

MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF TRUSTEES
COTTONWOOD IMPROVEMENT DISTRICT

DATE: May 20, 2020
PLACE : Cottonwood Improvement District Office
TIME: 3:00 P.M.

PRESENT:
Wesley Fisher, Chairman
Kim Galbraith, Trustee
Mark Katter, Trustee - Electronically
Greg Neff, General Manager/Engineer
Lonn Rasmussen, Assistant General Manager/Operations Supervisor
Spencer Evans, Chief Financial Officer
Jeremy Cook, Attorney for the District
Jami Phillips, Board Secretary

Public: A list of public in attendance is attached to and thereby made part of these minutes.

At 3:00 p.m., Wesley Fisher called the meeting to order.

The Pledge of Allegiance was recited.

AGENDA:

ITEM 1: INDEPENDENT AUDITOR'S REPORT – KEDDINGTON & CHRISTENSEN

Marcus Arbuckle of Keddington & Christensen was in attendance to report to the Board on the completed independent audit of Cottonwood Improvement District's 2019 financial statements. The audit report had an unmodified opinion and there were no findings. Marcus discussed the items that are required to be reported to governance. Marcus went over the other two reports included in the audit report: 1) Internal Controls, over the cash receipting, cash disbursement, payroll, and the financial close and reporting process. These are not audited but are reviewed; the District's controls in place are found to be adequate. 2) State Compliance, this audit reviews state compliance related to budgetary compliance, fund balance, Utah Retirement System, The Open and Public Meetings Act, Public Treasury Bond, etc., there were no instances of noncompliance found in any areas. Marcus asked if there were any questions. Wesley Fisher asked for clarification on the MD&A on page 3, regarding the Net Position increase for 2019. Kim Galbraith asked about the difficulty for a good fraud policy, adherence and protection with smaller entities. Marcus said it can be challenging; however, he thinks the District's management has set up great internal controls and segregation of duties to prevent fraud. Marcus said it was a great audit overall and commended Spencer Evans on his detail and good accounting practice. A motion was made "to approve and accept the Keddington & Christensen independent audit of the 2019 financial statements."

MOTION BY: Kim Galbraith
SECOND BY: Mark Katter
FOR: Kim Galbraith, Mark Katter, Wesley Fisher
AGAINST: None

ITEM 2: APPROVE MINUTES OF THE APRIL 8, 2020 ELECTRONIC SPECIAL BOARD MEETING

No corrections were made to the minutes. A motion was made "to approve the minutes of the Electronic Special Board Meeting held on April 8, 2020."

MOTION BY: Mark Katter
SECOND BY: Kim Galbraith
FOR: Mark Katter, Kim Galbraith, Wesley Fisher
AGAINST: None

ITEM 3: PUBLIC COMMENT

None.

ITEM 4: FINANCIAL INFORMATION

(A) DISBURSEMENTS

The Disbursements report was provided to the Board for their review. There was some discussion regarding the audit fees and the process of the audit. Some of the costs for the GARCO corban pipe replacement were briefly discussed. A motion was made "to approve and ratify the April disbursements."

MOTION BY: Mark Katter
SECOND BY: Kim Galbraith
FOR: Mark Katter, Kim Galbraith, Wesley Fisher
AGAINST: None

(B) FINANCIAL STATEMENTS

Copies of the unaudited financial statements as of April 30, 2020 were provided to the Board for their review.

ITEM 5: CENTRAL VALLEY WATER RECLAMATION FACILITY UPDATE

Kim Galbraith said the last meeting was held remotely on Microsoft Team. Kim reported that the earthquake damage costs were updated and there was discussion regarding the insurance company's coverage on costs/deductibles.

Some of the CVWRF's capital project bids were approved.

Greg Neff said a contract for the 3W Water Reuse project was approved. A welcome sign for Fairfield City was approved on property owned by Central Valley.

Wesley Fisher asked for an update on CVWRF's COVID-19 response. Kim said extensive plans were set to build a reporting mechanism to protect employees similar to the District's response. There was some discussion on any flow change with regards to the public working from home because of the virus. Greg compared the District's flow year-over-year and didn't notice any big change.

Greg reported the following from CVWRF's manager's meeting: Two bids were received for the nutrient removal basins. Gerber Construction bid just over \$123 million, Alder Construction bid \$130 million and the third prequalified contractor, COP Construction, declined to bid. The original estimate was \$120 million. Central Valley's management will recommend to the Board to accept the bid from Gerber Construction. Central Valley is getting back to normal with respect to COVID and personnel. Employee crews were staggered to avoid exposure. Greg is not aware of any positive cases; the earthquake was more of an issue than the COVID virus. All construction projects are generally on

schedule. The South Salt Lake Force Main Project is going to be renamed to avoid locality confusion. CVWRF is still required and on schedule to meet the new 2025 nutrient limits. Spencer Evans discussed some of the Central Valley loans through state and public bonds and possible future refinancing comparison cost savings projections.

ITEM 6: MANAGEMENT REPORT

(A) APRIL SEWER SERVICE FEES RECEIVABLE - Spencer Evans presented the District's sewer service fees receivable for April and explained the 12% increase in sewer fee receivables for 2020 vs 2019. Some of the increase can be attributable to the temporary suspension of certifications beginning in March of this year because of COVID-19. Year-to-date payments received were up slightly over the same period as last year.

(B) DISTRICT FINANCIAL FORECAST – Greg Neff discussed the District's forecast, revenues, expenditures and reserves, including CVWRF debt service. Kim Galbraith asked if this data would be provided to the company to be selected to do the sewer rate study. Spencer Evans thinks they will want several years of prior data, future operational costs, along with obligations to Central Valley.

(C) GARCO EMERGENCY REPAIR – Greg Neff showed pictures and explained the emergency GARCO sewer line replacement. The original line was installed in the 1980s and apparently the contractor built it over an old garbage dump, which decayed and settled causing a large sinkhole. District personnel replaced 200 feet of 36-inch diameter pipe, two manholes and part of the sidewalk. The repaving was the only part of the job done by a subcontractor, which cost approximately \$25,000. The estimated total cost of the in-house repair will be around \$90,000. The estimated cost savings for this project if it was bid out to a contractor is around 20 percent and 50 percent if it was bid as an emergency repair. Greg expressed District personnel doing more of these future repairs. The District's personnel did a great job and it saved the District money.

(D) COVID-19 UPDATED DISTRICT RESPONSE – Greg Neff reported that there continues to be no cases of the COVID-19 virus with District personnel. Management stopped staggering the operator crews a couple of weeks ago; all District's personnel are back to working full time. The District office is back open for walk-in customers, with precautionary COVID-19 symptoms signs posted on the doors.

ITEM 7: BOARD REPORT

Wesley Fisher inquired about the status of the upcoming conventions. The WEAU Annual Conference was cancelled. The WEFTEC Convention in New Orleans is open for in-person or online attendance. There is money in the budget for this conference; however, management hasn't decided yet if any District personnel will be attending. The Board can attend if they are interested in going.

Kim Galbraith mentioned that he met and spoke with some of the District's operators that were recently working in front of his house.

ITEM 8: INFORMATION ITEMS

(A) UPDATED CENTRAL VALLEY ESTIMATED COSTS

(B) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER – 9395 SOUTH 3200 EAST

A motion was made "to move into a closed session to discuss purchase, lease or exchange of real property."

MOTION BY: Mark Katter
SECOND BY: Kim Galbraith
FOR: Mark Katter, Kim Galbraith, Wesley Fisher
AGAINST: None

A motion was made “to close the closed session of the meeting and move back into the open meeting.”

MOTION BY: Wesley Fisher
SECOND BY: Kim Galbraith
FOR: Wesley Fisher, Kim Galbraith, Mark Katter
AGAINST: None

At 5:03 p.m., a motion was made “to adjourn the regular Board meeting.”

MOTION BY” Kim Galbraith
SECOND BY: Mark Katter
FOR: Kim Galbraith, Mark Katter, Wesley Fisher
AGAINST: None

PREPARED BY: Jami Phillips, Secretary