

Minutes

Sky Country Estates Mutual Domestic Water Consumers Association Board of Directors Meeting

Date: Wednesday, June 10, 2026, at 3:00 pm MDT

Location: 63 Clear Sky Road, Cloudcroft, NM

Call to Order. President Koch called the meeting to order at 3:00 pm MDT.

Confirm a Quorum. Directors present either in person or by phone: President Koch, Vice President Estrada, Secretary Hanson, Treasurer McDaniel and Director Littlefield. Quorum confirmed.

Directors and Public Comments. None

Approve Minutes of Board Meetings. President Koch said the minutes of the May 13, 2026, Board meeting has been distributed to all the Directors and asked if there are any corrections to the minutes. There were no corrections. Secretary Hanson made a motion to approve the minutes. Treasurer McDaniel seconded the motion. The motion was approved by unanimous vote.

Financial Report. Treasurer McDaniel gave the financial report as of the end of April 2026. Total administrative expenses for April were \$6,129.29. Total water system expenses for April were \$1,160.58. Total revenue for April was \$2,663.57. First National Bank balance was \$57,853.01. QuickBooks checking balance was \$26,024.41. Our total cash in checking accounts totals \$83,877.42. We have spent \$10,326.22 to date on the POA lawsuit assistance.

Water System Report. President Koch reported the water system currently is breaking even. Well # 2 production as of Monday May 11 was 239 gallons per day. Well # 3 was 582 gallons. Total daily production is 821 gallons. On that date, the average water use over the previous 3 days, Friday, Saturday and Sunday was 1,145 gallons per day. The period before then, June 1 through June 5, the water use was only 900 gallons per day. Some of the larger water use could be attributed to some contractor use for block and cement work. President Koch forecast we will have to order 2 loads of trucked water per month for the summer months. Other than the water use and production, the water system is working fine.

In May the New Mexico Drinking Water Bureau completed a sanitary survey of our system. As a result, we have been asked to change the chlorine type we use and install a testing valve at well # 3, after the chlorine injection point. Other than that, everything is OK. Both tasks will be completed soon and reported to the Drinking Water Bureau.

President Koch reported the annual Consumer Confidence Report, CCR, that must be sent to the members by July 1, is completed and sent to the New Mexico Environmental Department for review. When the review is done, it will be sent to all the members and posted on website.

Vice President Estrada raised the issue of our By-Laws requiring all water connections to have meters and there are several residences that are not in compliance with the By-Laws and Rules because they do not have meters. He wanted to know if there was a way we could work with those residences to bring them into compliance. Discussion followed regarding Article VII, Section 1 of the By-Laws, section 3 of the rules and appendix B, sections 5 and 6 of the rules and how to apply them to the concern about meters.

Treasurer McDaniel made a motion “that we add to the rules, Section 3, The Meters, Water service connections existing prior to the incorporation of Sky Country Estates Mutual Domestic Water Consumers Association (Association) will be provided with an Association approved meter during the Water Improvement Project at no cost to the owner of the property. These existing unmetered homes are temporarily grandfathered in until the project is completed. Until that time, meter installation may be provided by the Association at its discretion. A property owner may ask for a meter to be installed by the Association and all installation costs will be the property owner’s responsibility. New service connections after incorporation of the Association will include a meter according to the Association Rules. In addition, add to the Rules Rate Schedule, Rates are currently not based on meter readings. Rates are based on each member’s equal share of the separate Administration forecasted yearly budget approved by the members at the annual meeting. Members with water service pay an additional amount based on their equal share of the separate water system operational budget approved by the members at the annual meeting. Billing by meters may be available after completion of meter installation to all residences during the Water System Improvement Project.

The motion was seconded by Director Littlefield. During discussion of the motion, Vice President Estrada suggested we do not include a meter with a new installation and have the meter installed by the project. Director Littlefield added that not installing the meter would only save around \$200. During the discussion Vice President Estrada made a motion “that anybody who paid for a meter installed by the Association be given back the \$200”. There was no second to the motion. After discussion a vote on the motion made by Treasurer McDaniel was taken and passed unanimously.

President Koch read By-Laws Section 5, Water Shortages which state: “In times of water shortage or drought as determined by the Board of Directors, the Board shall determine how water rationing rules shall be applied. Water shall first be delivered for in-door domestic uses and volumes delivered to each household shall be set at a maximum quantity to protect the health and safety of the water customers according to the Rules and Regulations of the Association”. Treasurer McDaniel made a motion to create Resolution # 2026-1,

RESOLUTION NO. 2026-1

AN EMERGENCY RESOLUTION AMENDING THE RULES AND REGULATIONS TO PROHIBIT OUTDOOR WATER USE DUE TO CRITICAL GROUNDWATER DECLINE

WHEREAS, the Sky Country Estates MDWCA Board of Directors has determined that the local water table has reached critically low levels, threatening the domestic water supply, health, and safety of its members; and

WHEREAS, the Association By-Laws explicitly grant the Board the authority to determine water rationing rules and prioritize indoor domestic deliveries during a shortage; and

WHEREAS, the Association's current Rules and Regulations lack a formal schedule of penalties to enforce emergency water conservation;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS THAT:

1. **Declaration of Emergency:** A Critical Water Shortage Emergency is hereby declared.
2. **A. Prohibition of Use:** All outdoor water use supplied by the Association's system—including lawn/garden irrigation, construction, vehicle washing, and filling pools—is strictly prohibited effective June 10, 2026.
3. **Establishment of Penalties:** To enforce this rule, the Rules and Regulations are hereby amended to establish the following consecutive penalty structure per household:
 - o **1st Violation:** Formal written warning delivered via door-hanger and mail.
 - o **2nd Violation:** A **\$100.00** fine applied directly to the member's water bill.
 - o **3rd Violation:** A **\$250.00** fine and the immediate installation of a physical flow-restrictor device at the water meter, or temporary disconnection of service to protect system pressure.
4. **Duration:** This emergency amendment shall remain in effect for 120 days, or until the Board votes that the water table has recovered to safe operating levels.

The motion was seconded by Director Littlefield. Discussion followed. Treasurer McDaniel amended her motion to include “under 2, A. Prohibition of Use, add B. Construction: After water connection and meter installation, if owner or contractor requires water the owner/contractor may pay a truck load of water at the current price and it will be monitored. If the amount of water paid is surpassed, the Board of Directors, has the right to shut off water and place a lock until more water is purchased” and change the third violation fine to \$400.00. The amended motion was seconded by Director Littlefield. The motion was voted on and passed unanimously.

Water System Improvement Project Update. President Koch said Souder Miller and Associates told him they are closed to having the preliminary design of the water system project done and will be sending it to the State for review. They hope to have it done by the end of June. They will also send it to us and would like to send a team member to review it with us in person. President Koch did not get an update on the grant applications and amount from Souder Miller before the meeting.

Old Business. Secretary Hanson said there were three applications for Director. They are Ray Estrada, Lourdes McDaniel and Bill Hanson. The ballot will be filled out with the three candidates and sent to the members with instructions on how to vote. A second notice of election and Annual meeting will be sent out to the members along with the Director voting ballot. The

Annual meeting will be held on July 4, 2026, 1:00 pm MDT at 63 Clear Sky Road and by conference call. It will be sent out on June 15th via USPS and email.

There was a discussion of the 2026-2027 annual budget. President Koch suggested condensing the reserve funds and they were changed to: General operating reserve, \$20,000, Capital Reserve, \$17,500, Water project debt reduction reserve, \$27,500 and Legal Reserve / POA, \$8,000. The remaining funds will be General funds.

The Annual Meeting agenda will follow the By-Laws guidelines.

After discussion, the 2026-2027 Fiscal Year Budget was determined and approved by unanimous vote of the directors. It is attached as Exhibit A.

New Business. Vice President Estrada brought up creating a Water Service Termination Form that members that want to drop from the MDWCA would sign that explains that if they ever wanted to join again, they would have to pay another \$1,500 membership fee. He made a motion “to adopt a water termination form and add it to the rules”. The motion was seconded by Treasurer McDaniel. After discussion and voting, it passed unanimously.

Directors Comments. None.

Adjournment. Treasurer McDaniel made a motion to adjourn and was seconded by Director Littlefield. The motion passed unanimously. President Koch adjourned the meeting at 4:47 pm MDT.

Approval of Minutes:

Date
