

Minutes

Sky Country Estates Mutual Domestic Water Consumers Association

Board of Directors Meeting

Date: Wednesday, May 13, 2026, at 3:00 pm MDT

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. Members present, Mary-Anne Estrada, Tim Navrkal and Mike DuBois.

Directors and Public Comments. President Koch commented that we are going to follow Robert's Rules of Order. We have always been a little relaxed but in an effort to keep people from talking over someone, we will attempt to follow Robert's Rules of Order more closely.

President Koch asked if anyone thinks we should offer video conferencing for the Board and Annual meetings. Short discussion followed and all Board members agreed video conferencing was not needed and we should continue with just audio conferencing. There were no other Board or Public comments.

Approve Minutes of Board Meetings. President Koch said the minutes of the April 8, 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. Director Littlefield 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 \$1,039.53. Total water system expenses for April were \$358.35. Total revenue for April was \$1,365.80. Our total cash in checking accounts totals \$87,374.58. Total assets and cash are \$484,317.58 as of the end of April.

As of the end of April, we have contributed \$4,324.06 to the POA lawsuit against a neighboring property owner over the ownership of and rights to use Sky Country Estates roads.

President Koch suggested we adjust our reserve accounts to better protect our funds. He suggested working on that as we prepare next fiscal year's budget. President Koch said he had asked Nichole Britt at Souder Miller about a need to keep each reserve account in a separate bank account and was told it was not needed, just keep a record of the amounts allocated to each reserve account.

President Koch mentioned that the New Mexico Finance Authority looks at our water rates when determining our qualifications for a loan and our ability to pay. The suggestion is we need to raise our rates to show we have the ability to make the payments. Our rates are based on our budget. Discussion followed on why raise rates if we don't have a substantial loan and raise the

rate when we have the need. It was suggested to work on that when determining the next fiscal year budget.

Water System Report. President Koch reported at this time we are close to breaking even regarding water use and water produced by the wells. Well #2 production is down to 295 gallons per day and well #3 is still at 600 gallons per day. Average water use is about 895 gallons per day, some days higher, some days lower. Well #2 is slowly dropping in production at about 5 gallons per week. He said the main storage tank as of May 12 had 3,780 gallons of water, down from 4,200 gallons 8 days prior. President Koch reported he has ordered two loads of water to supplement our storage supply. That will add another 5,400 gallons to storage.

President Koch said he feels we will probably have to purchase two loads of water per month through the summer and into the fall until the expected monsoon rains start to increase well production.

The New Mexico Drinking Water Bureau will be here tomorrow morning, May 14, to do a sanitary inspection of our water system. It was last done about 3 years ago.

Water System Improvement Project Update. President Koch reported on the first distribution from our grant and loan award to Souder Miller and Associates for the engineering design of our water improvement project. The disbursement was \$68,380.80. Ten percent of that will turn into a loan when the design is done.

Report from Robert Storey, Souder Miller and Associates project engineer on the status of the design of our water system improvement project is as follows:

Completed

- Kick-off
- As-built research
- Utility coordination
- Survey
- Geotechnical Report

Overall Progress

- Preliminary Design: ~63%

Schedule Status

- Well Design – 75% → Expected complete mid- May
- Electrical Design – Pending well design
- Construction Plans – 65% → Ongoing
- Project Manual – 90% → Expected submittal end of May
- Internal QA/QC – Following preliminary design completion
- NMOSE Permit – Expected submittal end of May
- Preliminary Design Submittal – Expected submittal end of May

Issues

- None

Next update: June 2026

Director Littlefield asked if the project will be using our existing water lines or install new lines. President Koch answered the project included all new water lines, that would be phase 5 of the project.

President Koch gave a report on the April 13, 2026, meeting with Robert Storey and Nichole Britt of Souder Miller and Associates.

Souder Miller Meeting April 13, 2026, Notes:

Souder Miller: Robert Storey, Nichole Britt

SCEMDWCA: Loudes McDaniel, Bill Hanson, Ray Estrada, Ed Koch

Water Trust funding for Engineering approved.

Construction funding is not on approved list this year. Robert is not sure why. Suggested contacting State representatives. Nichole agreed, they are the people responsible for grants. They need to hear our story from us. Stay in contact.

Nichole said it is common to miss a year of funding and thinks we have a very good chance of getting funded next year. They are waiting for the design portion to be completed.

Capital Outlay is best source of funding because it is all grant, no loan. Water Trust Board will have a loan portion. Will apply for both next year. Can look at Drinking Water Bureau but that does also have a higher loan portion than Water Trust Board.

In 2024 applied to Drinking Water State Revolving Loan Fund for \$1.7m and were told we did not have the capability to repay. Question asked is because we are a small association, are we always going to get that reply? Nichole answered it was based on our water rates. Question then was do we need to increase our rates just to qualify for loan? We would be overcharging because our rates are based on budget.

Funding awards are based on ability to repay the loan portion. Nichole said we can contact Drinking Water Bureau and ask what do we need to raise the rates to so we can qualify. They will review and let us know. Recommended to put extra money in reserve accounts and keep main account lower. It helps look like we don't have as much money and gives a better loan to grant ratio. We will probably be going to have to raise rates.

Apply to Water Trust Board and Capital Outlay again this year. Possibly Drinking Water State Revolving Loan Fund again.

Question was asked if it is possible to lower the construction estimates. Concern is they are affecting the grant opportunity. Answer is costs are going up on everything. Robert said the redrill of well # 1 estimate from Statewide Drilling was a fabulous deal. That brought up question of difference between well estimate costs. Souder Miller estimates are based on the quotes they are getting now and have bids to back them up.

Question on steel vs poly tanks. Robert said the NM Environmental Department does not recommend poly tanks and is in the process of changing the regulations to prohibit new poly tanks. They don't last long and do not have thermal protection and need modifications.

Ray asked about the size of a drop pipe. Estimate is 2 inch. If redrill do we have to use 2 inch. Current is 1 x ¼. Robert said they used 2 inch expecting higher flow. We can use whatever size will work.

Discussion about State financing of redrilling wells, starting with well #1. The redrill would be a good amount for capital outlay but money not available until September / October next year. Quickest would be a bank loan. Question asked about NM Public Project Revolving Loan Fund. Meets monthly. Loan only. May be option. Rural Infrastructure Loan Program may be an option. Loan only.

Discussion about two working wells that have problems with pump levels and repairing or redrilling them also. Working wells redrill may not provide more water than old.

Robert said the existing 12,000-gallon poly tank is incorporated into the current plan and the 34,000-gallon fire suppression tank. Question about removing the backflow valve on the poly tank to make it operational. Could be done.

Nichole will start the initial pre-application for financing of the redrill.

President Koch reported on the Water Improvement Project Committee that was approve at last months meeting. There have not been any responses via email for volunteers. President Koch said at last months meeting, member John Fenoglio told him he would be willing to volunteer if needed. Director Littlefield suggested contacting Jeremy Hodges to see if he would be interested. President Koch said he would work on recruiting volunteers for the committee.

Old Business. Discussion about options for more water. The options are redrilling well # 1 at a cost of around \$50,000 and the option presented by President Koch of using the 12,000-gallon poly tank as storage and installing a pump system to pump water to the 14,000-gallon tank. He had sent a spreadsheet to the Directors prior to the meeting that showed how long we would have water based on water use, well production and amount of stored water. The cost would be under \$3,000 including hauled water to fill the 12,000 gallon initially. Discussion followed about redrilling or using existing storage to get us through the summer and upcoming winter. Factors discussed were costs, well production, water use, winter road conditions and purchased water costs. Assumptions are both tanks are full November 1, both wells continue to operate and there are no breaks or leaks, and water delivery is not available November to April. Vice President Estrada made a motion "That the Board go ahead and put the tanks together and use it for the winter since we can't get water up here during the snow months". Treasurer McDaniel seconded the motion. The Board approved the motion unanimously. President Koch and Director Don Littlefield will work on completing the project.

New Business. Annual meeting and Director elections. Directors with expiring terms are Ray Estrada, Bill Hanson and Lourdes McDaniel. The date will coincide with the date the POA selects. The meeting site will be at Koch’s residence. Notices for the meeting and elections will be sent out according to our bylaws and rules. Next year’s budget will have to be finalized at the next Board meeting in June. President Koch will send out a new budget template to Directors to aid in creating the budget.

Public Comments. Member Mary-Anne Estrada made comment that since we are “mutual” meaning everybody, everyone benefits in some way by having a working water system and that when some people are paying only administration expenses and people connected additionally paying for water, she thinks everybody should pay the same and everybody benefits. The water system increases the value of property. She would like to have us consider having everybody paying the same amount which could help with the budget building. President Koch suggested that is something that could be brought up at the annual meeting and let the members decide.

Directors Comments. None

Adjournment. Treasurer McDaniel made a motion to adjourn the meeting. The motion was seconded by Director Littlefield. The motion passed unanimously by the Directors. President Koch adjourned the meeting at 4:07 pm MDT.

Approval of Minutes:

Date
