**RIO COSTILLA COOPERATIVE LIVESTOCK ASSOCIATION**

***Special Board Meeting Minutes***

**July 31st, 2020**

1. **Call to Order @ *5:00 p.m.***
2. **Roll Call**

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|  **Board Of Directors: Staff:** |
| **President: Leonard Arguello**  | **Present** | **General Manager: Sherrie Bice** | **Present** |
| **Vice-President: Arthur Sanchez** | **Present** | **Administrative Secretary: Sonya Aceves**  | **Present** |
| **Secretary/Treasurer: Leslie Maes** | **Present** | **Ranger: Steven Rivera** | **Absent** |
| **Director: Marty Martinez Jr** | **Present** |  |  |
| **Director: Chris Lucero** | **Present** |  |  |
|  **Quorum Established: 5 Members Present** |

 **III. Jeremy Trujillo- Dam Update**

The Board of Directors asked Jeremy Trujillo what time the water is supposed to be released from the dam to the ditch water users. Jeremy Trujillo said that the water is released at 7:00 p.m. Leslie Maes said that the willows, jaras, and weeds must be cleared out for better water flow. Jeremy Trujillo stated that he will do his best on releasing water when there is no longer enough water to release. 1850 cfs is the least amount of water to be sent down per week to ensure the 3429 is distributed properly.

 Arthur Sanchez inquired about the prairie dog poison for the for the 600 acres in the Ventero pastures because Jeremy Trujillo got his license for in 2019. Jeremy Trujillo will be in charge of placing poison for prairie dogs on 600 acres and will get prices for poison to present them to be paid for by the next meeting for payment.

 **IV. Ronald Martinez- Compilation Report**

RCCLA - Review of Compilation Report: 2020

## Summary:

After reviewing the current Compilation Report, document, I have several items for your review. At the highest level, it appears that the document shows our business priorities to be Recreation (camping and fishing) and Non-Renewal Mineral/Mineral Leases business.

The Reservoir seems to be completely omitted and the primary business objective of our business focusing on the core of our history, an Agricultural Cooperative, is understated and almost ignored. This Compilation does not reflect the RCCLA business operations as we operate today.

Too much emphasis is placed on the Death Benefit Fund to the omission of more important and relevant business activities. This is a member benefit item.

There is no mention of Risks and Recommendations for improvement that one might see from a 3rd party reviewer. As a consumer of auditing and compilation services, we should be pursuing a report on weaknesses and faults to correct to make our business more secure, operationally, and financially.

There are also several areas that need editing and correcting which I itemize below, by Page, section, or paragraph numbers below.

Items not reflected in the review of each page will appear at the end of the document in the “Other Comments” section.

Respectfully,

Ron Martinez

RCCLA Member

1. The Title page calls this document a “Compilation Report”. The Table of Contents (page i) for page 2 calls it a “Compilation Report”. The title for page 2 goes back to calling it a “Compilation Report”.
2. Page 2 - Supplementary Information: This seems to be a disclaimer that says that “RCCLA Management” is responsible for the content and they “do not express an opinion…” Well, we need someone who can express an opinion on how to improve the Operations and Financial Procedures of our organization.
3. Page 4 - Statement Revenue, Expenses, and changes in Member’s Equity: There is no comment or explanation on the increase in Net Income of $166,000 between 2018 and 2019. This should be addressed to membership. Our business income is not that volatile. Where did all this income go in 2018 when we had a loss?
4. Page 6 - Nature of Operations. It talks about recreation, land leases, and mineral leases. This needs to be corrected to match our Operations Priorities. There is also a distinction between the conflicts of possible “Non-Profit” and “For-Profit” status that needs to be clarified for membership. No opinion is rendered, no recommendations are offered or provided.
5. Page 6 - A. Mission: The resources included at the end of the paragraph are not prioritized and do not reflect key items like “Watershed”, sustainability of natural resources, Agricultural use, livestock grazing. Most importantly, there is no mention of the Reservoir, including risk, liability, revenue, or operating costs or Reservoir replacement costs. It also includes “Mineral” which is not part of the RCCLA operations or business mission.
6. Page 7 - C. Objectives: (copied from an out-of-date RCCLA document?) The items listed as objectives do not match what is in the Mission Statement. They also do not match our business objectives. The list should be itemized by priority according to our current Business Objectives. As Auditors or authors of the Compilation Report, they should comment on how out of line these items are to our Business Operations. Under “Recreation”, there is no need to identify number of acres. The “Water” section should be expanded to include Watershed and Reservoir for agricultural purposes.
7. Page 8 - This appears to be a continuation of “Objectives”: “Non-renewable resources” should not be on this list. It not a part of our business operation and is currently a cause of ongoing litigation. We have no current need for “mineral exploration” or mineral leases.
8. Page 9 - Death Benefit Fund: This is one of the smallest parts of our organization and here it takes up most of the page, it is also incorrect in many areas. What is the significance of January 1987 in paragraph 4? This is not a Business Operation; it is one of many Member Benefits.
9. Page 9 - The transition from “Death Benefit Fund” to the remainder of the document is unclear here. It suggests that the following is still part of the “Death Benefit Fund”.
10. Page 10 - Compensated Absences: This needs to be reviewed. Is it still accurate, is it necessary in this document, should it be updated?
11. Page 10 - Advertising: are the dates of 2018 and 2017 correct? The rest of the document is for 2019 with the 2018 numbers for comparison.
12. Page 11 through the end of the document - These pages should be reviewed by an accountant for accuracy and recommendations.
13. Page 13 - Note 3 - Property, Equipment, and Depreciation: The numbers on this table do not make sense. “Irrigation Systems” is this the Reservoir? “Furniture and Fixtures” Does this Quarter of a Million-dollar amount make sense? “Vehicles” another Quarter of a Million. “Park Improvements”, $27.002 for both years - to the penny?
14. Page 15 - Hunting fees seem to have increased by $94,000 in 2019. That is a 30% increase from 2018. There should be some explanation of where this 30% came from and how it impacts the future of the organization.
15. Page 15 - Merchandise, near the end of the “Schedule of Operating Income”. It appears that for every dollar we spend, we lose money. $2 spent yields $1 revenue.
16. Page 15 - Schedule of Operating Income: A review of Income categories and Expense categories (in other pages) needs to be evaluated to more accurately reflect our cash flow.

Other Comments from the document review:

Non-renewal (natural) resources (mineral leases) and the cause of our current issue with the Tom Clear litigation.

I expect a recommendation on the topic of Cash Management for items such as handling of petty cash, Bonding of employees and Board Members who handle cash or write checks, and handlers of Gate cash receipts.

We should be receiving comments on our Business Operations and Accounting Risks. This should include our Accounting Procedures. Are we doing things correctly or is there room for improvement? Are we mitigating business/financial risks?

My recommendation is that, if the CPA firm of Hinkle & Landers does not provide the services we need to determine our financial safety, we need to engage with an accounting firm or an independent accountant/CPA that will provide an accounting procedural review for the protection of our members and our business.

**V. Approval of Agenda**

**Marty Martinez made a motion, second by Christopher Lucero to approve agenda as amended. MOTION CARRIED.**

**VI. Fire Restrictions**

 ***Consensus of the Board of Directors to remain in a Stage II fire restriction until further review on August 14th, 2020.***

**VII. Bills Payable**

Jason Chapman- refund

 Master Card

**VIII. Other**

-Designated wood cutting area for non-members near Latir Lakes

Leonard Arguello stated that it would not matter where wood cutting area would be located. Members and non-members will comply with Stage II wood cutting regulations as far as no cutting between hours of 10:00 a.m. and 6:00 p.m.

-RCAD Issues:

The RCAD will no longer be able to utilize the RCCLA for secretarial duties after the 2020 season. This matter will be further reviewed at the next October 2020 meeting.

 -Hineman Property:

Last year Paul Vallejos was using a dozer and damaged the culvert at the entrance of the Hineman property. Repairs will be required to fix the damages.

 -Forestry update:

Marty Martinez Jr. and Christopher Lucero checked out areas for thinning projects. NRCS needs a job-sheet to get the projects started. Manuel Torres from the State Forestry will be in charge of the State Forestry part of projects and will get with Steven Rivera to locate thinning areas.

Meeting adjourned at 6:55 p.m.

 MINUTES APPRROVED ON\_\_\_\_\_\_/\_\_\_\_\_\_/\_\_\_\_\_\_

RCCLA BOARD PRESIDENT: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 STAFF: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_