

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

DATE: May 17, 2023
PLACE : Cottonwood Improvement District Office
TIME: 3:00 P.M.

PRESENT:

Kim Galbraith, Chair
Wesley Fisher, Trustee
Greg Neff, General Manager/Engineer
Lonn Rasmussen, Assistant General Manager/Operation Supervisor
Spencer Evans, Chief Financial Officer
Jeremy Cook, Attorney for the District
Jami Phillips, Board Secretary
Steve Desmarais, Maintenance Supervisor
Marcus Arbuckle, K&C, CPAs

Mark Katter, Trustee, is unable to attend.

Public in Attendance: None.

At 3:00 p.m., Chair Kim Galbraith called the meeting to order.

The Pledge of Allegiance was recited.

AGENDA:

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

Marcus Arbuckle of K&C CPAs was in attendance to report to the Board on the completed independent audit of Cottonwood Improvement District's 2022 financial statements. He explained that part of the Board's responsibilities is to oversee the financial reporting process; Management is responsible for the financial statements. An audit does not relieve the Board or management of those responsibilities. The audit is planned in accordance with generally accepted auditing standards and Government Auditing Standards. An opinion is then issued based on the audit. The audit report had an unmodified clean opinion and there were no findings. The opinion is on the basic financial section. The supplemental schedules are also reviewed, which include pension schedules and Management Discussion and Analysis schedules to make sure they're in line with the financial statements. Another important part of the audit is the review of the internal controls; The financial reporting process, the cash receipting process, cash disbursements, payroll, month end and year end close process were reviewed. Opinions on the internal controls for this type of audit are not issued; however, recommendations are given as needed. Marcus reported that the District's mitigating controls that are in place are adequate. He reported that Spencer Evans, Greg Neff, along with staff do a great job with separating the duties.

Marcus discussed the next report issued on state compliance. The state auditor's office gives the areas to look into for that year. Some of them are the same every year, some of them differ a little. The following were tested this year: Budgetary Compliance, Fund Balance, Revenue Recognition, Fraud Risk Assessment, Special and Local Service District Board Members, Utah Retirement Systems, Public Treasurer's Bond and Government Fees. There were no issues in testing any of these areas. The District is in compliance with all those areas of state compliance.

Marcus expressed that the District has a reliable accounting system. There were no difficulties performing the audit, nor were there any disagreements with management.

Another part of the audit is fraud procedures, which are taken very seriously. There are meetings as auditors; we ask employees, management and governance if they're aware of any fraud or compliance issues. Marcus is happy to report there were no such findings. Marcus thanked Spencer and Greg for their great work. He said it makes his job much easier when the books are in good order, there are good processes and good backup to be able to audit. A motion was made "to approve and accept the Keddington & Christensen independent audit of the 2022 financial statement."

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

ITEM 2 APPROVE MINUTES OF THE APRIL 19, 2023 BOARD MEETING

No corrections were made to the minutes. A motion was made "to approve the minutes of the Board Meeting on April 19, 2023."

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

ITEM 3: PUBLIC COMMENT

None

ITEM 4: FINANCIAL INFORMATION

(A) DISBURSEMENTS - APPROVAL

The disbursement report was provided to the Board for their review, along with the District Manager's Wells Fargo credit card statement. There was discussion on the sod purchased for Project 8. More details will be discussed regarding Project 8 in Item 8, Management Report. A motion was made "to approve and ratify the disbursements."

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

(B) FINANCIAL STATEMENTS – REVIEW

Copies of the unaudited financial statements as of April 30, 2023 were provided to the Board for their review.

ITEM 5: DISCUSSION AND CONSIDERATION OF A MODIFICATION OF THE DISTRICT'S POLICY ON DANGEROUS WEAPONS

This item was discussed and tabled from the April 19, 2023 Board meeting. Greg Neff and Jeremy Cook explained the policy outline distinction regarding the definition of a loaded weapon. The proposed policy allows District employees to carry a concealed weapon; it does not allow an employee to carry a loaded weapon. The proposed policy uses the State law meaning of loaded weapon, which

requires two or more actions to fire a gun. There was some discussion on the District's current policy 3.G Prohibition of Possession of Dangerous Weapons. A motion was made "to modify and update the District's policy to meet the regulations of the State law as written in the proposed policy, 3.G Possession of Dangerous Weapons."

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

ITEM 6: DISCUSSION AND PROPOSAL TO CHANGE THE SAFETY OFFICER'S DUTIES IN THE DISTRICT'S HEALTH & SAFETY POLICY OF THE PERSONNEL MANUAL

Greg Neff mentioned that some unsafe and dangerous situations have arisen while District projects are being done in-house with staff. This brings a need, as the proposed policy addition states, The Safety Officer has authority to stop work on a project or operation where safe work practices are not being followed. Work on an affected project will not continue until safety concerns have been resolved to the Safety Officer's satisfaction. Greg mentioned that this position will be well trained and make frequent visits to the job site; Greg has currently assigned this position to the Inspections Supervisor. This policy is specific to the District's internal projects. Any outside contractors hired for District projects have safety issues outlined in the contract. Independent residential repair contractors are responsible for the safety of their own employees. A motion was made "to approve and change the Safety Officer's duties in the District's Health and Safety Policy of the District's Personnel Manual."

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

ITEM 7: CENTRAL VALLEY WATER RECLAMATION FACILITY UPDATE

Trustee Wesley Fisher was unable to attend CVWRF's April 20, 2023's meeting; Greg Neff, the District's alternate, went in Wesley's place and reported on the following CVWRF matters: 1) The CVWRF's quarterly financial report was presented, along with the Retirement Committee report, which reviews the investment fund performances. More bonding is anticipated for next year. Spencer Evans reported that Congressman, Burgess Owens, has recommended CVWRF for a \$5 million grant from the Federal Government to be included in the budget for the Dewatering Project. The dewatering removes the water from the solids and is one of the last projects to be completed as part of the plant rebuild. Greg said the grant was submitted and listed; however, appropriations don't happen until the fall. CVWRF is also hoping to get federal grant money through Congressman Chris Stewart's office, but it's unsure at this point. 2) Flood Mitigation planning update. If the water level gets too high, the UV process might have to be shut down. 3) The Sidestream P Project was approved, which is the phosphorus removal of the sidestream. 4) CVWRF's capital projects were updated. The concrete and steel construction on the BNR Basin Project is almost complete. The Side-Stream Phosphorus Removal Project is close to completion; it is anticipated to have half of it running by July. CVWRF is hoping to get the Side-Stream Nitrogen Removal Project operating ASAP. Two of the four trickling filters were torn down. This has caused the ammonia levels to increase, exceeding the limit last month and possibly exceeding the limit again next month. There are communications with the State. CVWRF is working to bring the level down; however, until the side-stream nitrogen is working, the limit will probably be exceeded until the new processes are brought online. 5) Because of the high costs of the natural gas that was previously paid, CVWRF has obtained a 12 and 24-month rate lock on the price for up to 4,000 dekatherms, which should be the vast majority to be used. This should avoid having another high gas bill. 6) There will be a plant tour on May 24, 2023 after CVWRF's board meeting. 7) The lease of the golf course property is moving more slowly than anticipated.

ITEM 8: MANAGEMENT REPORT

A) Project 8 and Indian Ridge

Greg Neff did a PowerPoint presentation showing pictures, informing and updating the Board on Project 8 and the Indian Ridge repair done in-house and the scope of both projects. Steve Desmarais, Operations Supervisor, who works alongside his crew was present. Project 8, located at 7500 S. Union Park Avenue, was on the District's Capital Facilities Plan, which means the pipe was too small for its projected capacity needs. The 18' concrete pipe was replaced with a 24" PVC pipe. The Capital Facilities Plan estimated costs, which included engineering, construction and materials, for this project was approximately \$500,000. The costs on this project doing it in-house was less than \$200,000. The project was started last fall and was completed this spring, which included all the sod that was purchased. Greg showed a picture of the St. James Episcopal Church brick sign located directly over the sewer line (located in the District's easement) that had to be removed and rebuilt. This required a temporarily bypass that was built and used for the constant flowing wastewater during the construction. There was an unmarked water line that was hit and repaired by the District's crew. There was a maze of sprinkler lines encountered, which were replaced. Greg complemented the District's crew for a fantastic job. Steve supplied drone footage over the completed project that was shown. Greg mentioned that he received an email from the church's property manager located there stating gratitude and complimenting the District's staff for their courteous, very responsive and overall great job. Steve mentioned that the sod purchased came with installation. Roughly 100 plus sprinklers were replaced.

The Indian Ridge was an emergency repair from January, 2023. It was located in the backyard of 9688 S. Indian Ridge Drive, just east of 1300 East. The PowerPoint presentation pictures shows how staff had to snow plow through several feet of this winter's record snowfall to get to the end of the backyard where the line repair was located. There was a small hole in the top of the pipe that was previously discovered while televising the line that quickly deteriorated into a large hole. A picture of the uncovered pipe was shown. This hole happened because of Hydrogen sulfite, sulfuric acid corrosion on a concrete pipe and is a fairly common problem in the sewers. A new manhole was placed over the existing line and the District's 13th East lift station discharge pipe was rerouted in order to do the repair. There was a home service line that had to be reconnected to the new replacement line. The whole section of sewer pipe between the two manholes was replaced. Because this line carries a lot of flow, the District's staff had to move quickly and could not wait for spring to do the repair. All of this repair was done through the very cold winter. The landscaping replacement, including a couple of trees and some sod, was finished this spring. A drone video was also shown on this completed project.

Greg is really pleased and proud with the District's staff that participated in those two projects. District staff did as good of job as any contractor the District has had on site. The District will continue doing as many repairs and minor replacements as possible and hopefully save a fair amount of money in the process. The Board thanked Steve Desmarais for his good work.

Spencer Evans updated the Board on the District's health insurance, which renews every July 1st. The quote received shows an increase this year; Depending on the plan, the increase will be between 3 and 4 percent. This year a long-term disability was added to the policy offered through the Utah Retirement System. This program is outlined in state law and is a good benefit if ever needed.

ITEM 9: BOARD REPORT

None.

ITEM 10: INFORMATION ITEMS

- (A) SLCO CLERK'S OFFICE – ELECTION INFORMATION
- (B) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER – TANNENBAUM COVE SUBDIVISION, LOT 105 (9687 S. TANNENBAUM COVE)
- (C) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER – ALTA CANYON VILLAGE, PHASE II SUBDIVISION, LOT 228 (2147 E. VILLAGE POINT WAY)

- (D) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER – CHERRY HILLS #4 SUBDIVISION, LOT 156 (3014 BANBURY ROAD)
- (E) PUBLIC UTILITY EASEMENT ENCROACHMENT BY PROPERTY OWNER – GREEK VILLAGE SUBDIVISION, LOT 1 (7569 BROOKBEND LANE)
- (F) PUBLIC UTILITY EASEMENT ABANDONMENT OF THE EXISTING 10' P.U.E., WITH CONDITIONS, COTTONWOOD CANYON ESTATES SUB., AMENDED, LOT 15 (7077 CITY VIEW DRIVE)

There was mention of the District's updated website done by Greg Neff.

ITEM 11: CLOSED SESSION FOR THE PURPOSE OF DISCUSSING THE CHARACTER, PROFESSIONAL COMPETENCE OR PHYSICAL OR MENTAL HEALTH OF AN INDIVIDUAL

A motion was made "to go into a closed session for the purpose of discussing the character, professional competence or physical or mental health of an individual."

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

A motion was made "to adjourn the closed meeting."

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

At 4:35 p.m., a motion was made "to adjourn the regular Board meeting."

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

PREPARED BY: Jami Phillips, Secretary