

Meeting Minutes  
Choctaw Utilities, Inc.  
Board of Directors Quarterly Meeting  
Monday, October 30, 2017

Call to Order: 7:03pm

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

Minutes from September 13<sup>th</sup> Special Meeting –  
Motion to accept minutes as submitted approved – passed 6-0

**Old Business:** Quickbooks Software Support – annual agreement for \$365/year; motion

**Motion:** \$365/annual for tech support Motion carries 6-0

### **Managers Report:**

#### **Well Testing**

Well 1 – rated for 150GPM in 1964; tested at 260GPM for 24-hour period – rated at 66% -170GPM rating. Issues with draw-down; drew down a lot but recovered okay. Put another 10.5 feet of pump pipe in the well, puts the well at about 116-foot depth. All numbers are preliminary; reports not back from the testing company yet.

Well 2 – rated for 100/gallon per minute in 1964; tested at 320GPM for 24 hours – rated at 66% – 211GPM rating.

When Well 1 & 2 added together, that allows plant capacity of 380GPM. They will not let us use Well 3 (best well) in rating new plant, least productive well is calculated. Well 3 tested at 200+ earlier this year. After the results, looks like Well 2 is the better well. 380GPM equates to a daily capacity of 547,200 gallons per day – which is right on target for new plant capacity. There is enough water in the ground to support the new plant.

Results should be received any time from well testing company. Results will be forwarded to EPA and engineer.

### **Treasurers Report**

As of October 1<sup>st</sup>, all five accounts totaled \$906,135.20  
Aging: \$16,476 over 30 days, last meeting \$19,000, previous meeting we were at \$23,000.  
Working with property owners to get funds, and payment, and payment schedules so no one's water get shuts off. Wasn't too long ago that we were at \$45,000 over 30 days. Would like to get under \$10,000. \$6,500 collected since new office opened.

P&L January thru October 27<sup>th</sup>, net income \$22,500 – work in progress as we are doing our own administrative efforts. Budget vs Actual – new report generated for first 10 months – Marti and Doug reviewing for depreciation expenses. Will use as a reference for the budget for 2018 upcoming.

Scott and Doug met with HNB investment personnel and bank representative. Our returns have become stale and reviewing our account types, bank fees etc. Trying to get 4-5% interest on reserves to offset loan interest for new plant.

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. Scott has forwarded the recent investment guidelines recently adopted by CLPOA for CU to review and utilities.

### **New Water Plant**

Engineering moving ahead faster than expected; reviewing scope of services. First 2-pages – Item 7 limitations of Authority – might need to send to legal to review. Want to know if it's standard verbiage. Included in scope is layout of building and lay out of site.

Water softening – if we want to have the option of adding water softening later, we would want to leave room in building now or increase size of water filters.

Concrete retention tank – installed quote of \$180,000; MS Consultants getting us a price for a segmented steel tank. Current steel tank built in 1989 is 29 years old; \$14,000 for maintenance on tank for last 30 years.

Engineering is asking for recommendations for any equipment for the new plant; any brands, etc. Scott asked Jim to start getting a list together.

Still have a lot of due diligence to do – need to get a complete list of materials from Tonka and review the materials and pricing. Make sure that the system we are getting is cost competitive. Scott will start having more meetings with the engineer. Preliminary schedule is 18-months; Scott thinks we can reduce the months needed. Almost to the point to submit the plans to the EPA; then go out to bid. Once the scope of services document is reviewed and accepted; bidding needs to go out this winter to get contractors picked by June 1<sup>st</sup>.

Summary of items to review: pricing difference for larger filters vs. adding an additional filter; steel vs. concrete retention tank (see if engineer has preference); insure pricing from Tonka is competitive; attorney review engineering scope of work. Doug will forward draft to attorney for initial review and opinion.

Question from PO: by softening water via salt (ion exchange) system, would it assist in reducing copper into sewer system? Answer: unknown. There is no conclusive evidence that softeners are the root of the copper issue – needs looked into further. If CU were to install

softening, we'd like to install a Reverse Osmosis (RO) system. RO is a process that removes hardness, as opposed to trading it via ion exchange. If utility softening were installed, it would only take the water down to about 7 grains of hardness, not the zero grains that homeowners are likely softening to. If softeners are indeed a problem, unless it is mandated and enforced that homeowner softeners are to be removed, then we wouldn't be resolving anything.

Question from PO: Will the by-product from the reverse osmosis go into the sewer system?

Answer: it depends. CU has asked for engineering review of where effluent would go.

Options are either to current lagoon or may need to go to the sewer plant. We are investigating.

What were looking at in the long term plan is not only fixing the plant and getting it up and running, but looking farther out 3, 5, 7, 9 years from now to add softening and have the capacity to do so in the most cost effective way. Another thing is meters. The expectation is that the EPA will want meters – is that 3, or 5, or 10 years out. We are reviewing our long range capital investment projects. We have talked about our 54-year old distribution system. We have been told the distribution lines should last 100 years, but we should begin to explore and plan for eventual replacement.

Question from PO: EPA application – where does that sit? Regionalization is a criteria in the WSRLA application. It was addressed with the EPA this summer – they indicated that is was not applicable to us. It applies to larger entities and water districts. We are a private water system and they do not have the authority to compel or tell us to regionalize. It was fully discussed at the meeting that day.

EPA process will continue until the plant is up and operational. There are many different steps that have to be addressed. The well pumping that was completed was just a portion of what needed accomplished for the General Plan. The regionalization question was responded to in the General Plan.

### EPA Funding

Application is in review; has been submitted. There are three sections: technical, managerial, and financial. Managerial has a checklist for documents needed to show that we can operate a water utility – define responsibilities of BoT and plant operator, processes in place. Marti has been compiling a workbook to “check-off” their requirements to prove we have the wherewithal to competently run the plant and fund the loan. Technical review that what Scott is working on: review plant is the right size, aquifer will support it, and filters meet loading rates. Once they sign-off on the plant, that completes the technical review. Financial review – they look at the cost to service the loan. We anticipate that cost to be \$90,000 a year, which we could meet by increasing rates \$9-12/month. Before we motion the rate changes, we want to present to the EPA the amount we want to borrow, and ensure our rates are acceptable. They will go into their checklist and verify/approve the loan amount and rate changes. Our goal is the ensure we're not tinkering with rates every month.

EPA meeting scheduled for November to review our paperwork completed to date. Capability Assurance Plan needs to be submitted and reviewed. Pam Ewing with the **Ohio Rural Community Assistance Program** has been assisting us to get the requirements together and submitted. Once the submitted documents are approved, then we will review the rate structures. We also need firmer numbers for engineering before considering the final rate change.

Current legislation (Senate Bill 2) will require municipalities to have a long term Capabilities Assurance Plan. This is to ensure all utilities across the state are preparing for the future. We are already putting this in place with our long range asset management plan in anticipation of the bill passing.

\$9-12/month bill increase projections are based on a 1.75 million plant at a rate of 1.75% (last month rates were 1.39%). Rates have nowhere to go but up. Sooner we lock in, the lower the rate.

Question: are there commercial rates here at the Lake? Answer: no. The Marathon station is paying the same rate as any property owner. PO thinks there is no fairness for such a high user paying the same as someone with low to no usage. Without a meter, it would be arbitrary to charge a different rate. Will be investigated once we begin working on detailed capital plan.

The graded scale that is in the Articles of Incorporation has been used since 1964. There was some debate about the established rates in the supporting documents. Mr. Nichols has documents going back to 1964 and will share with us.

### **Administrative Report**

Liens – legal has reviewed and modified our liens. Marti has spent time researching and releasing old liens, and made progress in getting payments and less liens in place.

2-year audit – CLPOA is going forward with the audit, and CU will participate in the 2015-2016 at a cost of \$7,500. Going forward, it gives a snapshot of where we've been and what's been done. EPA did not mandate such an audit as part of financial review, but supported the idea.

Motion: participate in the audit with CLPOA at the cost of 1/3 NTE \$7, 500 – motion carries 6-0

Website – offering more ways to pay online. Marti and Doug working with Intuit and HNB cost analysis. Goal is by January to have option to pay bill online at our website.

Taps: Taps have been a little bit of an issue for the last few years. We have had several where we have lost \$1,500 to \$2,500 – taps were increased to \$3,500, and then we had an issue with

one PO which was resolved. Depending on where the main is located, it costs less if you are on the same side than if you have to cross and repair the road. Doug suggested that we go to a 2-tier system. After being put up for discussion, it was agreed that the current rate will remain.

Upcoming Fee increase to cover plant cost – will have better numbers closer to January meeting to establish new rates going forward into 2018.

### **Hydrants - flushing**

Bob has been contacting contractors. JJ Schlaegel out of Urbana, has given best price. We need to vet their work. Specs provided by Jim and recommended hydrant type by the London Fire Chief. Proposed amount is \$98,893 for 17 hydrants 8 will be modifications to existing blow offs, and 9 will be new. We were looking at purchasing flushing hydrants; fire hydrants cost more but may be used for fire emergency. Hydrants will be installed in the winter and an additional meeting will be set to review all details, specs, and installation methods.

Engineering recommended 28 hydrants be added. We currently have 2. New hydrants will be on both sides of the lake.

There is speculation that once the hydrants are installed, coupled with the new fire station in the township, there could be a cost savings on your homeowner's insurance. Will depend on how hydrants test out once installed. The fire department will color code the hydrants for flow rate after testing.

A decision will be made in the next 30-days (by December 1) to move forward with this. It would be helpful to have a drawing, and standard tapping instructions. They will do a hot tap and there should be no disturbance to service while hydrants. There should not be any weakening of the lines, but it's a tough question to answer given the age of the system. Based upon research of other systems, all distribution systems require repair throughout the year. We do currently budget for distribution repair. However, Jim provides repairs at a very low cost. We need to plan for the future.

Before a hydrant is installed, a boil alert protocol emergency procedure will be reviewed, revised and/or put in place.

It's very similar to putting a water tap, but larger. Water tap is 3/4-inch, hydrants are 4 to 6-inch. They put a saddle on it, mount the valve to the saddle, then tap thru the valve. Jim will be out there monitoring the hydrant installations. We will also issue a standard tap schematic drawing. We want to provide pictures of what we're doing on our website.

### **New Business:**

2015-2016 Audit - earlier in the meeting motioned and passed

Tabletop Emergency: Broken Line, boil alert, notification

Cyber Security – data file in quickbooks with name, address, credit card number, etc. Talked about a cyber security review expert; also contacting insurance company for cyber fraud insurance. Questions was raised if the data is encrypted – most likely the answer is no. Pay on Line will be secured via the HNB website.

Job Descriptions for CAP application – Greg has been working on this – Marti formatted the positions positions and sent to directors to review before sending out to Pam Ewing. Greg had Pam send over some standard descriptions to use as a basis for us to complete (word documents that we can tweek).

**Floor Open – Audience discussion/questions:**

Rental house release of offers requested. No – process was advertised as sealed bid and will remain so. Cash offer accepted from a local property owner. Several property owners claim that there is conflict of interest with one of the offers. The BoT made a motion to accept the highest net offer, after listing the house for 30-days allowing anyone to view and/or offer a sealed bid. PO again requested for a list of offers, access to the copies of the offers, etc. Kent reminded the PO's that we are for-profit corporation, and do not have to release information discussed in executive session.

It was requested that the Rules and Regulations be posted on our website. Doug thought it was already put out on the website and will check to make sure that it is there. There is also another booklet that was published in 2007 that we will get posted on the website also.

Ethics/Code of Conduct – does the utility have one in place. This is a work-in-progress that Greg has assigned. The BoT has been using the Water Bible as a working reference. Greg requested, received after 6-months and is in the process of making electronic.

Meeting adjourned 8:47pm