

MINUTES

Regular Meeting
Cleveland County Water Board Room

November 10, 2020
Tuesday, 7: 00 P.M.

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

Chairman Donald Melton called the meeting to order at 7:00 PM, welcomed all who were in attendance and recognized Vice Chairman Dewey Cook who gave the invocation and Commissioner Bruce Martin 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. Chairman Melton requested a motion to adopt the agenda.

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

B. Special Presentation:

- 1) Presentation of the Annual Audit for Fiscal Year ended June 30, 2020
Mr. Scott Hughes, CPA, with Johnson, Price, Sprinkle, PA

General Manager Cornwell introduced Scott Hughes, from Johnson, Price, Sprinkle PA to present the 2019-2020 financial audit. Mr. Hughes shared the items that he would be covering during his presentation. There are several audit standards that have been postponed due to the pandemic and will be effective later. The audit process is explained as tracing a sampling of transactions in the financials for the fiscal year. Mr. Hughes explained how judgements and estimates are used in the auditing process. The financial statements are prepared by the staff and presented to the auditors for the audit. The staff is involved in all decision making during this process. Mr. Hughes shared the major areas of the financial statements that were reviewed and explained the process of segregation of duties. The process of determining possible fraud was discussed, from the interviews conducted with management and personnel, continuing with the reviewing of the journal entries posted in the financial statements. Mr. Hughes explained the

assets, liabilities, operating and non-operating revenues, expenditures and capital outlay totals compared to last year's dollar amounts. The auditor communication letter reminded of a finding from last year's audit that has been addressed and cleared. There are no findings for the communication letter for this year's audit. Mr. Hughes shared some concerns about timing issues with items that were over budget. Mr. Cornwell clarified that some property was purchased during the time of the pandemic. The members were not meeting during this time because of the pandemic but the members were aware of the purchases made during this time and the appropriate paperwork and ordinances were done when the members could safely hold a meeting again. Mr. Hughes clarified that it was strictly a timing issue caused by the pandemic. Mr. Hughes called for any questions or concerns. Mr. Cameron asked for clarification on the water revenues. Mr. Hughes explained the answer in more depth. Mr. Hughes noted appreciation for the incredibly competent staff and stated that they were a joy to work with.

C. Public Comment:

There were no public comments.

D. Consent Agenda:

Action Taken: Chairman Melton presented the Consent Agenda Items. Upon a motion by Mr. Brooks, second by Mr. Martin, 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 13, 2020
- 2) Consideration of Resolution Number 33-2020 A Resolution Approving Review and Submission of a Water System Asset and Inventory Assessment Study for Cleveland County Water

E. Unfinished Business:

No unfinished business was discussed during this time.

F. New Business:

No new business was discussed during this time.

G. General Manager's Report:

Mr. Cornwell began by sharing the October financial report. The salaries were higher because the month of October had five payrolls. The radio read meters have all been purchased and paid for in the month of October. The maintenance,

water plant and billing report numbers are in the packet for reference. Mr. Cornwell shared that the engineering report for the Weir project had been approved on a state level by the USDA. The report will now be sent to Washington, D.C. for federal approval. Mr. Cornwell plans on calling Patrick McHenry's office to share this information with him to monitor the progress of the project. The centrally located office project is waiting for the environmental assessment report. This report can be approved on the state level and will not require federal approval. Mr. Cornwell shared a customer compliment from Facebook. The Facebook post was from a customer that woke up to low pressure and required a water leak repair. The customer was happy with the response and repair time. Mr. Cornwell explained a situation with a Duke Energy underground cable that was damaged during a water tap installation. Duke Energy is stating that the damaged cable requires repair compensation for damages. The situation was investigated and the damages that USIC and Duke Energy are stating were caused by CCW were located at a different location than where the water tap was installed. The companies are advising CCW to report a claim with the insurance company for the repair compensation. Mr. Cornwell noted that a claim would not be filed with the insurance company as the pictures did not match the damage that was caused. Mr. Cornwell introduced Ginger Fern, Finance Director, to discuss the Hometrust Bank interest rates and service fees. Mrs. Fern shared that she received a telephone call from Hometrust Bank in mid-September. The bank reported that because of the current economy the interest rates on the checking accounts would be lowered and the banking fees for the checking accounts would be reinstated. The banking fees shared with the members reflected significant cost expense for maintaining the General Fund account. Mr. Cornwell reminded about the decision to leave the CIP funds in the General Fund instead of transferring to North Carolina Capital Management Trust due to the interest rate with NCCMT being so low. Mr. Cornwell also reminded that a request for proposals was made with several banks in 2015, Hometrust was the best proposal received, waiving all banking fees. Hometrust has honored the proposal for the time period allotted but it has since expired. The fees and the interest revert to the current HTB banking fee schedule. Mr. Cornwell shared the HTB Electronic Funds account is not charged the large amount of transaction fees that the General Fund is charged. This would allow for some interest revenue to be earned on the Electronic Funds account. The funds that are deposited into the Electronic Funds are telephone and online payments. These payments are typically transferred to the General Fund at the beginning of the month when the reconciliation is completed. Mr. Cornwell noted that the decreased bank interest was another hardship in the circumstances of this fiscal year. Mr. Melton asked if all banks were doing the same interest rates. Mr.

Cornwell noted that he had a discussion with Mrs. Fern concerning a new request for proposals, but that it was decided that given the economy and the pandemic situation, most banks would provide the same results, figures and stipulations. Mr. Cornwell shared that Governor Cooper issued a new executive order requiring a mass gathering size to be up to ten people. The Greenway public meeting was scheduled for November 17, 2020. The attendance at the public meeting will exceed ten people, with the consultants, board members, steering committee and CCW staff. Mr. Cornwell recommended that the meeting be postponed to a later time and the members agreed with the suggestion. Mr. Cornwell shared the welcome video created for the public meeting with the members.

H. Board Members Announcement and Remarks

The members noted appreciation for the work being done. Mrs. Bridges noted appreciation for the hard work on the audit. The members discussed the Christmas meal and parades plans for this year.

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 (a) (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. Brooks, second by Mrs. Bridges, the Board of Commissioners voted unanimously to go into Closed Session at 7:36 PM.

Action Taken: Upon a motion by Mrs. Bridges, second by Mr. Martin, the Board of Commissioners returned to Open Session at 8:18 PM.

Action Taken: Upon a motion by Mr. Martin, second by Mr. Cook, the Board of Commissioners voted unanimously to present the General Manager with a

three percent salary increase based upon his annual performance evaluation as discussed in Closed Session and to ratify the discussion held in closed session regarding the property transactions and to authorize the General Manager to proceed with the property transactions as discussed in Closed Session.

J. Adjournment

Action Taken: Chairman Melton called for a motion to adjourn. Upon a motion by Mr. Brooks, second by Mr. Taylor the Board of Commissioners voted unanimously to adjourn at 8:22 PM.

Respectfully submitted,

Bill Cameron

Bill Cameron, Secretary

