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**Northwest New Mexico Council of Governments**

**M I N U T E S**

**Board of Directors**

**REGULAR BUSINESS MEETING**

**January 15, 2020**

**at the El Morro Event Center**

**210 South 2nd Street \*\*\* Gallup, NM**

1. **PReliminary business**
2. **Call to Order/Introductions/Quorum**.

Chairman *Billy Moore* [McKinley County] was excused, so COG staff asked Louie Bonaguidi to chair the meeting since the meeting was occurring in Gallup. Mr. Bonaguidi, Treasurer convened the meeting of the Board of Directors at 10:10 am. Roll call proceeded in the form of introductions around the table. In attendance were 12 Board Representatives, representing a quorum 7 of the 9 voting entities of the Board (78%), along with 5 COG staff.

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| **BOARD MEMBERS IN ATTENDANCE:** |  |
| Cibola County: | Martha Garcia; Christine Lowery [Alternate] |
| McKinley County: | Absent |
| San Juan County: | GloJean Todacheene; Fran Fillerup |
| City of Aztec: | Steve Mueller |
| City of Bloomfield: | Jason Thomas |
| City of Farmington: | Excused |
| City of Gallup | Allan Landavazo; Maryann Ustick; Louie Bonaguidi |
| City of Grants: | Laura Jaramillo [Alternate] |
| Village of Milan: | Helen Dayan; Ellen Baca |
| **GUESTS IN ATTENDANCE:** |  |
|  | Dennis Romero, Water and Sanitation Director, City of Gallup  Armando Sanchez, CPA, Loftis Group, LLC. |
| **STAFF IN ATTENDANCE:** |  |
| Executive Director: | Evan Williams |
| Planning Team: | Angelina Grey, Brandon Howe, Michael Sage |
| Administrative Assistant: | Martina Whitmore |
|  |  |

1. **Agenda ADOPTION.**

Executive Director *Williams* provided an overview of the day’s agenda topics.

**Action:** *Allan Landavazo (Gallup*) moved and *Maryann Ustick* (Gallup) seconded adoption of the agenda. Motion carried.

1. **Minutes of MARCH 27, 2019.**

Mr. Williams introduced the minutes of October 16, 2019 for review and approval.

**Action:** *GloJean Todacheene* (San Juan County) moved and *Helen Dayan* (Milan) seconded, to approve the minutes of October 16, 2019 as presented. Motion carried.

1. **OPEN MEETINGS ACT RESOLUTION.**

Mr. Williams introduced an open meetings act resolution for review and approval.

**Action:** *Martha Garcia* (Cibola County) moved and *GloJean Todacheene* (San Juan County seconded, to approve the open meetings act resolution. Motion carried.

1. **SPECIAL ADDRESSes**
   1. **Navajo Gallup Water Supply Project**. Dennis Romero, Water and Sanitation District, City of Gallup provided a presentation on the Navajo-Gallup Water Supply Project. A complete copy of that presentation is available on the COG’s website at:

<http://www.nwnmcog.com/uploads/1/2/8/7/12873976/ngwsp_nwnmcog_board_meeting_jan_15_2020.pdf>

There was a discussion on project details including local financing methods that the City of Gallup implemented to pay for their portion of this $1B+ project. The City of Gallup imposed a special GRT increment, raised water rates, and is receiving a $30M investment from McKinley County. Another major source is the State of New Mexico commitment to the project, which is being made by Water Trust Board.

1. **EXECUTIVE/STAFF REPORT**
   1. **STAFF SUMMARY REPORT.** Mr. Williams did provide this report to the Board for their review and understanding. He highlighted one major update on the “Assistance to Coal Communities” program. EDA invested $988,400 into the COG on September 25, 2019. To date, all funds have been encumbered and pushed out to partners, such as Wilson & Company, Cibola Communities Economic Development Foundation, Greater Gallup Economic Development Corporation, and International Business Connection, Ltd. A major highlight was the gradution of the first chort from the Industrial Workforce Program, which included 12 participants all of which graduated and were placed in local employment. Participating employers included Marathon Petroleum, McKinley Paper, Gallup Indian Medical Center, Rhino Health, and Stone Material Handling.
   2. **LEGISLATIVE PRE-SESSION OVERVIEW.** Mr. Williams provided a quick overview of the upcoming session including pre-filed bills, NMC/NMML priorities, and Governor’s platform. He had approached the Executive Committee, who unanimously supported dispatching the Executive Director to Santa Fe to staff the 30-day Session. This will provide members direct access and legislative support of their requests and priorities.
   3. **SPECIAL REQUESTS:** 
      1. **Membership**: McKinley Soil & Water Conservation District (MSWCD) approached the COG about planning, grantsmanship, and projecteering services. The COG has met with Larry Winn on this request several times. The current Board position is not to allow new members and that entities like water associations and other special districts should petition the County that they are in and based on the County’s acceptance put these services into the COG’s work program with that County (thus reducing overall services directly provided). The COG would have final say in terms of staffing capacity. ***DIRECTION****: The Board provided direction for the Executive Director to work with MSWCD on a proposal, including proposed work plan, funding, and a recommendation. The Board’s major concern was adding work to a limited staff.*
      2. **Trail of the Ancients Bway Application**: The Board was briefed that the Federal Highway Administration (FHWA) has opened a nomination process for byways to be considered for Federal designation. The COG tried nearly 10 years ago and our byway was denied. The COG through its Regional Transportation Planning Organization (RTPO) is preparing an application, re-energizing the Byway Council, and will be looking for official support from our membership. This byway will serve the whole region and impact all member entities in terms of tourism.
   4. **WORK PROGRAM PRIORITIES**. Mr. Williams provided updates on several high priority items.

* **Financial Stewardship**: continuing to make improvements with Loftis Group, including internal controls and procedures. Our FY2019 audit was night and day to our FY2018 audit both in terms of preparation needed and findings. COG only had one minor finding for not having a Certified Procurement Officer (CPO).
* **Staffing**: COG currently has a great team that is working well.
* **Contractual Commitments**: continuing to manage large contractual projects and delivering quality products to clients.
  + *Zuni Mountains Trail Project* Design & QA/QC is on track.
  + *McKinley County Comprehensive Plan* is finished but COG is still adding some bells and whistles as this will be a model for other communities to use.
  + *Farmington MPO:* COG was not able to stand this program up in terms of hiring staff and in December notified the City of Farmington of the need to shift this program back under their administration. A termination letter of all contracts will be officially filed for MPO/NMDOT purposes.
* **Economic Development Focus**:
  + **Brownfields Program**: COG as part of a coalition between NM Environment Department (NMED) and Southwest NM Council of Governments received $500,000 for brownfield environmental site assessments. Site work submitted for the Prewitt and Bloomfield areas.
  + **Building Resilient Communities Initiative**: The COG and its partners were awarded $988,400 from EDA to perform site development work at Prewitt and Milan Industrial Park and an industrial driven workforce development and apprenticeship pilot. All funds have been contracted and pushed out to partners. The first milestone was the successful graduation of the first workforce program cohort. The next will be finalizing design work for Prewitt and Milan Industrial Parks.
  1. **BUILDING COMMITTEE REPORT.** On August 7, 2019, the Committee met in Gallup to discuss current needs, plans, and problems. After the discussion, the Committee decided to the following priorities:
* Fixing the roofs and drainage on both building;
* Preparing the back building for a funded mural project by gallupARTS and MainStreet;
* Utility upgrades, including the electrical issue in basement tagged by the Gallup Fire Department in their inspection report and other utility upgrades and tie-ins to the Alleyway Project.

September – December 2019:

* + 1. **Main Roof**: Evan Williams utilized CES to contract Commercial Roofing, LLC. The scope only included the main roof of the COG building and the bid came in at about $90,000. The Building Committee authorized moving forward rather than delaying construction. Project is set to start January 21, 2020.
    2. **Back Building Roof**: Commercial Roofing, LLC. did look at this roof but did not provide a cost. This project is past the ability of a roofing company and would need to be contracted with a construction company. COG staff fixed via external patching to secure the building and prepare it for the mural project.
    3. **Back Building**: COG staff primed and painted the building in coordination with the Mural Project.
    4. **Fiber Project**: Due to timing of the alleyway improvement, the COG did engage Sacred Wind on upgrading the COG building with fiber. Executive Director did authorize the connection and upgrade of this service as it will significant upsides in terms of capacity. The upgrade includes re-wiring inside building and new phone units. We are hoping for completion, transition, and switching billing over by February 1, 2020.
    5. **Additional Funds**:COG will seek additional funds in the upcoming session.
  1. **ENTERPRISE LOAN FUND (ELF) REPORT**. On October 18, 2018, the Northwest New Mexico RLF was notified (via email) of the noncompliant status and put on notice pending a possible termination or transfer. On April 19, 2019, the COG was informed that it would be required to complete a program-specific independent audit that fulfills the requirements of 2 CFR 13 § 200.507 and adheres to the Compliance Supplement in appendix XI to 2 CFR part 200.

**ACTIONS TO DATE**

* April 2019: Jeff Kiely, Executive Director engaged Warren Burmeister (Former COG ELF Manager) under special contract for internal program audit to complete a thorough review of records relating to this program. A report is available regarding all findings and recommendations.
* As of October 2019: COG added this program-specific independent audit to the scope-of-work and budget of our contracted audit firm. As part of the COG’s Audit Entrance Conference, a conference call with EDA was held that included COG staff, contracted CPA firm, and our Auditor. During this meeting, COG staff explained that no activity has happened with regard to these funds in sometime and no new loans have been issued in at least 3 years. These facts would make it difficult to perform an audit and the revolving loan fund is audited as part of the overall COG financial statement and independent audit for the organization. Based on this meeting, COG was directed to submit all delinquent reports and copies of these audits for FY2016-2018. A determination and requirements would be made after review.
* November 1, 2019: COG Executive Director submits all report and copies of the annual audits to the Economic Development Administration, in care of LaDonna Barbee, Program Analyst RLF.
* January 13, 2020: An official response was sent via email back to COG Executive Director, as follows:

“I have reviewed your audits for FY2016, 2017 and 2018.  I have also reviewed your ED209 reports for March 2018, 2019 and September 2017, 2018, 2019.  You are now current and your FY20 Risk Rating is a C/22.  You will need to complete a Corrective Action Plan, due to the Risk Rating score.  I have attached a copy of the updated EDA RLF Standard Terms and Conditions, for you review.

You are still in a noncompliant status because your RLF Plan has expired and each RLF Operator was asked to have them reviewed and approved by July 30, 2019.

***§ 307.20 Noncompliance.***

EDA will take appropriate compliance actions as detailed in § 307.21 for the RLF Recipient's failure to operate the RLF in accordance with the RLF Plan, the terms and conditions of the RLF Grant, or this subpart, including but not limited to:

(a) Failing to obtain prior EDA approval for material changes to the RLF Plan, including provisions for administering the RLF;

(b) Failing to submit an updated RLF Plan to EDA in accordance with § 307.9(c);

(c) Failing to submit timely progress, financial, and audit reports in the format required by the RLF Grant and § 307.14, including the Form ED-209 RLF report;”

**RECOMMENDED STEPS FORWARD**

* Develop and submit a corrective action plan to EDA - ***see draft attached***;
* Update the RLF Plan and approve it at COG Board and with EDA;
* Submit all reports required;
* Document collections of all outstanding loans and clients;
* Review and recommend bad debt write-off by Board;
* Review and recommend for program, either: (1) re-invigorate program; (2) transfer program to another agency; and (3) close-out and send back funds to the Federal government.

1. **FinaNcial Report**
   1. **FY2020 Financial Report, Quarter 2**: Mr. Armando Sanchez, CPA, is under contract with the COG to provide financial management services, and he provided the financial reports including the balance sheet and income statement. Mr.

**Action:**  *Laura Jaramillo* (Grants) moved and *Helen Dayan* (Milan) seconded, to approve the second quarter financial report as presented. Motion carried

* 1. **FY2020 Budget Amendment #2**. Mr. Williams presented the budget amendment. The only changes to the budget were the removal of the Farmington MPO funds and revenues (-$24,000), addition of a private contract for the COPE Food Mapping Project (+$16,000), and carry-over funds in the RTPO program (+$5,198).

**Action**: *Helen Dayan* (Milan) moved and *Steve Mueller* (City of Aztec) seconded, to accept the FY2020 budget amendment #2 as presented. Motion carried.

* 1. **FY2019 Audit**: Mr. Williams informed the COG Board that an exit conference was held with the Executive Committee. The audit was completed and submitted on time, received an unmodified opinion, and is available:

<http://www.nwnmcog.com/uploads/1/2/8/7/12873976/806_northwest_nm_council__of_goverment_fy2019_final.pdf>

Mr. Sanchez, CPA, added a couple statements to this report:

* + 1. This was the COG’s first annual with its new firm (Patillo, Brown, & Hill, L.L.P) and it went very smooth, which is not typically the first go round. He thanked Martina Whitmore, COG Administrative Assistant for being very organized and completing the checklist prior to field visit.
    2. The COG has made substantial progress as showcase by eliminating its past findings. COG only had one minor finding for not having a Certified Procurement Officer (CPO), which is being corrected.
    3. The COG can be proud that it is one of only about 10% of audited governmental entities that can take credit for being able to prepare its our financials itself for the audit.

1. **ANNOUNCEMENTS; OTHER BUSINESS**
   1. **2020 Board Meeting Calendar**. Mr. Williams presented the COG Board 12-month Master Calendar. Next meeting will be April 15, 2020 in San Juan County.
   2. **Announcements & General Comments**: No announcements or comments.
2. **ADJOURNMENT**

**Action**: *Ellen Baca* (Village of Milan) moved and *GloJean Todacheene* (San Juan County) seconded, to adjourn. Motion carried. Treasurer Bonaguidi again thanked the City of Gallup for their hospitality for this meeting and adjourned the meeting of the Board of Directors at 12:35PM.

Respectfully submitted,

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Evan J. Williams Louie Bonaguidi

Board Secretary and Executive Director Board Treasurer/Acting Chairman