

MINUTES

Regular Meeting
Cleveland County Water Board Room

November 12, 2024
Tuesday, 6:00 P.M.

Present: Chairman Donald Melton; presiding, Vice Chairman Bill Cameron, Secretary Amy Elliott Bridges, Commissioners Tony Brooks, Bruce Martin, Pete Pedersen, and Pamela P. Maddox. General Manager Brad Cornwell was present. Attorney Tim Moore was absent.

Chairman Donald Melton called the meeting to order at 6:00 PM, welcomed all who were in attendance and recognized Commissioner Bill Cameron 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. Mr. Cornwell noted that the amended agenda was at the members seats. The amended agenda included item 3 under new business *Acceptance of the Resignation of the District Attorney*. Chairman Melton requested a motion to adopt the amended agenda.

ACTION TAKEN: Upon a motion by Mr. Cameron and second by Mr. Pedersen, the Board of Commissioners voted unanimously to accept the amended agenda including item 3 under new business.

B. Special Presentation

- 1) Presentation of the Annual Audit for Fiscal Year ended June 30, 2024
Ms. Morgan Coley with Martin Starnes

Mr. Cornwell introduced Ginger Fern, Finance Director, to introduce the staff of Martin Starnes. Martin Starnes will be presenting for the second year and in attendance was Ms. Morgan Coley. The audit presentation began with an explanation of the audit process. The audit was issued an unmodified opinion, this is the best opinion that can be issued. Ms. Coley expressed appreciation to the Finance Director, Ginger Fern, for filling and providing all the requests in a timely fashion. The assets documented in the financial audit increased by \$21,000,000 and were driven by capital assets, grants and awards. The liabilities increased by \$15,000,000 and were driven by long term

debt. The net position has steadily increased over the last three years, with the prior year being \$3,200,000 and the current year being \$6,600,000. The quick ratio is holding steady at 4.7, this calculation comes from the assets divided by the liabilities. The Local Government Commission is normally concerned if the ratio is less than one. There were no performance ratio indicators. The audit was submitted on time. The water and sewer income were \$443,832, the Local Government Commission is concerned when this number is a negative balance. The water and sewer unrestricted cash to total expense ratio is 56% which is the equivalent to a seven-month supply, the Local Government Commission would be concerned if this was 16% which is the equivalent to a two-month supply. There were no material weaknesses or significant deficiencies or findings for this financial audit. That ended the presentation for Ms. Coley, if the members had questions or concerns, they could ask or contact Mr. Cornwell.

C. Public Comment

No public comments were presented.

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 8, 2024
- 2) Approval of the Closed Session Minutes of September 10, 2024
- 3) Approval of the Closed Session Minutes of October 8, 2024
- 4) Consideration of Resolution Number 40-2024 A Resolution Ratifying the Offer and Acceptance of Easements By and Between Cleveland County Water, Cleveland County Government and Town of Boiling Springs for the Broad River Water Plant Project
- 5) Consideration of Resolution Number 41-2024 A Resolution Adopting Certain Updated Personnel Policies
- 6) Consideration of Resolution Number 42-2024 A Resolution Authorizing Execution of An Agreement with Willis Engineers in the Amount of \$45,000 for the Lawndale WTP Bulk Chemical Storage Project

- 7) Consideration of Ordinance Number 26-2024 An Ordinance Establishing a Capital Project Ordinance and Budgets for Cleveland County Water's Lawndale WTP Bulk Chemical Storage Project
- 8) Consideration of Resolution Number 43-2024 A Resolution By Cleveland County Water to Begin the Ownership Transfer Process of the Town of Fallston Water System and to Eliminate the Town of Fallston Public Water System ID and Include It Under Cleveland County Water PWSID No. 01-23-055

E. Unfinished Business:

- 1) Consideration of Ordinance Number 25-2024 a FY 2024-2025 Budget Ordinance Amendment No. 1 for Cleveland County Water

Mr. Cornwell explained to the members that the following items were related, and the explanation would be for all the items to make a proper motion and adopt each one individually. The fiscal year budget was approved with enough funding for several capital equipment replacements. The District has had several unforeseen losses that have exceeded the budgeted funding. The capital equipment purchased thus far is \$661,250. Mr. Cornwell is recommending installment financing to reimburse the District for the cash spent on these capital items. Installment financing is offered to Local Government municipalities as an option to finance equipment over a fifty-nine-month period. Requests for proposals are submitted to banking institutions, to be received in completion with the bank's financing options. Mr. Cornwell shared information in the members' packet that covers the installment financing process and the corresponding General Statutes. The vehicles that have been purchased are in the District's possession and paid in full. The titles for these vehicles are relinquished to the bank until the terms of the installment financing are paid in full, and at that time the titles are returned back to the District. There were two items of capital equipment that were not included in the installment financing packet, the straw blower and the trailer. The first part of the installment financing process will be a budget ordinance. This ordinance corrects the approved fiscal year budget for installment financing. Mr. Cornwell referred the members to the appropriate pages in the agenda packet. The resolution of reimbursement adopts the process of seeking financial institutions and reimbursing back the cash spent on the capital equipment items. Mr. Cornwell called for questions from the members.

ACTION TAKEN: Upon a motion by Mr. Martin, second by Mr. Cameron, the Board of Commissioners voted unanimously to adopt Ordinance Number 25-2024 A FY 2024-2025 Budget Ordinance Amendment No. 1 for Cleveland County Water

- 2) Consideration of Resolution Number 39-2024 A Reimbursement Resolution with Regard to Installment Financings for FY 2024-2025 for Cleveland County Water

ACTION TAKEN: Upon a motion by Mr. Pedersen, second by Mrs. Bridges, the Board of Commissioners voted unanimously to adopt Resolution Number 39-2024 A Reimbursement Resolution with Regard to Installment Financings for FY 2024-2025 for Cleveland County Water

F. New Business:

- 1) Consideration of Resolution Number 44-2024 A Resolution Awarding the Bid for the Renovations of the Old Lawndale Bank Building Owned by Cleveland County Water

Mr. Cornwell reminded the members that Senator Ted Alexander assisted in acquiring grant funding from the General Assembly for the Stagecoach Greenway in the amount of \$415,000.00. These funds were designated to be used for the interior renovations of the old bank building in Lawndale. The architect selected for the design is Boomerang Design. Three qualifying bids were received and T. C. Strickland Construction Company was the lowest bidder with \$398,000.00 over Green Building Corporation and Liles Construction. The grant funding on the renovation is short, \$18,000.00. The budget ordinance amends the budget for the fund balance to be debited for the \$18,000.00 shortage.

ACTION TAKEN: Upon a motion by Mrs. Bridges, second by Mrs. Maddox, the Board of Commissioners voted unanimously to adopt Resolution Number 44-2024 A Resolution Awarding the Bid for Renovations of the Old Lawndale Bank Building Owned by Cleveland County Water

- 2) Consideration of Ordinance Number 27-2024 An Ordinance Amendment for a Capital Project Ordinance and Budgets for Cleveland County Water's Rehab of Union Trust Bank Building Project for the Stagecoach Greenway

ACTION TAKEN: Upon a motion by Mr. Cameron second by Mr. Pedersen, the Board of Commissioners voted unanimously to adopt Ordinance Number 27-2024 *An Ordinance Amendment for a Capital Project Ordinance and Budgets for Cleveland County Water's Rehab of Union Trust Bank Building Project for the Stagecoach Greenway*

3) Acceptance of the Resignation of the District Attorney and Authorization to Proceed with advertisement for the new District Attorney

Mr. Cornwell explained that Attorney Tim Moore, having won the election to the US House of Representatives, has resigned as the District Attorney effective December 31, 2024. The contract for the District Attorney is administered by the members of the board. Mr. Cornwell recommended that advertisements be placed and a request for qualifications be made. The members are responsible for hiring and supplying a contract for the chosen District Attorney. The members need to have discussions concerning the possible candidates and a vote needs to be made at a regular or special meeting. Mr. Cameron inquired about the legalities of not having an attorney. Mr. Cornwell explained that after December 31, 2024, an interim or non-contractual attorney would be required for the meetings. An attorney could be hired to attend board meetings until the replacement is contracted. Mr. Cornwell clarified that Attorney Moore could practice law until December 31, 2024. Once Attorney Moore is sworn in, he can no longer be compensated for practicing law. Mr. Melton asked about forming a committee for the search for District Attorney. Mr. Cornwell answered that the committee needed to be represented by no more than three members of the board. Mrs. Bridges noted that the proposal from Mr. Cornwell would suffice for publication and advertising. Mr. Pedersen shared that more time could be used in researching and interviewing if an interim attorney was appointed. Mr. Pedersen inquired about how the advertising would be done. Mr. Cornwell answered that the request for qualifications would be submitted to several local newspapers and would be posted on the CCW website for review. Mr. Cornwell reviewed some specific verbiage of the request for qualifications with the members for comments and suggestions.

ACTION TAKEN: Upon a motion by Mr. Pedersen, second by Mrs. Bridges, the Board of Commissioners voted unanimously to accept the resignation of the District Attorney

ACTION TAKEN: Upon a motion by Mr. Martin, second by Mrs. Maddox, the Board of Commissioners voted unanimously to proceed with advertising for the new District Attorney

G. General Manager's Report:

Mr. Cornwell introduced Ginger Fern, Finance Director, to present the financial report for October. Mrs. Fern reported that the water sales were down. The postponed \$125,000.00 transfer to the capital reserve fund was completed because more capital project reimbursements have been received. October had five payrolls for the corresponding payroll accounts. Contracted Services were up because of the sludge removal from the holding pond at the water plant. Mr. Brooks inquired about the rate of return on the capital reserve fund. Mrs. Fern noted that the dividends earned \$10,000 or \$12,000.00 on the balance of \$3,500,000.00. Michelle Alexander, Customer Service Director continued with the disconnection and billing update. There is a 15.1% usage decrease and a 10.3% revenue decrease from September. The disconnections are down and the IVR telephone calls have helped tremendously. The Cycle 2 customer numbers showed that seventy-five customers were contacted by telephone, and of those sixty calls were completed. This means that a message was left for the customer, or a person answered the telephone call. Mrs. Alexander reported that the disconnections would slow because of the holidays but would resume after the first of the year. Mr. Cornwell referred the members to the maintenance and water plant information in their packets. The main line breaks were down from the prior month. The Town of Lawndale public hearing notice was included in the packet for reference. This is the re-zoning for the bank building from residential to commercial property. Mr. Cornwell shared that the grant application in the amount of \$750,000.00 for the NC Land and Water Fund was not chosen for funding. An acceptance letter from the NC Department of Environmental Quality in the amount of \$200,000.00 in grant funding was shared. Mr. Martin asked if any feedback was provided for the selection. Mr. Cornwell explained that the grant application is submitted with the expected number of points to be awarded. The funding agency then scores the application and returns those scores back to the applicant. No explanation of the score sheet is provided. This grant was a statewide grant and highly competitive. Mr. Cornwell shared an invitation to a reception and luncheon for Tim Moore and asked the members about attendance. Mr. Cornwell referred members to a handout at their seats for information concerning discolored water. This situation has been researched to

determine where the discolored water originated. There were no water leaks in the Fallston-Waco-Moss Lake area to cause discolored water. The local fire departments were contacted and there were no reports of flushing any fire hydrants. The contractor working on the sixteen-inch main line improvement project at the water plant is suspected to have caused the problem. Mr. Cornwell noted that the maintenance department had flushed several fire hydrants and lines to remove the discolored water from the distribution lines. Customers have been advised to flush the cold side of their water lines. The message was posted on the website for customer reference. The project update list was not available for the meeting. Mr. Cornwell asked the members for their opinions on the opening of Lawndale Park. The rules and regulations signs for the park have not been completed and posted at this time. Mr. Brooks asked for the hours of the park. Mr. Cornwell responded that the park will be open from dawn until dusk. Mr. Pedersen asked if there were staff to open and close. Mr. Cornwell explained that there were part-time staff to assist with the gates. Josie Rikard, GIS Coordinator, will be assisting the staff and coordinating opening and closing. Ms. Rikard has a minor degree in parks and recreation. Mr. Melton inquired about the Christmas parades and participation. Mr. Cameron asked about a Christmas dinner for the members. Mr. Cornwell suggested a meal before the next board meeting.

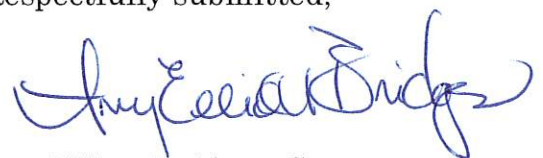
H. Board Members Announcement and Remarks

The members noted appreciation for hard work and service.

I. Adjournment

Action Taken: Chairman Melton called for a motion to adjourn. Upon a motion by Mr. Brooks, second by Mr. Cameron, the Board of Commissioners voted unanimously to adjourn at 6:48 PM.

Respectfully submitted,



Amy Elliott Bridges, Secretary

