MINUTES CENTRAL VALLEY WATER RECLAMATION FACILITY Wednesday, March 27, 2024 Central Valley Board Room 3:00 p.m.

Board Members Present:

Chair Debra Armstrong Vice Chair Don Russell Member Kim Galbraith Member Cheryle Hatch Member Keith Lord Member Brett Hales Member LeAnne Huff

Staff Members Present:

Phillip Heck Brandon Heidelberger Justin Zollinger Graham Gilbert Jake Crookston Sharon Burton Kevin Gallagher Bryan Mansell Chris Reilley Mike Lee Cindie Foote Granger-Hunter Improvement District Taylorsville-Bennion Improvement District Cottonwood Improvement District Kearns Improvement District Mt Olympus Improvement District Murray City City of South Salt Lake

General Manager Assistant General Manager Chief Financial Officer Legal Counsel IT Manager Plant Superintendent Construction Supervisor Chief Engineer Maintenance Manager Controller Employee Services Manager

Member Entity Representatives Present:

Greg Anderson Spencer Evans Greg Neff Jason Helm Giles Demke Stephen Rowher Ben Ford Brandon Richards Bruce Hicken

Visitors Present:

Steven Rowley

Visitors Present Electronically: Skyler Davies Kearns Improvement District Cottonwood Improvement District Cottonwood Improvement District Granger Hunter Improvement District Mt Olympus Improvement District Mt Olympus Improvement District Murray City Murray City Taylorsville-Bennion Improvement District

Keddington & Christensen

Department of Water Quality

A complete copy of each exhibit referred to in these minutes is filed in the official Central Valley Water Reclamation Facility Board Book. Chair Debra Armstrong conducted the meeting. Keith Lord led the Pledge of Allegiance.

APPROVAL OF MINUTES

Kim Galbraith made a motion to approve the minutes of the February 28, 2024 board meeting and strategy session as presented.

MOTION: Kim Galbraith SECOND: Don Russell

The motion passed with the following individuals voting in the affirmative: Debra Armstrong, Don Russell, Keith Lord, LeAnne Huff, Brett Hales, Kim Galbraith, and Cheryle Hatch.

PUBLIC COMMENTS

No comments were received.

GENERAL MANAGER COMMENTS

- 1. April Board Meeting Reminder that the next meeting will be held Thursday, April 18, 2024 due to WEAU Annual Conference.
- **2. CVWRF Employee Service Project** Employees raised \$1,287 for Roy Elementary Schook, a Title I elementary school. With that money we purchased supplies and necessities for students who couldn't otherwise afford these items.
- **3. Golf Course Property Development Information** The Redevelopment Agency of South Salt Lake City held a public hearing on March 13, 2024. No comments were received. It will go before the City Council for approval this evening. LeAnne Huff indicated that she did not anticipate any issues with the approval.
- **4. Headworks Influent Pumps** On March 15, 2024 there was an arc flash explosion in some of the switchgear that operates the influent pumps. Two days later, fuses were blown in the same switchgear, and just as recently as Monday, more fuses were blown. We are working toward resolution of the issue by having the manufacturer, as well as another electrical company who does power studies out to review. The root cause of the arc flash and failure is still undetermined. The bus bars and insulators are original to the Facility and are nearly 40 years old. We have replaced the switches in the switch gear recently as part of the headworks rehabilitation project but not the bus bars and insulators. The recently blown fuses have been replaced and more are on order. We will now replace the bus bars and insulators.

Because of the failure in the switchgear in the headworks, ammonia levels exceeded the permit daily max on that day. Over the next following few days, we had a higher than normal effluent ammonia levels. This may result in an exceedance of the monthly average ammonia level. Levels are currently reading back down to low levels. If the levels remain low for the next couple of days, it should average below permit levels. The daily exceedance has been reported to the State.

The influent pumps are the only way that the wastewater can get into the plant and are a critical piece of equipment for the operation. Without these pumps we would spill untreated wastewater directly to the river. In the short term, we are investigating the rental of a diesel generator so if there are any further problems with the switchgear, we can unwire the influent pumps from the switchgear and plug them directly into a temporary generator. For the long term, we are looking at purchasing a mobile generator for this purpose.

2023 FINANCIAL AUDIT REPORT PRESENTATION

Mr. Justin Zollinger introduced Mr. Steven Rowley from Keddington and Christensen Certified Public Accountants, the Facility's auditors.

Mr. Rowley discussed the process of the audit and the resulting findings. It is the opinion of the auditors that the Financial Statements present the Facility's financial position fairly in all material respects. This is an unmodified opinion and is as clean of an opinion as an entity can receive. He recommended reading the Management Discussion and analysis (MD&A), which gives an excellent description of the operations of the Facility and changes that have occurred in 2023.

The Government Auditing Standards Report is separated into two sections; Internal Controls over Financial Reporting – the process and procedures of tracking money coming in and expenditure process; Compliance and Other Matters. The audit does not give an opinion, however if there were weaknesses in these controls or compliance, it would be reported in this section. According to their tests, there were no weaknesses or deficiencies in the internal controls or in compliance.

Mr. Justin Zollinger presented the annual financial statement highlights. They are:

- The Facility invested significant resources in CIP during 2023, with \$74,196,000 going into facility upgrades.
- The Facility's net position increased by \$17,162, 538 primarily due to revenue received for future capital and bond payments.
- The Dewatering Building project, which is the last significant construction project for the Facility upgrade, was bid out and awarded in December 2023. This means all major projects for the Facility's rehabilitation and upgrade are under contract.
- The Facility amended the ground lease agreement which was signed in 2022 for two additional years for the golf course property. The property is expected to be converted to warehouse space after the buildings are constructed by the developer.
- The Facility had trouble with supply chain delays regarding electrical equipment.
- The Facility plans to issue the last bond for construction completion in 2024.

The major capital asset events during 2023 included:

- Nutrient removal process construction \$31,222,146
- Thickening building \$15,480,880
- Blower building construction \$11,450,141
- Sidestream nitrogen \$7,351,978

- Dewatering Building Design \$2,715,448
- Tunnel & Miscellaneous HVAC \$1,461,978
- Sidestream phosphorus \$1,282,491

Mr. Zollinger reported the annual cash account reserves. In 2021, the Board increased the reserve policy to 135 days of cash reserves. Based on this policy, the calculated maximum cash allowance is \$10,116,775. At the 2022 year's end, the cash balance was \$7,822,192. At 2023 year's end, the cash balance was \$9,168,053.

Member Entity	Beginning	Ending
Cottonwood	16.46%	16.14%
Mt Olympus	23.98%	24.29%
Granger-Hunter	24.58%	24.58%
Kearns	10.78%	11.02%
Murray	8.10%	7.91%
South Salt Lake	5.22%	5.08%
Taylorsville-Bennion	10.88%	10.98%

The 2023 Member Entity Ownership has changed as follows:

A complete copy of the audit report and audited financial statements is attached to these minutes in the board book.

Brett Hales made a motion to accept the 2023 Financial Audit and Financial Statements as presented.

MOTION: Brett Hales SECOND: Cheryle Hatch

The motion passed with the following individuals voting in the affirmative: Debra Armstrong, LeAnne Huff, Keith Lord, Kim Galbraith, Brett Hales, Cheryle Hatch, and Don Russell.

ANNUAL RETIREMENT COMMITTEE REPORT

Mr. Zollinger reported that the Retirement Committee, comprised of three department employees, the executive staff, and one board member, met with Fidelity Investments on March 19th to review the 2023 investment funds performance.

It was determined that the JH Triton T fund should be removed because it has not met performance benchmarks for the last three years. It was replaced with FID Small Cap Growth K6 fund. This replacement fund also has a lower expense ratio.

The following funds are on watchlist:

• AF AMER MUTUAL R4 (In the lower half of performance the last 5 years)

• PIF SMALL CAP R6 (poor performance the last three years)

Mr. Zollinger reviewed the Secure Act 2.0, which was passed in 2022.

The committee elected to make the following changes based on the Secure Act 2.0:

- Allows employees who are between 60-63 years of age to contribute an additional \$2,500 dollars to their 457b retirement accounts.
- Hardship withdrawals will be handled by Fidelity with the 457b retirement plan, so employees can take care of this on their own.
- Both changes above were voted on by the committee and passed with 100 percent support.

Last year there were two changes that were requested to be made to CVWRF's 401a retirement plan. The first change was to amend the plan to allow in plan ROTH conversions. We found out that this is not allowed in a 401a retirement plan. The second requested change was to add annuities as potential investment options. We requested proposals from annuity providers and based on the proposed options, we declined to offer this option to our employees. The proposed annuities were found to not be beneficial, as the annuities did not perform better in comparison to government secure options already available in the plan and they had high fees.

There was one proposed change to make the money in an employee's 401a available for rollover to an outside IRA once the employee is 59 ¹/₂ years old and is 100 percent vested. If an employee did not meet these two requirements, they would not be eligible for the rollover. This change will allow employees to potentially reduce their tax liability as they are nearing retirement and to work with a financial advisor to set up a financial plan that meets their retirement objectives prior to retiring from CVWRF. The committee voted on this proposal, and it passed unanimously.

CAPITAL PROJECTS UPDATE

Mr. Kevin Gallagher presented a drone video of the following projects:

Blower Building ProjectBNR Basins ProjectSide-Stream Phosphorus Removal ProjectSide-Stream Nitrogen Removal ProjectThickening and Straining Building ProjectSide-Stream Nitrogen Removal Project

INFORMATIONAL ITEMS

Debra Armstrong stated that financial, performance/flow monitoring, and engineering projects reports are included in the board packet.

There were no further comments or questions.

ADJOURNMENT

Don Russell made a motion to adjourn.

MOTION: Don Russell SECOND: LeAnne Huff

The motion passed with the following individuals voting in the affirmative: Debra Armstrong, Don Russell, Keith Lord, LeAnne Huff, Cheryle Hatch, Brett Hales, and Kim Galbraith.

The meeting adjourned at 4:07 p.m.

Cindie Foote Board Secretary