

## MINUTES

Regular Meeting  
Cleveland County Water Board Room

November 12, 2019  
Tuesday, 7:00 P.M.

Present: Chairman Donald Melton; presiding, Vice Chairman Dewey Cook, Secretary Bill Cameron, Commissioners Amy Bridges, John Taylor and Tony Brooks, and General Manager Brad Cornwell. Absent were Treasurer Pete Pedersen and Attorney Tim Moore.

Chairman Donald Melton called the meeting to order at 7:00 PM, welcomed all who were in attendance and recognized Secretary Bill Cameron who gave the invocation and Commissioner Amy Bridges led the *Pledge of Allegiance*.

### A. Approval of agenda:

Chairman Melton asked Commissioners if anyone had any questions related to the adoption of the agenda. With no questions, he requested a motion to approve the agenda.

#### 1) Motion to adopt the proposed agenda

**ACTION TAKEN:** Upon a motion by Mr. Taylor and second by Mr. Cook, the Board of Commissioners voted unanimously to approve the agenda.

### B. Special Presentations:

#### 1) Presentation of the Annual Audit for Fiscal Year ended June 30, 2019 Mr. Scott Hughes, CPA, with Johnson, Price, Sprinkle, PA

Mr. Cornwell introduced Scott Hughes from Johnson, Price, Sprinkle, PA to present the 2018-2019 financial audit. Mr. Cornwell explained the importance and necessity of the financial audit. This is the third year of auditing with Johnson, Price, Sprinkle, PA. Mr. Hughes began by expressing appreciation for the opportunity of auditing with the District and the fine staff that was a pleasure to work with. Mr. Hughes began by sharing the overview of the presentation. The accounting and auditing standards were explained. The Government Auditing Standards are changed and updated as required and deemed necessary, some standards are effective in this audit and others are upcoming in future audits. The auditing process does not include reviewing every transaction recorded. The process does not look for fraud specifically however these conditions can be found during the audit process. The audit process provides reasonable assurance that the

financial statements are free of material mis-statement. This means that the financial statements have been reviewed and tested and that the numbers in the financial statements are fair based on the risk-based approach. The auditors develop an understanding of the processes used by each staff member and using segregation of duties enable a process that reduces the risk of fraud. Mr. Hughes explained how a single transaction is followed from start to finish to establish if there are any risks for fraud. The next phase of the audit includes setting expectations and testing and reviewing the results. The risk assessments were explained including the categories of items at risk and the different types of risk. Mr. Hughes expressed satisfaction that the items discussed were covered and the processes in place were enough. The presentation continued with the discussion of the actual audit numbers. Mr. Hughes noted that the debt obtained by the District was paid off very quickly and the balance sheet was very healthy for a growing organization. The fixed assets were briefly discussed, these are investments in the plant, equipment and facilities. Mr. Hughes continued with the operations in the financial statements. Examples were given in changes of the revenues and the expenses that increased and decreased from the prior year. The District has good liquidity. The construction in progress has increased over the prior year. There are several big projects being started and projects currently in process. Mr. Hughes encouraged the members to review the financial statements at their leisure and asked if there were any questions before he continued. He continued with the presentation letters, which contain information that the auditors are required to communicate to the District. It was noted in the letter the upcoming changes to the future accounting standards. Discussion continued about the necessary use of estimates when building the financial statements. These estimates are used in predicting the depreciable life of a fixed asset or in the accounts receivable collectability rate. Mr. Hughes noted that the OPEB liability was completed by an outside actuary to ensure that the calculation was correct. Mr. Cameron asked for clarification on the OPEB. Mr. Hughes clarified that if all the employees were to quit today, the OPEB would be the benefits owed to the employees that had earned them. The only misstatements presented in the financials were construction items found after the close of the fiscal year. These items have been corrected. Mr. Hughes noted that this management team participates in the audit, wants to be a part of the audit, and wants to know what is going on. When the auditors arrived, the records were in remarkable shape from a complex operation with a very qualified staff. The one finding in the audit involved the federal financial assistance that required a uniform guidance policy. This policy needs to be in place when applying and obtaining federal funds. Mr. Cornwell and Mrs. Fern will be presenting this policy for procurement standards and modifications to the members.

Mr. Hughes reassured that this was an easy fix and a one-time deal, once this was approved there would be no future problems. Mr. Hughes called for comments and questions. Mr. Cameron asked for verification that there was enough money on hand and that the District was in good standing. Mr. Hughes verified that this organization is growing with the additions of new customers and maintaining the infrastructure. The capital means are available to continue projects as the funding is available. The way the projects and funds were being done is very thoughtful and methodical. Mr. Hughes noted appreciation in doing business with the District.

C. Public Comment:

Chairman Melton requested the time for Public Comment and Mr. Cornwell noted that no one had signed up for Public Comment.

D. Consent Agenda:

Action Taken: Chairman Melton presented the Consent Agenda Items. Upon a motion by Mr. Cook second by Mr. Taylor the Board of Commissioners voted unanimously to approve the Consent Agenda. The Consent Agenda consisted of the following items:

- 1) Approval of the Minutes of the Regular Meeting of October 8, 2019

E. Unfinished Business:

- 1) Consideration of Resolution Number 21-2019 A Resolution Accepting Willis Engineers as the Most Qualified to Perform Work Related to the Raw Water Supply Weir Improvements Project

Mr. Cornwell began by stating that the two items being reviewed were similarly related. At the prior meeting the approval was given to begin the process of selecting the consultants for these two large projects. The first project is the Weir Project. The erosion at the intake in the river has worsened over the years, and due to maintaining the river intake, a repair is necessary. The USDA has been consulted for funding of these projects and these consultants will be involved in the application process. Mr. Cornwell and staff are recommending the selection of Willis Engineers for the Weir Project. The process for qualifications is defined in the NC General Statutes. A project packet

was created and advertised for the firms interested in the project. Three responses were received from various firms. The firm selected and the staff recommendation is Willis Engineers. Willis has experience with this type of project and presented an example of a local area similar project.

Action Taken: Upon a motion by Mr. Brooks, second by Mrs. Bridges, the Board of Commissioners voted unanimously to adopt Resolution Number 21-2019 *A Resolution Accepting Willis Engineers as the Most Qualified to Perform Work Related to the Raw Water Supply Weir Improvements Project*

- 2) Consideration of Resolution Number 22-2019 A Resolution Accepting Boomerang Design as the Most Qualified to Perform Work Related to the Centrally Located Operations Center.

Mr. Cornwell explained that this resolution would be for the Centrally Located Operations Center. The number two ranked item on the customer survey was for the office to be relocated to a more central location. The USDA has been consulted and has shown interest in funding this project. Four responses were received for architectural services. The architect selected and the staff recommendation is Boomerang Design. Mr. Cornwell noted that this firm listed three projects for reference. All these projects were almost identical to the Centrally Located Operations Center. The referenced projects were all completed in the last five years. Mr. Cornwell noted some examples that impressed the staff from the submission by Boomerang Design. Mr. Cornwell also shared that Boomerang Design had excellent references.

Action Taken: Upon a motion by Mr. Cameron, second by Mr. Cook, the Board of Commissioners voted unanimously to adopt Resolution Number 22-2019 *A Resolution Accepting Boomerang Design as the Most Qualified to Perform Work Related to the Centrally Located Operations Center*

F. New Business:

- 1) Consideration of Resolution Number 23-2019 A Resolution Directing the General manager to Begin the Selection Process for Professional Engineering Firms to Provide Plans Associated with the Greenway Project and to also Seek Available Funding Sources

Mr. Cornwell shared the process of beginning the Greenway project. The project has gained support in Upper Cleveland County. The Carolina Thread Trail has a grant available for the Detailed Corridor Plan. The application for the grant has been submitted. The grant would cover some of the costs for the Detailed Corridor Plan. There would be a couple of public meetings for input and a consultant could assist with the process of the meetings and public input. The consultant could document this information from the public meetings for future reference with the plan. Cleveland County has a direct appropriation for funding through Carolina Thread Trail. The funds are for assistance with programs such as the Greenway inside Cleveland County. This resolution authorizes the General Manager to begin the selection process for the engineering firm for the Greenway project. The grant award letter from Carolina Thread Trail will not be received for a couple of months. Mr. Cameron noted that he attended a meeting concerning the future of the First Broad River Thread Trail. The City of Shelby is extending the trail to the waste water facility and then to Holly Oak Park. There will also be an additional bike trail traveling to the South Carolina state line. Mr. Cameron noted that Cleveland County would have some nice trails. Mr. Melton noted his support for families and the community for picnics and swimming. Mr. Cornwell noted that the application process for the grant award required letters of support for the Greenway from other entities. The letters submitted were the resolution of support from 2008 for the Carolina Thread Trail along with letters from the Cleveland County School Systems, Cleveland County Government, the Town of Lawndale and the Foothills Conservancy. Mr. Melton noted appreciation for the hard work by General Manger Cornwell. Mr. Cornwell noted that the resolution gave him authorization to seek funding for the Greenway and wanted to bring that to the attention of the members.

Action Taken: Upon a motion by Mrs. Bridges, second by Mr. Brooks, the Board of Commissioners voted unanimously to adopt Resolution Number 23-2019 *A Resolution Directing the General Manager to Begin the Selection Process for Professional Engineering Firms to Provide Plans Associated with the Greenway Project and to also Seek Available Funding Sources*

G. General Manager's Report:

Mr. Cornwell discussed the financial reports from October and reminded that October of the prior year was a difficult month. The overabundance of rainfall decreased the water revenues. This October was dry so that increased the numbers. The Cleveland County property taxes received were over the estimated amount. Mrs. Fern contacted the county office to ensure that there were no calculation errors. There was a higher number of businesses paying their taxes before the deadline than in prior years. Mr. Cornwell noted that this would affect the property tax revenue received in January. There were also five pay dates in October. The meter change-out program invoice was received and paid. The days for cash on hand were affected by this large pay out. Mr. Cornwell assured that these days would build back with time. The maintenance report was shared. The water plant numbers were reviewed. The billing report reflected an increase over the prior month and the previous year. The Town of Fallston project has been completed. The Utility Director, Jeff Earl has worked diligently to satisfy customers affected by the Town of Fallston project. The final punch list has been reviewed and the project has officially been completed. Mr. Cornwell shared some of the situations still being addressed between the contractors and the customers in the community. The house on the Greenway property at the bridge has been locked up because the tenants have vacated, and the appliances have been removed. This house will either be burned or demolished. The mobile home has been removed from the Elmore property. The Lattimore Tank will begin construction the week of November 18<sup>th</sup>. Mr. Cornwell shared the customer compliments. A customer called the office noting appreciation in their water tap being set. The Customer Service Director, Michelle Alexander, received a note of apology from a customer that had a frustrating day and wanted to apologize for their frustration. Mr. Cornwell noted that next month's meeting would include the swearing in ceremony for the newly elected board members. The oath of office will be read and the swearing in will take place. Family members are welcome to

attend. Mr. Cameron noted the Christmas parades will begin soon. Mr. Melton and the members discussed which parades would be attended.

#### H. Board Members Announcement and Remarks

Mr. Cook reminded about the fire department inspections. The scoring for the fire departments included grades for water supply. The fire departments were requesting information on fire hydrants locations and elevations. Mr. Cook informed on the grades of the Casar Fire Department. The better the fire department rating, the cheaper the homeowner insurance premiums. Mr. Cook expressed his appreciation for the assistance for the fire departments. Mrs. Bridges expressed appreciation to the staff for the work on the audit. Appreciation was noted by Mrs. Bridges for the Town of Fallston project to Utility Director, Jeff Earl and staff. Mrs. Bridges sympathized and expressed appreciation for the process of grading and selecting the best qualified project consultants. Mr. Brooks agreed with Mrs. Bridges.

#### I. Closed Session

- 1) To establish, or to instruct the public body's staff or negotiating agents concerning the position to be taken by or on behalf of the public body in negotiating the price and other material terms of a contract or other proposed contract for the acquisition of real property by purchase, option, exchange or lease in accordance with NCGS 143-318.11 (5).
- 2) To consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee by conducting the annual performance evaluation of the General Manager in accordance with North Carolina General Statute 143.318.11 (a) (6).

Action Taken: Upon a motion by Mr. Cook, second by Mr. Cameron, the Board of Commissioners voted unanimously to go into Closed Session at 8:03 PM.

Action Taken: Upon a motion by Mr. Brooks, second by Mr. Taylor, the Board of Commissioners returned to Open Session at 8:42 PM.

Action Taken: Upon a motion by Mr. Cook, second by Mr. Taylor, the Board of Commissioners voted unanimously to present the General Manager with a four percent salary increase based upon his annual performance evaluation.

J. Adjournment

Action Taken: Chairman Melton called for a motion to adjourn. Upon a motion by Mr. Brooks, second by Mrs. Bridges the Board of Commissioners voted unanimously to adjourn at 8:47 PM.

Respectfully submitted,

*Bill Cameron*

Bill Cameron  
Secretary

