

Meeting Minutes  
Choctaw Utilities, Inc.  
Board of Directors Special Meeting  
Wednesday, September 13, 2017

Call to Order: 7:02pm

Role Call in Attendance: Dave Lohrer, Bob O'Connor, Doug Orange, Greg O'Brien, Andrew Beckman, Scott Kutzley      Not in Attendance: Kent Feliks

Minutes from July 17<sup>th</sup> – Correction “intended funding list” to “intended project list”  
Motion to accept minutes as submitted approved with change – passed 6-0

Minutes from August 2<sup>nd</sup> – Motion to accept minutes as submitted – passed 6-0

Vice President Position: Dave Lohrer indicated that the Vice President position is in the corporate charter, and since Dave will be gone for the next 6-weeks, suggested that the Utilities should have someone in the position to continue continuity on the Board. Greg expressed interest in the position, and Greg was nominated as Vice President, and seconded. Motion carried 6-0.

Greg distributed a rough sketch of duties from a regional water authority to use as a sample of each position within the Board. The Board can review and modify job duties of each Board of Trustee position going forward. Dave commented that it's been long overdue. Greg indicated that the State requires this outline and documentation for Water Board Trustee duties. The CAP loan also requires these job descriptions be outlined and submitted. Tabled until October quarterly meeting.

Marti Schmidt, Office Manager, will submit to the Board for review and modifications. She will also submit to Pam Ewing with Rural Community Assistance Program (RCAP).

Discuss EPA request for testing on Well Pumps #1 & #2 EPA took the data from Well #3 and accepted it; now we need to replicate the test performed for Wells 1&2 to insure their ability to produce enough water to support the new plant capacity increase that is planned.

Estimates from Baker/Moody – well #1 is already targeted for maintenance in 2018, at an approximate cost of \$7,500; the approximate cost testing of wells 1&2 is \$15,000. The EPA has been asking for the last 18 months for this testing. When building the plant, the General Plan cannot be submitted without the well testing. Dave spoke with Kent and was in agreement to get the testing completed. Dan with MS Consultants also need the well tests to complete their portion of the General Plan. There is an outstanding Notice of Violation for not having these well pump tests completed. Scott said he also wanted to check with Dan at MS Consulting to verify that we need draw down testing on these wells for the General Plan. This needs to be added to the contract with Baker/Moody – in a not to exceed purchase order. There are two extra pieces of equipment that are needed to do the draw down testing, so it

needs to be verified with Baker/Moody and become part of the proposal while they are testing the wells. Request that it is done in accordance with OAC 3745, but there is more requirements in that code that are not relevant. Motion to approve the expenditure for Baker/Moody to run the testing on Wells 1&2 at a cost NTE \$17,500 – the extra \$2,500 will allow for well field draw down monitoring if that ends up being required. In addition, approve the expenditure for Baker/Moody to perform the normal scheduled maintenance, which is already in the budget, on well #1 at a cost NTE \$7,500 – motion carried 6-0.

### **Old Business:**

Doug discussed authorizing Marti to pay regularly scheduled bills without additional approval needed by the Board. All overhead bills including Ohio Edison for plant electric; CLPOA fees for HOA, cell phone and quarterly postage meter. Marti submitted a spreadsheet outlining all routine bills. Discussion continued about the high electric bill for the plant. Motion was made to allow Marti a \$500 cap to process routine bills, and up to \$1,500 on Ohio Edison account 110014545252. Motion carried 6-0.

Quickbooks Update: Marti was locked out of QB two days in a row; still in first 90-days and tech support. Brought up ideas for securing data in the cloud, using a laptop.

Paul Rennick – Dave needs to sign letter of engagement for accounting services. Paul also has an expert in his office for QB and tax support. Marti will engage Paul and find out other solutions.

Marti is auditing all the files, budgeting numbers via a spreadsheet for the upcoming price increase to pay for the new plant. Getting good response from property owners to our new move and numbers. In the process of documentation of all processes, organizing the position and files.

Property Owner questioned the recurring payment and if it will change when the new prices occur. Marti indicated that we will have to have those redone and signed when the price increase happens. The BoT is in the process of getting the “Pay My Bill” feature on the website.

Doug explained that at the quarterly October meeting on the 30<sup>th</sup>, new price rates and likely increase will be discussed. We anticipate these rate changes becoming effective on January 1, 2018. The EPA requires that prior to loan approval in the CAP program, the company has to show how they intend to pay back the loan with rate structures and processes. Doug researched the EPA site for surrounding water suppliers to compare current rates for their communities. The EPA wrote a letter in regards to our rates, dated June 30<sup>th</sup>, 2016, in regard to our current rates:

Water rates are extremely low. Based on a median household income of \$109,879 (2014 U.S. Census data), annual water rates should be in the range of \$1428 to \$3406 per year. Current rates are \$360 per year for unlimited water, close to an order of magnitude too low on the high end. The agency strongly encourages Choctaw Utilities to charge a more reasonable price for water...We recommend

the rates be between 1.3% and 3.1 % of median household income in order to maintain the system in proper working order.

Doug indicated it is the Board's intention to go somewhere from \$360/year to \$460/year – somewhere along those lines; about \$100 increase per year. It should cover the new plant costs and should satisfy the EPA. This is why the PUCO exemption is so important to us. If we lose that, then the Agency can come in and dictate the water pricing via their formula, based off median income. This will all be discussed the upcoming October 30<sup>th</sup> meeting and give Marti enough time to get the price changes in place before the next billing. Also, we will implement the “Pay My Bill” on the website prior to the next billing, giving them more options to pay their bill.

Scott shared from Tonka (equipment supply contractor) that we are looking at a skid mounted filter system. All filters, piping, valves, wiring, and PLC come prefabricated from the factory. This will reduce installation costs as this skid mounted system is “plug and play.” We obtained better pricing than originally quoted – current price is \$457,000, delivered. This is a not to exceed price and CU will continue to revise the numbers. This price is for the 4-filter option – we want 4 because it's more efficient and will be easier to replace in the future. The price difference between the 3 and 4 filter system was \$33,000. This is very much in line with the prior cost estimates. The unit should only need final connection in and out, and tie in the electrical and chemical feed. IBI estimate was at \$2.7 million – currently CU is at \$1.5 million, but this is still being refined. We are continuing to look for any efficiencies that may be realized. Preliminary estimates are as follows: Building (20'x40') ~\$100,000, engineering ~\$100,000, \$35,000 in permits. All rate increase assumptions are based on \$1.75 million total plant cost, so anything less than this amount is a win for the community.

The process is anticipated to be as follows: Tonka designs and then sends to MS to coordinate and create final detailed design. By using Tonka, it saves us engineering costs (pre-engineered) The pre-engineered drawings get sent to MS via AutoCAD and loaded into MS's system to create the final drawings. All of Tonka's engineering is free as part of their design, which saves MS designer time and engineering, and therefore cost to CU. The new plant is desired to produce 550,000 gallons per day. Our current plant is currently capped at 400,000 gallons per day. We have exceeded 400k gpd on multiple occasions, which is a reason for the capacity increase.

There are two issues that need to be accomplished/documentated: 1) that our aquifer can handle the volume needed and 2) that the plant can filter the increased water supply.

Discussion continued about the 3 vs. 4 filters. Smaller filters, as the 4 filter system has, will allow for easier replacement in the future due to their smaller diameter. It was also noted a more rigorous backflush can be had in a smaller diameter filter than in a larger diameter filter.

Before October 30<sup>th</sup>, there needs to be a detailed meeting with Tonka and MS Consultants. Once MS receives the detailed drawings from Tonka, MS will give us a firm price for the remaining engineering. Tonka will not require money until they start building the skid.

Tonka has a 6-month production time and will need money up front for materials. CU will cover all the design costs outside the WSRLA program.

**Motion:** Proceed with 4-filters as the basis of design for the New Plant. Motion carries 6-0

**Motion:** Contact Tonka and MS Consultants with our decision to use a 4-filter system and request that Tonka go into detailed engineering and that MS Consultants start engineering estimate. Motion carries 6-0.

Scott would like to contact EPA, sit down and review all the outstanding items for the General Plan to know what items are still needed. Scott will contact them, and include Dan Barr with the discussions. The EPA and Tonka are not used to working with Owners like us, so they prefer to use an engineering firm as the go-to.

When the well pump tests start, the maintenance will include a camera going down to review the area and document. The casing will also be reviewed at that time.

Canal Winchester has the almost exact system that we are getting ready to build.

Banking: Doug changed our type of account to reduce fees, saving about \$1,000 a year. Marti is getting some accounts linked with the bank, causing delays in paying vendors and handling our accounts.

**New Business:** Andrew will not be at the October 30<sup>th</sup> meeting.

Greg has some job descriptions as guidelines for plant manager, operator (right from the EPA) he found on the internet. He also found places that we can use when/if we need to find a Class One Operator. He handed out copies for the Board to review and put on the agenda for October. In addition, the Board also needs job descriptions formulated and approved.

Doug will contact the HNB and get Marti on the accounts as an authorized person, and Greg will need to go over and get the signature card updated.

Dave leaves in one week from today, and returns October 28<sup>th</sup> and will have internet access from Guam (14hrs ahead).

Property Owner discussed credit card fees and how the CLPOA was charging fees to property owners. Utility company is not currently transferring the fee.

Meeting adjourned 8:10pm