



NORTH CENTRAL SOLID WASTE AUTHORITY
BOARD OF DIRECTOR'S
REGULAR MEETING

Thursday, October 18, 2018 at 9:00 A.M.

2016 N. Riverside Drive
Española, New Mexico 87532

I. Roll Call

Board Members:

Rio Arriba County	Tomas Campos/Chairman, <i>Present</i>
Ohkay Owingeh	Ben Lujan/Vice Chairman, <i>Present</i>
Santa Clara Pueblo	Bernardino Chavarria/Secretary, <i>Absent</i>
Rio Arriba County	Alex Naranjo, <i>Absent</i>
City of Española	John Ricci, <i>Present</i>

Staff Members:

Manager	Peter Fuller
CFO	Audrey Gonzales
Billing Specialist	Michelle Valencia
Accounts Payable Clerk	Emma LaRue
Executive Assistant	Jackie Martinez

Others:

Rio Grande SUN	Amanda Martinez
Citizen	Pedro Valdez

II. Call to Order

Chairman Campos officially called the meeting to order at 9:08 A.M.

III. Approval of Agenda- Thursday, October 18, 2018

Motion made by Vice Chairman Ben Lujan to approve the agenda October 18, 2018.

Motion seconded by Member John Ricci

Motion approved and carried 3-0

IV. Approval of Minutes – Regular Meeting, Wednesday, September 19, 2018

Motion made by Vice Chairman Ben Lujan to approve the minutes for September 19, 2018.

Motion seconded by Member John Ricci

Motion approved and carried 3-0.

V. Audience Participation/Public Comment - None

VI. Financial- Audrey Gonzales, CFO

A. Compiled Financial Statements FYE 6/30/2018 – Ed Fierro

Mr. Ed Fierro presents to the Board today. Mr. Fierro summarizes the Compiled Financial Statements for FYE June 30, 2018 that was handed out to the Board of Directors for review. These Financial Statements are full accrual and Financial Statements that have been given to the auditors to audit. The auditors will be in the NCSWA office starting October 22, 2018 thru October 26, 2018 to start the FYE June 30, 2018 audit. Normally Fierro & Fierro would use what is referred to as proprietary fund types organizations, which presents comparative financials, however, Fierro & Fierro is not doing that because they had to make a correction to the Financial Statements to record the other post-employment benefit plan, which is a new pronouncement that came into effect for this current Fiscal Year.

Mr. Fierro goes over page 2, Accountants' Compilation Report that indicates Fierro & Fierro prepared the Financial Statements in accordance with Fierro & Fierro's professional standards issued by the American Institute of Certified Public Accountants. These are management statements that Mr. Fierro adjusted. Mr. Fierro states in the report that the Management discussion analysis is not presented. Mr. Fierro believes that NCSWA is getting to the point that, perhaps next year, the MD&A (Management discussion and analysis) can be presented. The MD&A provides management historical information of the Financial Statements and presents their outlook on the future operations.

Mr. Fierro goes over the third paragraph which notes that Fierro & Fierro presented as required the supplemental information of the Authority's proportionate share of the net pension liability, the Authority's pension contributions, the Authority's proportionate share of net OPEB liability and the Authority OPEB contributions be presented to supplement the basic Financial Statements.

Mr. Fierro read off the last page which states the budgetary comparison schedule is presented for additional analysis and is not a required part of the basic Financial Statements. The supplementary information is the responsibility of management.

Mr. Fierro turns to page 3, which is the Balance Sheet. In Government this is called the Statement of Net Position. The Assets and Deferred Outflows of Resources at the end of the Fiscal Year were \$4.9 million. Liabilities and Equity are also \$4.9 million. Therefore, the balance sheet balances. Cash at the end of the Fiscal Year was \$1.8 million. Mr. Fierro states that there is a lot of delinquent accounts that are probably worthless. Most of the prepaid expenses is mostly insurances and policies that expire this time of year. At the end of June there was still some benefit to NCSWA. Mr. Fierro goes on to say that there is cash held by the NM Finance Authority to retire future obligations. Capital assets are \$2 million. Liabilities/Accounts Payable, \$68,475 is a low number, which is positive. Accrued salaries are salaries that were earned at the end of the year, but were not paid until several days after the Fiscal Year. Accrued liabilities; There is a schedule in the notes that will detail that a little further. Unearned revenues are monies collected during the time period of November, December and January in the Fiscal Year for the annual remittance charges for services. At the end of the Fiscal Year they hadn't been completely earned, therefore, we will take that as unearned. The compensated absences and the notes payable current portion would be \$53,625 to Rio Arriba County. The remaining amount is on the NM Finance Authority. Non-current liabilities, compensated absences are \$49,000. Note payable to the County and the Finance Authority is \$573,000. The net pension liability is \$2.2 million and the OPEB liability is \$1.3 million. Deferred inflows are \$438,775. Mr. Fierro states in a strict sense, NCSWA is insolvent because it has a negative equity of \$384,000. The majority of that is due to the MPL and the OPEB liability. The reason it is a liability is because they have less money invested. PERA has a deficit amount of funds available and they have a net liability. The same goes for the post-employment retirement program.

Mr. Fierro goes on to summarize page 4, which is the income statement. The revenues for the year were \$4.8 million, which includes all the tools. Operating expenses including the net-pension and the post-employment expense is \$4.9 million. Operating income was a deficit of \$108,000. Mr. Fierro states that there was a little bit of Tribal subsidy received for the use of the buildings from Ohkay Owingeh of \$60,000 including interest income and interest expense. The net loss for the year was \$56,000. The restatements are a negative equity of (\$1,594,030).

Mr. Fierro asks the Board of Director's to turn to page 5. Page 5 shows the decreases and increases of cash for the year. There was a positive cash injection of \$105,000. Cash at the beginning of the year was \$1.7 million. Mr. Fierro added in the restricted cash held by the Finance Authority. The cash at the end of the year is \$1.8 million and that is broken out between the cash that belongs to the Authority on-site, and the restricted cash of \$27,000. The restricted cash is to be used to reduce debt in the future held by the Finance Authority. Mr. Fierro continues with notes to the Financial Statement. Page 7 is the general description that continues thru page 14. Mr. Fierro states there is interesting information on page 14. Mr. Fierro states at the end of the Fiscal Year there was \$1.7 million dollars held at Century Bank. Reconciling items are outstanding checks and maybe a deposit in transit. At NM Bank & Trust there was \$78,000. Xpress Bill Pay is the company that collects electronic transfers, they hold back \$25,000 to help reduce fees. The balance is \$31,000. The FDIC covers \$250,000 from Century Bank and the uninsured public funds is \$1.5 million. The long-term debt includes two notes. At the end of the Fiscal Year there was \$601,205 owed to Rio Arriba County and a note payable to the NM Finance Authority of \$49,000.

Pages 27-31 are additional required supplementary information regarding the pension and the OPEB plan. Mr. Fierro states that page 32 is the most important statement. The statement includes schedule of revenues, expenditures, and changes in cash balance budget (Non-GAAP Budgetary Basis) and Actual on Budgetary Basis with Reconciliation to GAAP for the year ended June 30, 2018. Mr. Fierro believes there are two important statements, and one is the balance sheet that shows the assets and liabilities of NCSWA and the budget and the actual on budgetary basis. The actual budgetary basis is cash basis. Mr. Fierro states there should have been a change to the budget because the original and final budget were not changed during the Fiscal Year. In the current Fiscal Year, 2019, there has already been one budget adjustment (BAR). Mr. Fierro states that Management needs to track activity and make necessary changes.

Mr. Fierro's overall summary of where NCSWA is at now, is NCSWA and Fierro & Fierro have made tremendous strides in getting the Accounting Records where they should be. Mr. Fierro audited the Financial Statements for nine years, and it got so bad that years, 2013, 2014 and 2015 Mr. Fierro was not able to express an opinion on the Financial Statements. Mr. Fierro summarizes, in a nutshell, the prior management was entering data into the computer system, the staff was all entering data, and no one with the Accounting expertise was properly managing the accounting data, which resulted in the accounting records getting out of whack. Mr. Fierro states he was at the exit conference in January, and speaking at that time was former Board Member David Trujillo. Mr. Fierro states that Mr. Trujillo realized something needed to be done to get the accounting records where they needed to be. It was then that Ms. Gonzales contacted Fierro & Fierro to do contract work for NCSWA. Mr. Fierro thanks Ms. Gonzales and all the staff and states everyone has worked hard. Mr. Fierro feels good where NCSWA is at, and states that Fierro & Fierro got the Audit reports into the State Auditor. The auditors will come in to audit the June 30, 2018 which should be sent to the State Auditor by the due date of December 15, 2018. Mr. Fierro believes that this is the first time that he is aware of that the Financial house is now in order where it needs to be. The policies and procedures now need to be set up by 6/30/19 to have strong, internal

controls. Mr. Fierro asks if the Board has any questions. Vice Chairman Lujan comments by thanking Mr. Fierro and all the staff at NCSWA for their tremendous work to get the house in order. Mr. Fierro believes it is important that Management understands the Financial situation to be able to make inform decisions. This includes what to do as far as fee's and what to charge the residents for their services. Mr. Fierro believes that NCSWA has to have enough money in order to replace equipment and work efficiently. Mr. Fierro understands the concern of employee's increase of wages, however, as an outsider, Mr. Fierro's response is that employee's need to be cautious with that because everyone is concerned about taking a big paycheck home, however, the benefits in the insurance is a positive. If employees can stick with Government, the employees will receive good benefits and insurance. When the employee retires, the benefits are also good. The benefits far exceed in Government, rather than commercial employment.

Member Ricci also comments that this was an excellent job and the books are now in order. Member Ricci states, now NCSWA knows where to go to improve our books and improve our revenue properly and equally so that we can maintain this service for our community. Manager Fuller gives Kuddos to Mr. Fierro, CFO Audrey Gonzales and her entire staff. Manager Fuller states everyone in the room has been amazingly supportive. Manager Fuller tells Amanda Martinez from the Rio Grande SUN that the article published in the October 18, 2018 newspaper was extremely helpful to NCSWA. Manager Fuller also thanks Attorney, Robert Stranahan for his confident help and supporting him and helping him understand the ins and outs of what NCSWA does.

Mr. Fierro states one of the major things that was done and accomplished was at the beginning of the current Fiscal Year. Fierro & Fierro made a comparison in the Accounting Software to be on a strict cash basis. The budget is based on a cash basis and the numbers are being reported on a bash basis which tells good information. Ms. Gonzales is getting to the point where on a month-to-month basis, Mr. Fierro's assistance is very minimal and she can now generate the Financial Statements on a month-to-month basis.

Chairman Campos asks Mr. Ed Fierro to stay for the Director's Business.

B. Financial Statements – Audrey

Ms. Gonzales explains the balance sheet. New Mexico Bank and Trust has a balance of \$83,068.80, Century Bank has a balance of \$1,430,176.16 and Xpress Deposit Account has a balance of \$32,226.17, with a total of \$1,545,471.13. With what NCSWA has expended. The balance is negative \$318,671.61. The Revenues with Comparison to Budget are for the three months of July, August and September 30, 2018.

C. September 2018 Check Register

Ms. Gonzales goes over the check register. Chairman Campos asks, who Jive Communications is. Ms. Gonzales explains that Jive Communications is our telephone. Chairman Campos asks if NCSWA is starting to move in the direction and closer to getting Incode. Ms. Gonzales states yes and NCSWA is close. NCSWA has been working with Incode and we should be going live in April. Chairman Campos asks how long it will take to go live because it's a lot of data conversion. Ms. Gonzales states that NCSWA has been doing a lot of data pull that Greg has been helping with. The Board of Director's has no more questions for Ms. Gonzales.

VII. Manager's Report

Manager Fuller beings by reading his NCSWA focus question: What is the safest, most practical and cost-effective way to serve the on-going solid waste collection and disposal needs of all our

customers? Manager Fuller states now that we have financials' we can trust, we can brainstorm and strategize. Ms. JoAnn Marquez has yes collected another \$13,478 since our 9/19 Board Meeting, by talking to people and making calls.

Per last Board Meeting, Mr. Fuller is studying up the Rio Arriba County and Blue Bus Investment Policies, working with Ms. Gonzales on a draft tailored specific to NCSWA so we can invest properly. Manager Fuller appreciates Chairman Campos for the documents. It is excellent information. Manager Fuller is also working with the Banks from the September 19, 2018 list to get out liquid monies into CD's. Manager Fuller has appointments in progress. The Operations Supervisor Position closes on October 19, 2018. Manager Fuller plans to have a final decision by October 24, 2018. Manager Fuller specifically thanks Linda Padilla with Rio Arriba County and Kelly Duran with the City of Española for their excellent contributions to the interview panel. Ms. Janet Saucedo has stepped up the whole game in terms of questioning who NCSWA should hire and terminate. Manager Fuller states NCSWA wants to do it right, per policies and procedures.

Manager Fuller's most recent route ride-along was with Dan Holterman, NCSWA's Roll-offs Driver. Mr. Fuller learned a great deal of what it takes to pick up and deliver a Roll-off.

Change in weather is the focus of the recent morning Safety meetings.

Regarding Customer's and Communities, Saturday October 27, 2018 is the Keep Española Beautiful cleanup from 8:00 a.m. to 12:00 p.m. Manager Fuller was on KDCE during their coffee break announcing the cleanup.

Manager Fuller attended the NM Recycling & Solid Waste Conference in Albuquerque, September 24-26 and learned the possible technologies for turning garbage into energy. Member Ricci has asked Manager Fuller to present on recycling in December at a City Council Meeting, all about recycling. In the recent light of China closing its doors, to what was a huge boom for recyclers, we are now very restricted as to what we can do with materials that pay us to recycle them. Manager Fuller is working with Sarah Pierpont from NM Recycling Coalition. Ms. Pierpont helped Manager Fuller put a presentation together for the City Council Meeting in December. Manager Fuller thanks Member John Ricci for that opportunity. Secretary Dino Chavarria asked Manager Fuller to look into Electronic Waste Recycling. Manager Fuller states that the best bet now is Santa Fe. Manager Fuller has emails into Randy Watkins (BuRRT) regarding strategies for a successful e-waste pick up event. Mr. Watkins has been very responsive and can handle T. V's and such.

NCSWA does not handle glass recycling because it's very difficult to handle, however, Good Planet Labs is an amazing technology that could make glass recycling workable. There are amazing uses for this, including hydroponics. Good Planet Labs will take all glass from all takers.

From Plastics – to- Fuel technology (Yearout, and now Conti Group) continues to be a possibility. Manager Fuller still does not have a lot of response from Yearout. Manager Fuller believes Yearout's response is they want medical waste and they're small. Manager Fuller did have a discussion with Conti Group, a Mexican firm. Conti Group takes plastic, melts it and pyrolites it, then produces fuel.

Manager Fuller has some upcoming time away. Manager Fuller will be working with staff to ensure who is in charge. Manager Fuller will be out from November 2-5 visiting his son in Spokane, WA. Manager Fuller will also be out from November 9-19 to celebrate 15 years of marriage.

Member John Ricci questions the Operations Supervisor Position and asks how many candidates interviewed. Manager Fuller states there are five internal candidates and the position is now posted external as of today. Vice Chairman Lujan asks when the position closes and asks where the position was posted. Vice Chairman Lujan inquires if Management is not confident in the five internal candidates, and asks if the position will it be posted again. Manager Fuller states he

and HR Administrator Janet Saucedo were talking about that and right now they are unsure. Manager Fuller states he wants the best candidate in this position.

VIII. Director's Business

Chairman Campos begins the discussion about how the City and the County want to change from 4 punches instead of 2. Member John Ricci would like to see NCSWA go there, however the Board of Directors was just presented with Financials, so it will increase Operations, but no revenue to it right now. Chairman Campos has thought about it, and at one point the County had 18 punches and it went down to 2 punches. The City also had quite a few punches. Chairman Campos understands that things were mixed/messed up then, and states "nobody ever showed us the seeds that God created". By increasing to two punches in each entity, Chairman Campos still does not think, even though we have our Financial House in order, that we have all the data. Chairman Campos's point is, he does not know if we have a number on how many people use the punches. Chairman Campos does not believe we can get that number. Ms. Gonzales states that we have somebody that tracks the punches. Member John Ricci's recommendation is to get this handled for the new Calendar year. If it all works out, then we can introduce the two extra punches for the County and the City if it's feasible. Member Ricci believes those are the numbers we need to know. It does not matter how convenient you make it; illegal dumping will still happen. Member Ricci questions if increasing the punch cards will really decrease illegal dumping. Member Ricci wants to see the number of punch cards that are issued, and what gets utilized in order to get a number to see what's out there. Member Ricci wants it on the table to present it out and decide before the calendar year. Ms. Gonzales talks about how she did a spreadsheet for former Manager Gino Romero. Ms. Gonzales did an analysis to see what was going on with the punch cards. Ms. Gonzales states NCSWA was losing over \$400,000 a year with the punch cards. Chairman Campos states nobody told him, nor did they prove they were saving \$400,000 a year. The books have not been correct until now. Chairman Campos states there is no way NCSWA saved \$400,000. Chairman Campos knows the value of the punches is \$400,000. The question is, were the punch cards used and if so, where were they used? Chairman Campos gives an example of how someone wanted a yearly punch, which was later corrected by Manager Fuller because there was only half a year left. Chairman Campos questions how the one punch is accounted for by staff. Billing Specialist Michelle Valencia states the if they were a monthly customer, they only get one punch. Chairman Campos clarifies, somebody that pays yearly gets two, and somebody that pays monthly gets one punch. Manager Fuller questions if NCSWA has a Resolution for the number of punches. Ms. Valencia states that we do. Chairman Campos was not on the Board when the Resolution was promoted. Manager Fuller asks the Board of Director's what they would like to see as far as a cost breakdown. Member John Ricci asks if we are tracking the punches, and have a true number of what is being utilized on punches. Ms. Valencia states that we do have a true number. This is the number that the Board of Directors would like to see. Manager Fuller states we will get that data. Member Ricci states that there is a group of continuance that do want those extra punches to keep their properties clean and based on a seasonal basis of 4 punches, those people will be happy. Ms. Valencia states that only half of the citizens from the City of Española come in for their permit cards, therefore, NCSWA loses out on the other half. Member Ricci states that's the kind of numbers the Board wants to see and says there's the increase. Vice Chairman Lujan states that the Board has been discussing this for years, and it has gone all over the place. At the end of the day, Vice Chairman Lujan believes it causes a negative impact on the business itself when we are giving more and more. Over the years we have tried to come to an agreement to try and evaluate what it actually costs to get rid of trash, and that has been the charge of what each customer is paying. Vice Chairman Lujan goes on to say that on the Pueblo side, they see a tribal subsidy, however, he understands that the everybody has been giving it to NCSWA over the years. This is

one part that you only see, however, the Tribe still subsidizes the Pueblo members with the trash customers on their land by subsidizing that too. Vice Chairman Lujan states those are numbers nobody sees. Vice Chairman Lujan is all for helping the continuance of keeping the land clean, but he also believes at some point, if the County and the City wants to do that, they should be paying some kind of subsidy to help off-set the costs. The Pueblo pays exactly what it costs to get rid of trash, which is \$22.00. The Tribe chooses to subsidize the other \$12.00 a month. Vice Chairman Lujan believes if the County and the City want to do that, some subsidy has to come in to NCSWA in order to compensate. NCSWA is not going to survive by giving and giving. NCSWA does not have the ability to subsidize all these other entities to be able to get rid of trash on a year-to-year or month-to-month basis. Vice Chairman Lujan believes it is a good discussion, however, for him, he would like to see better numbers and a little more participation in regards to how we would compensate those charges. There are a lot of people that do not use the punches, but there are also people that would take advantage and use somebody's punch card and dump what they're not supposed to, or dump more than they should. Member Ricci believes it goes back to what was issued, what we utilize, what the dollar amount is and what we are using. Chairman Campos states in his mind, our financial house is in order, but we still need to look how we are going to do a rate study. The costs are still not separated, and there's another level here that still needs to be established. What does it cost in Española? What does it cost in the City? Chairman Campos questions if we can isolate the costs. Mr. Fierro states when someone goes and dumps their trash, there are two costs involved, one is the direct cost, which you have to turn around and dispose of that trash, and the second cost is the indirect cost, which is the overhead. It's true, the emphasis has only been on financial, and hasn't been on cost accounting. Mr. Fierro believes there needs to be an emphasis to develop some sort of cost. What becomes important is to analyze how much you want to put into it. Mr. Fierro believes there has to be some sort of weight and analysis based on the actual cost to get rid of the waste. There needs to be a historical record start to be developed on how much additional trash do we have to get rid of because of this. Mr. Fierro agrees with the Chairman Campos, right now there is no costing done and believes that it is the next step that needs to be done. Mr. Fierro goes on to say when it's all said and done from 2 to 4 punches, some people will take advantage, and some people won't and it becomes more of a political issue. Ms. Valencia states NCSWA allows the customers to take at least three bags of waste per week if they have excess waste, which is trash that NCSWA is not accounting for. Albuquerque NM has sites that weighs in trash, and the customers pays the cost. Vice Chairman Lujan believes that is the safest route to go. Nobody wants to pay extra, but you have to get rid of your trash. Chairman Campos believes by looking at the books, a rate increase is probably necessary, but there is going to be a debate because the Board does not have the numbers. Mr. Fierro expresses that the costing is important and needs to be done, however, consider who is going to do all the costing because the staff has their hands full now. Member Ricci states, when he first came on, his question was what's the cost and the cost for can, because there is a difference. Member Ricci questions who is going to do the rate study. Mr. Fierro states that the repair maintenance costs are way too high in the Financial Statements because NCSWA is dealing with an old fleet. Mr. Fierro states, NCSWA has to be able to determine what it's costing by figuring out the overhead based on salaries and benefits and come up with something. Mr. Fierro does not think going from two versus four punches financially will make a difference. Mr. Fierro believes the employee benefits are also way too high because NCSWA is getting Cadillac coverage. Chairman Campos asks Mr. Fierro to elaborate. Manager Fuller believed the employee benefits was the State coverage. Mr. Fierro refers to the Financial Statements on page 32. The gross salaries on a cash basis is \$1.6 and accrual basis is \$1.629. Mr. Fierro shows the Board that the employee benefits are as high as \$625,000. Mr. Fierro states as a business owner, he cannot afford those benefits. Accounts Payable Clerk, Emma LaRue confirms NCSWA is considered a public body, therefore, our rates are higher and are only pulled out over 24 pay periods of the year versus a lower rate of 26 pay periods a year. NCSWA is not considered an

actual County, City or Government. NCSWA is considered Local, Public Body. Mr. Fierro states if you are hung in on those numbers, then you have to look at the revenue side. Member Ricci states that two big issues have just been brought to light. Mr. Fierro states NCSWA is made up of a joint venture. Attorney Robert Stranahan explains that this is one of the issues and the reason the JPA has been out there and needed to be signed. The original JPA says that this is not a Quasi-Governmental body and takes it into the private sector. The JPA would be created as a Quasi-Government entity that way NCSWA would have more of an affiliation with the County, City, etc. Without that designation, NCSWA is outside any of the City, County and areas where you can get some benefit from being a Government body. Member John Ricci reiterates that NCSWA and the Board is holding it up on our agreement. Member Ricci questions why the JPA is being held up and the reason. Chairman Campos states that the County has not signed the JPA, and right now NCSWA has it somewhere. Chairman Campos state that he handed it somewhere and states he needs it back so he can get it signed. Mr. Stranahan has a version that has all the signatures except for Rio Arriba County, however, they are way back in previous administration. Mr. Stranahan would like to be able to send a clean version with no signatures, and get it to each entity for signature. Mr. Stranahan would like a timeline for the JPA in case there are issues or needs modifications. Chairman Campos states that every other Solid Waste Authority is forming the same respect and nobody is underneath the Solid Waste Act. Mr. Fierro begs to differ and states that South West Solid Waste Authority in Grant County is underneath the Solid Waste Authority Act. Under the Solid Waste Act, Officials are elected. Member Ricci agrees with the reasoning and asks what the reasoning was that the County did not sign. Vice Chairman Lujan states increasing the punch cards was one thing and could not remember the other. The County did sign it first, then the Pueblos signed it. The JPA was not accepted because it was not signed on the same sign-in sheet. Chairman Campos believes we need to look at other entities formed under a similar JPA and see if Erisa is allowing them to participate. Vice Chairman Lujan believes it was stated in one of the Board Meetings that we do have a JPA. Mr. Stranahan states there is still a JPA in place. There was a brief period where Rio Arriba County said they were going to withdraw from the JPA, but they never executed that other draw. There is a JPA in effect. Mr. Stranahan continues to explain that the issue has been different parties have had issues with some of the language in that JPA. It has changed, depending on who has been a part of the Board. One of the issues was whether or not we were going to make NCSWA a Quasi-Governmental body or not. That really is affected when you talk about how to go through collections. Right now, there is no real way for NCSWA to collect past due. There was some question whether or not the procedure is valid, it has never been challenged, but we need to look how it's done. If it's done and we believe there's some defect in there, then we're going to need to fix those defects. Part of the way to do that is through JPA and potentially with some MOU with Rio Arriba County. Mr. Stranahan believes if we can sit down and hash out the problems of the proposed document, then we can move forward. If NCSWA wants to operate under the previous document, there is a JPA in place and it is in effect. Mr. Stranahan continues to say if we are going to operate under the agreement that was in place, we need to reevaluate how we are operating because some of those operations have some legal issues. Member Ricci states we have to look at our JPA so we can have the classifications for employee's health insurance. Member Ricci believes that has to be our new focus. Mr. Stranahan will check with the other entities that are also operating under the same act, and finding out how they're doing it, assuming they are running across the same or similar problems. Mr. Stranahan tells the Board, if NCSWA does move to a Quasi-Government, we should check if the insurance would rate NCSWA differently. If you're not going to lower the costs, then there's not a benefit to collections. Mr. Fierro states assuming that employee benefit costs are going to be where they're at, it has to be a serious consideration to increasing rates. Mr. Fierro goes on to say that this year is odd because there was an additional expenditure for the accounting, but you have to be able to generate enough profit to cover. The ultimate downfall to NCSWA is that NCSWA is not generating enough to

make improvements to the overall Operations. Vice Chairman Lujan states, now that we have the financial house in order, he believes it is going to give us more of the ability to make better decisions, but at the end of the day, it's costing us what it's costing us to get rid of the trash. Vice Chairman Lujan questions if it should all fall on NCSWA as a responsibility or would giving extra punch cards will save the earth. Lujan believes that a lot of it comes from educating the public. We still need to look at how are we are delivering services and what it's costing us to deliver these services. Vice Chairman Lujan believes we are hurting ourselves. It's the cost of doing business in several rural areas that's hindering NCSWA. Vice Chairman Lujan questions how we do it in a fair manner of everyone else and treat everyone the same. At some point, it is the responsibility of this Board and Management to figure out how to treat everyone fair, but at the same time accomplish the goal to get rid of the trash. The Pueblo knows exactly what it costs to get rid of trash and that is because the Pueblo has accepted self-hauling. They do their part and haul it and know exactly how much it costs to get rid of. We need to come up with a plan, with the City and the County and some areas that can help. That's the only way we are going to be able to keep numbers down for all of them. The equipment and maintaining has to fit into the cross, and having that door-to-door and getting rid of the trash. Mr. Fierro states it is fair to say that there's been a real disconnect with Rio Arriba County, the City of Española and NCSWA. The bottom line is, we need to work together. There have been excuses in the past and states we need to move forward in a positive way and work together. Chairman Campos states we had a study done and the study said we needed to build transfer stations. We do not have the money to build transfer stations. Chairman Campos tells Manager Peter that he does not have that person in place, or enough money to separate costs. Chairman Campos understands that NCSWA is suffering, but it's going to take money to save money.

Manager Fuller thanks everyone for the discussion. As the Manager at NCSWA, Mr. Fuller states it is his responsibility to put together whatever cost analysis is necessary to educate the public on why we charge what we do and what it really costs us to throw your trash away. Manager Fuller states that the people in the outer parts of the County, and in the research, he's done in the time he has been here, there has been a poor effort to educate people. Manager Fuller does not blame people for being mad. People need to be talked to and educated. Manager Fuller's goal is to put a cost analysis together. Vice Chairman Lujan states that the Pueblo utilizes everything, including helping senior citizens by picking up their trash. Vice Chairman Lujan suggests that the County and the City look at other ways of how they would be able to assist and help alleviate the pressure of NCSWA. The Pueblo does this, and states it's not the best, but it works. Member John Ricci states right now the bottom line is, the Board needs to look at a true cost analysis by the next Board Meeting to present to the entities and what the rates should be. Taking Vice Chairman Lujan's comment, Member Ricci states, there's where you have the neighborhood funds. If we are going to raise our rates and effect a pocket of our population out of their budget, then we have to look at ways to generate and supplement that. Member Ricci goes on to say we have to get a cause so we can show the public what it takes to dump our trash. Member Ricci brings up the issue of the future for NCSWA. NCSWA is spending over \$300,000 a year in maintenance and we have to get a portion of that and invest in new equipment. We have to look at what it's going to take to get us ahead of that and what will it take to reduce that maintenance cost and get new equipment. Lastly, Member Ricci comments that we have to have a true cost. Chairman Campos goes back to the Solid Waste Act and states we were under the Solid Waste Act. Mr. Stranahan states if NCSWA was under the Solid Waste Act then NCSWA has a lot to comply with. Designation is a Quasi-Government entity and pre-dates Mr. Stranahan's providing council. Mr. Stranahan believes it was a way to stay outside of the Solid Waste Act, but have a designation close enough so that they can be a "designee" of Rio Arriba with respect to filing liens and collection purposes. Mr. Stranahan expresses to the Board, as a body you need to figure out where you want to go with NCSWA. If you want this to have a closer relation to the Government entities, but still stay outside of the Solid Waste Act, there is

probably a way where that can be done. If NCSWA wants to be completely separate, that's fine too. Mr. Stranahan brings up the Rio Arriba County debt that was carried over to NCSWA. There is no legal instrument created to go after those parties because it was created by a separate entity that pre-dates the existence of NCSWA. Now, NCSWA has that debt and it's on the books, and there's no real way to go after that. Chairman Campos explains that the term "Accounts Receivable" should be used rather than "debt" because it's not money owed to the entity, it is money that the entity can never collect from anybody, therefore it is an Accounts Receivable. Mr. Fierro clarifies to Vice Chairman Lujan that the Accounts Receivable is recorded and still hurts us at the end of the day. Mr. Stranahan has counseled Manager Fuller and states that each debt should be addressed individually. If there's a portion of that debt that needs to be booked as an Accounts Receivable. What Mr. Stranahan can do is deal with the debt since NCSWA was created. That debt is specific to NCSWA. Chairman Campos states, in quasi-Government, you cannot write anything off. Mr. Stranahan states that NCSWA is not quasi-Government yet. Mr. Stranahan explains that the JPA that's in place has NCSWA as a non-Government entity. Vice Chairman Lujan's question to Chairman Campos was "can we write off debt, or can we not write off debt". If we want to stay in compliance with the State Auditor, we can, and the debt will be on there forever. Mr. Fierro explains that the constitution prohibits the writing off of your debt. In theory, such as municipalities and Counties, you still have to maintain records. A lot of entities have the balances, but they really don't mean anything. The difference between here and Municipalities is if you don't pay your water bill, they shut the water off. With NCSWA, if they don't pick up the trash, you create a health hazard. Mr. Fierro states there are a lot of issues, and we haven't even approached the issue of the DFA oversight. In response to the audit finding, Mr. Fierro advised NCSWA to say we want to be in compliance as if we were under their authority, however do not know if that issue will get resolved. As a Policy Making Board Member, Chairman Campos would like to see all billing policies. Chairman Campos brings up the personnel policies and looks back at how bad they are, and does not remember passing that because they're bad. Mr. Stranahan states that he told the previous Manager, Gino Romero, that the policies and procedures were a disaster and they needed to be amended. He recommends that NCSWA go to the NM State Personnel (SPO), the City or the County and get a template that they have used and have already been legally challenged and dealt with to know where NCSWA stands, then take that template and make some amendments that are specific to NCSWA. Mr. Stranahan states that originally, it looked like someone took policies and procedures off the internet and added NCSWA where there was an entity. Mr. Stranahan goes on to say that NCSWA is in the process of doing new policies and procedures and sending them to him and to the Board of Directors to review before they are finalized.

IX. Old/New Business

X. Next Meeting – Wednesday, November 21, 2018 at 9:00 A.M.

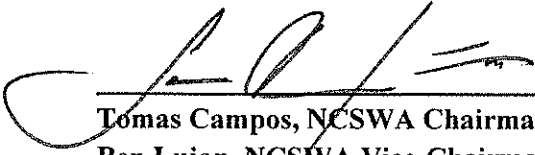
XI. Adjournment

Motion made by Vice Chairman Ben Lujan to Adjourn at 10:54 A.M.

Member John Ricci seconds the motion

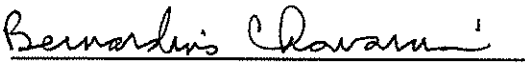
Motion approved and carried 3-0

APPROVED AND ADOPTED THIS 21st DAY OF November, 2018



Tomas Campos, NCSWA Chairman
Ben Lujan, NCSWA Vice-Chairman

ATTEST:



Dino Chavarria, NCSWA Secretary