

MINUTES, SPECIAL MEETING, AUGUST 2, 2017

The Choctaw Utilities Board of Directors met on Wednesday, August 2, 2017 at the Choctaw Water Plant office at 7:00 PM for a special meeting to transact the business of Choctaw Utilities.

CALL TO ORDER

President Dave Lohrer called the meeting to order at 7:05. He began by calling the roll. Dave Lohrer, Doug Orange, Greg O'Brien, Bob O'Connor, Scott Kutzley, Kent Feliks were all present. Andrew Beckman was absent.

PLANT STYLE SELECTION

Discussed Power Point slides regarding the type of plant style to be selected for our plant upgrade. Our plant was built in 1964 and upgraded in 1978. Numerous professionals have reviewed our plant and all recommended that our plant has exceeded its useful life and a new plant should be built. The board has spent the last 8-10 months visiting numerous other plants and different types of operations in Ohio and neighboring states to determine what type of new plant would be the best fit for our community.

After this exhaustive review, it was determined that the two best options were the Duolater 3 gravity filter system or a vertical pressure filter system, similar to our existing system. The board needs to decide which of these two systems to pursue, so as to proceed with our general plan to the EPA for financing as well as moving on to the engineering/design stage. The board has also reviewed a proposal from Madison County to provide bulk water to the lake. After meeting with county officials and discussing this option, it was decided that our community would be better served by constructing a new plant and retaining control of our own water system.

Tonka equipment has been determined to be the preferred equipment source for our new plant. They have been very helpful to the board during this long process. Other potential suppliers have been less cooperative and appear to have changed owners several times recently. They can provide us with either type of system. Either of these systems will provide us with same quality water and very little difference to our customers. The cost of a vertical pressure filter system will be slightly less than the Duolater 3 option and appears to be the choice of most other water plants that are of similar size to us. The vertical pressure system is also the preferred choice of

Jim Moran, our current operator. The board is looking at updating our plant from 400K maximum gallons per day to 550K. This is being done at the request of the Ohio EPA.

Doug Orange motioned to move forward with the vertical pressure filter system for our new water plant. Dave Lohrer seconded the motion. All six members present voted to approve. Motion is passed by vote of 6-0.

RATE STRUCTURE PROPOSAL

From a cost standpoint, the board has identified potential savings of \$900K from the IBI engineering report estimate. With the new plant expected to be in the \$1.750M range, we are currently planning to put \$250K down and financing approximately \$1.5M for 20 years. The expected additional cost per household should be in the \$8.75-\$9.00 range per month. That would change our rates from the current standard of \$30 per month to approximately \$39 per month for our standard single lot customer. The EPA requires us to have rates that allow us to pay the debt service on the loan. It was also mentioned that if Choctaw Utilities revisits the move to a non-profit in the future, the \$46K in tax savings from that change could be returned to our customers as a monthly rate reduction or additional improvements, such as individual meters or softening.

There is no motion at this time for this increase. It is the boards hope that they will be able to finalize expected cost of the new plant and roll out a rate increase program at the October 30 regular meeting.

GENERAL PLAN APPROVAL

The board has submitted the first draft of our General Plan to the EPA. They have responded back with 12 questions for us to answer. Two of these requests required a professional engineer to prepare and stamp. We have been working with MS Consultants for the past year to help us through this process. Much of this work has been done pro-bono. MS has agreed to provide answers to these EPA questions, provide the necessary schematics, and attend our meeting with the EPA on August 14 with us for a cost of \$5K. They will update our General Plan and resubmit as appropriate.

Doug Orange made a motion for retained MS Consultants to provide services related to our General Plan for the amount of \$5K. Greg O'Brien seconded. All six members present voted to approve. Motion is passed by a vote of 6-0.

PAYROLL DISCUSSION

With the hiring of our office manager, we need to hire a payroll firm to handle our processing/taxes for employees. Doug Orange presented a proposal from Huntington Bank to provide this service at a cost of \$55 per month and includes all processing, submissions, and taxes. He also presented a proposal from ADP for a cost of \$50-75 plus additional fees for tax processing. Discussion supported the use of Huntington Bank.

Bob O'Connor motioned to approve the agreement with Huntington Bank to provide employee processing services. The motioned was seconded by Scott Kutzley. All six members present voted to approve. Motion is passed 6-0.

AUDIENCE TIME

Kendal Petry discussed the option of paying CU fees at the CLPOA office. It was announced that we will have a locked, payment box at the CU offices. There was also discussion about the new Choctaw Utilities web site that would be going live in the next 7-10 days and that there would be new payment options announced in the near future. The goal of the board is to make payment of water bills to be as convenient as possible.

It was asked why the expected cost of our new plant is so low compared to the cost of the new plant at Mt Sterling. The plant at Mt. Sterling is far too large and includes many things that are not needed at our plant. Their cost includes land acquisition, digging new wells, Duolater 3, multi-million dollar water softening system and several other items that we do not require. Our goal is to provide high quality water to our residents at the low possible price. That was not the goal at Mt Sterling.

Meeting adjourned at 8:12

