 million, with a net difference in the operating fund of roughly \$500,000. Ms. Horton shared there is a large receivable being carried in the amount of \$1.6 million that is outstanding. She stated she is waiting for the reimbursement from the state. Ms. Horton explained that reimbursement money from the State takes a little while. Ms. Horton provided the Balance Sheet stating it is a current cash position and shared the Association is down about \$1.5 million because she is waiting on the receivable to come in and wrapped up the financials with the Income Statements as it ties back to the Budget Report.

Ms. Horton provided a written report for the Project Updates. She stated the Dona Ana Village Lift Station and Force Main is now considered their Phase 1 Project and is still pending. She stated that she has encouraged our engineers to please respond to our attorney regarding the questions and timelines, decisions on change orders, and claims that happened during the project. She reported that Tyler with Bohanan Huston will be following up with Juan in Nan's office by next week.

Ms. Horton reported on the Southeast Collection Final Phase Project and stated it is progressing very well and ahead of schedule. She stated that they will be finishing the main lines in the next 30 days and will primarily be working on yard lines, yard services, and getting homes connected.

Ms. Horton reported she has not received any bids for the Picacho Hills Sewer Main Protection Project. She stated the design is complete and shared that she should see

some bids come in by next week and hopes it can start quickly to create some protection for the sewer line in the arroyo.

Ms. Horton reported on the PER for the East Central Collection and stated a final draft is waiting for her review.

Ms. Horton stated the Development Standards are an item on the agenda for today and apologized for the delay. She stated she had hoped to get them out earlier and would understand if the Board of Directors would need to table it to allow more time to review.

Ms. Horton reported that Bohanan Huston is hoping to wrap up the Water and Wastewater Masterplan in the next 90 days.

Ms. Horton stated the West Mesa Water System Design Project has started preliminary efforts in the design process.

Ms. Horton stated Phase 2 of the Dona Ana Village Lift Station and Force Main Project has been awarded and hopes to see the contractor start construction in the next 60 days, pending any lead times for materials.

Ms. Horton stated the 2 funding applications with the Water Trust Board are for the construction of the new water well and the other for the design and construction to rehab the 2 water tanks in Radium Springs. She stated that it is sitting in a Bill in Santa Fe as they need to be authorized by the legislature. Ms. Horton stated that she should know more in the next 30 days.

Ms. Horton stated she did get the notice for cost overrun funds from Colonias Infrastructure today. She stated the grant documents should be coming in over the next couple of weeks. Ms. Horton stated the Board of Directors should see it at the next Board meeting in March for their approval.

Ms. Horton reported on subdivisions. She reported on Desert Oaks Subdivision with 192 residential lots in Picacho Hills. She stated that she is expecting to see some construction plans in the next 60 days.

Ms. Horton reported she has a meeting with Bueno Suerte Subdivision next week regarding their new water rights. She stated this is for 263 lots.

Ms. Horton reported on the 9 lots in the Reyes Westwind Subdivision. She stated this subdivision has some water rights tied up with Bueno Suerte Subdivision and that is part of her meeting next week. Ms. Horton shared that this would be one of the final steps for Reyes Westwind Subdivision to move forward.

Ms. Horton stated the Villas in Picacho Hills was previously the Flemish Subdivision. She stated the previous design was approved, however, there have been some engineering changes and will now need to undergo another review. She reported that she is waiting to see the new construction plans.

Ms. Horton shared that the Bosque Subdivision off Burke Road, in District 4, just north of Throat Punch, is now wanting to subdivide the parcel into 3 lots, whereas before the agreement was to serve as one lot. Ms. Horton stated that they have been provided with the criteria and expect in the next 120 days to see something from them.

Ms. Horton shared that the fence upgrades have started with adding slates in the fence. She reported that by the 27th they should start redoing the fence in the shop area as well as the gates. She stated that she hopes it will help with detouring the criminals in the area from breaking in. Ms. Horton provided an update on one of the criminals that broke into the trucks. She reported he had been arrested and given probation. She further stated that he is asked to pay restitution.

Ms. Horton reported on Other Matters. She stated that there were 608 meters installed.

Ms. Horton announced there were 2 new Certified Operators on staff as of 2 weeks ago. She stated they obtained their Water Level 1 and shared another will be testing for his Water Level 2 on Monday. Ms. Horton expressed how proud she was of them.

Ms. Horton stated a position was filled in Operations with a new employee, Debra, following a termination that occurred.

Ms. Horton reported there were 436 complete applications for the Southeast Collection Project. President Melton inquired about the funding availability for the connections. Ms. Horton clarified that there is no funding available as it has been exhausted for the time being. She stated that did not mean that at the end of the project some of the contingency funds cannot be used for that. However, what was originally allocated has been used. She stated that at this point, anyone connecting will need to pay the city impact fee, with the understanding if there is still money available at the end, they will be reimbursed and have their account credited for it.

Mr. Clouse inquired about the drilling of the wells. Ms. Horton recapped what was previously discussed at the last meeting as Mr. Clouse was not present. Ms. Horton

shared at the last board meeting she brought up to the Board of Directors that the Association is struggling with water wells and shared that Wells 5, 7 and 8 are all currently down. She further expressed the need to replace all three of them. Ms. Horton reported that Well 8 has been pulled and repaired about every 18 months and is continuing to lose production. Ms. Horton stated that in the next 24 months she expects to lose Well 8. She shared that one of the Water Trust Board Applications is for a million dollars, for a water well to replace Well 8 across the interstate at the South Tank Site. She stated knowing that Well 8 is going down she needed to find the funding, another location, and a spot to drill. Ms. Horton explained that Well 5 is continuously having issues with pumping sand. She further shared a sand separator has been installed and it has reduced production to the point that it is not worth pumping. Ms. Horton shared that there is a piece of land behind Well 5 that she will be visiting with owners in an attempt to purchase the land to redrill Well 5. Ms. Horton stated the Water Rights Attorney is working on an application and will have a meeting with him next week. She is hoping to have the Well application completed and ready to file to see if she can get a replacement well approved to replace Well 5. Ms. Horton clarified that there is no funding for Well 5 and that funds would have to come out of the Operating Account. Ms. Horton stated that she looked for a place that currently has infrastructure to minimize the cost and make it easier for a tie in. Ms. Horton stated this will cost about half a million dollars. Ms. Horton shared there were 3 acres of land that were purchased near the South Tanks and shortly after the purchase the City of Las Cruces called wanting to buy part of it. Ms. Horton stated that she had met with them and stated that they would like to buy 2 acres of land. She clarified the Association only needs to have an acre of it. She stated that she believes it would be about a \$200,000.00 range. Ms. Horton stated her recommendation would be to apply those funds toward Well 5 to help offset that cost and the remaining would then come from the operating funds or reserves. Ms. Horton shared that the issues with Well 7

(the newest well) are unclear. She stated that the well started pumping sand. She further stated that a well driller has been out to pull it and clean it. Then they found rocks in it and again, no idea where the rocks were coming from and as of today, it is still very unclear what the issue is, and further discussion ensued.

President Melton inquired about the Westmoreland case and the status regarding the collection of a large debt. Ms. Horton clarified that she has not had the opportunity to talk with Legal Counsel, Nan Winters, about it. Ms. Horton clarified that there is a judgment on file. President Melton shared his concerns and Ms. Horton stated she would visit with legal on the matter.

Ms. Horton provided the following written reports, The Customer Service Report, for the Board of Directors to review.

New Business

None

Unfinished Business

Mr. Morrow moved the Approval of New Members New Meters; the motion was seconded by Mr. Owens. The Chair called for discussion of the motion. There was no further discussion, and the motion passed unanimously 4-0.

Mr. Morrow moved the Approval of Development Manual; the motion was seconded by Mr. Clouse. The Chair called for discussion of the motion. Mr. Clouse motioned to table it until the next meeting scheduled to be held in March, to allow time to review it and the motion was seconded by Mr. Morrow. There was no further discussion, and the motion passed unanimously 4-0.

Mr. Owens moved to Approve Resolution 2025-03 Colonias Application for Water Wells; the motion was seconded by Mr. Clouse. The Chair called for discussion of the motion. Ms. Horton stated this is an application for \$2 million to drill two (2) water wells. Ms. Horton stated that if a site had to be picked as of today her recommendation would be to utilize the Well 4 site at the corner of Taylor and Valley to redrill it there and on North Dona Ana Road, just north of Thorpe. She stated that if funding is secure a ½ acre parcel has been picked out to purchase. She concluded by stating that these areas fit the recommendations of the hydrologist. Ms. Horton clarified that the site locations may change, however, this is based on today and further discussion ensued. There was no further discussion, and the motion passed unanimously 4-0.

Mr. Morrow moved to Approve Resolution 2025-04 Colonias Application for Dona Ana Village Phase 3; the motion was seconded by Mr. Clouse. The Chair called for discussion of the motion. Ms. Horton stated this is for the last phase of the Dona Ana Village Lift Station Project and it will complete the last bit of the force main across Pedro Madrid into the lift station and rehab the main holes in the Los Venado's Subdivision. Ms. Horton clarified that this was part of the phase 2 bid as alternates, however, there was not sufficient funding due to the time that it took. She stated from the time she applied for the funding, to securing the funding, waiting for USDA's approval (that was a 2-year process), and the change in construction prices during that time, there was not enough money to complete the remainder of the project. Ms. Horton stated that alternates 1 & 2 were put on hold as only the base bid had been awarded and now, she is trying to complete that project in the third phase and that is what this will do. There was no further discussion, and the motion passed unanimously 4-0.

Mr. Owens moved to Approve Resolution 2025-05 Colonias Application for West Mesa Water Project; the motion was seconded by Mr. Clouse. The Chair called for discussion of the motion. Ms. Horton stated this project is currently in design. She stated this is for the rehab of the current West Meas System. She continued to state that the system has 2-inch water lines and water wells that have exceeded the Federal Drinking Water Standards for 3 consecutive quarters due to uranium. She further stated that EPA shut their wells down. Ms. Horton stated that the Association took over the system knowing there were uranium issues and shared that it is currently tied to the Picacho Hills system that currently feeds 106 connections. Ms. Horton shared that this was never the long-term plan, it was just to provide them with clean drinking water. Ms. Horton explained that part of this system is currently unserved. She stated that when this was put together it was with the mind set of fixing the current problem for the current residents but to also expand into the area that is currently unserved. She stated that it will continue to remain tied to Picacho Hills. Mrs. Horton stated this would include the addition of a water well in Picacho Hills, and the installation of new tanks in the West Mesa site, along with the expansion of service to the unserved area. Ms. Horton asked for some feedback on the amount of money to be spent on this project and what their priority would be, the West Mesa Water System Project or the East Central Collection Design and further discussion ensued. There was no further discussion, and the motion passed by roll call vote 3- Yes – 1-Abstain. Mr. Morrow abstained.

Mr. Clouse moved to Approve Resolution 2025-06 Colonias Application for East Central Collection Design; the motion was seconded by Mr. Owens. The Chair called for discussion of the motion. Ms. Horton stated this project is for the design for 2 of 3 areas identified in the PER for the East Central Collection. She stated that she is asking to break this design into 2 phases and seek USDA funding or additional Colonias in

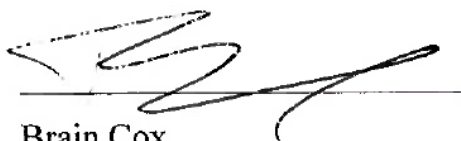
another round for the remaining phase. Ms. Horton clarified that this is to design a gravity system with a couple of lift stations. She stated it was everything between El Camino and Dona Ana to Dona Ana School Road and the southern portion of Taylor Road. She further stated this is for design only, no construction. Ms. Horton stated the PER is complete and waiting for her review and approval. There was no further discussion, and the motion passed unanimously 4-0.

Board Open Discussion

President Melton stated that he and Ms. Horton have received communication from Dr. Anderson, our former Secretary/Treasurer. He stated that Dr. Anderson stated he was going to attempt to attend the meeting as he indicated that he and his wife are doing well. President Melton stated that Dr. Anderson is maintaining his usual concerns about our water rights and ongoing issues with developers.

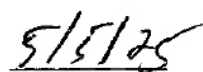
Adjournment

Mr. Morrow motioned to adjourn at 4:20 p.m., with a second from Mr. Clouse. The motion passed unanimously 4-0.



Brain Cox

Secretary/Treasurer



Date