

Meeting Minutes  
Choctaw Utilities, Inc.  
Board of Directors Quarterly Meeting  
Monday, February 4, 2019

Call to Order: 7:02 pm

Role Call in Attendance: Dave Lohrer, Bob O'Connor, Scott Kutzley, Kent Feliks, Greg O'Brien, Jim Moran, Doug Orange (via phone) – Plant Manager  
Excused: Andrew Beckman  
Home owners in attendance (sign-in sheet)

Minutes from October 29, 2018

Motion to accept minutes as submitted approved – passed 6-0

### **Old Business**

#### **Electronic Motions:**

1. January 14<sup>th</sup> – **MOTION** that our mailing list is not distributed in any way publicly.  
Motion passed 7-0
2. **MOTION** for SCADA system for the new plant, accepting HP Thompson as the contracted supplier for \$24,750.  
Motion passed 7-0.

**New Plant/EPA – Dave/Scott:** On January 31, 2019 The Ohio Water Development Authority (OWDA) approved a loan for the water treatment plant replacement at Choctaw Lake. We now have access for the capital we need to go forward to the plant. Confirmation in writing was received, we are funded to build the plant and now can take the first step to build of the plant.

We were on track at the end of November to move forward, awaiting loan confirmation. We planned to get loan confirmation at the OWDA meeting of December 6<sup>th</sup> and were delayed due to some county and homeowner inputs. We met with the EPA on January 3rd, they listened to our rebuttals of the inputs they received and approved us on the spot.

First step cleared: loan approval hurdle

Second step cleared: clearing the EPA hurdle (not financial, but political)

Third step: bids and agreements confirmed and signed

Back note: Plans and specs went out to bid, with a bid opening November 1<sup>st</sup> at the CU office. Received three bids back, with Capital City at \$2.046 million, Kirk Brothers \$2.055 million and R. G. Zachrich \$2.313 million. After reviewing and qualifying all bids with our

engineer; checking references; combined with in-depth discussions with MS Consultants, at recommendation of our legal team we accepted the low bid from Capital City Mechanical.

After awarding the bid, Capital City has offered some value engineering to reduce the cost of the plant and issue a change order. Once received, the change order will be forwarded to the EPA for approval.

Change orders will be documented, copies sent to Capital City and MS Consultants for review and agreement of scope. When further technical review is needed, we will procure MS Consultants services for review and notes/approvals. Once fully coordinated, the change orders will be forwarded to the EPA for final approval.

As soon as the CU board approves with contract, then actual signing of the contract with Capital City is planned for tomorrow.

Before the contract is approved and the project moves forward, the CU board needs to reflect one final time on their options going forward since this is a big decision:

1. The plans, specs, and bids could be put in a drawer and saved for the future;
2. There has been a lot of discussion with the County concerning them supplying water to our community. Scott and many of the Trustees were at a meeting this week where Rob Slane told everyone that they are 18-24 months away from producing water from their newly purchased plant at the prison. The county is no closer now than it was before. If we want to entertain the County's offer to supply water, even though the community has expressed their desire not to, we can put the construction project on hold and see what happens. Another complication with the County is that they gave us an attractive price of \$38/month, but the EPA did not think that was a very good offer. The EPA had met with the County before meeting with CU on January 3<sup>rd</sup>, and asked their staff if they had received the engineering from the County that was supposed to be sent 4 weeks earlier. The answer was no. The EPA asked the question amongst their staff: how can the County offer a 30-year contract at that rate with none of the engineering done? How does that rate structure make any sense when they don't know how much it will cost to fix their plant? Ultimately, that was a big factor with the EPA giving us a letter that affirmed their earlier decision to move forward with the water supply revolving loan fund award to Choctaw Utilities (letter dated January 10<sup>th</sup>).

From our meeting with the County on November 20<sup>th</sup>, there is a possibility down the road of installing meters here, but their meeting minutes recorded that there will be meters installed. The letter that the County sent to the EPA also indicated that they will be installing meters. What it suggests is that the County will say one thing to get us on board, but we really don't know what the outcome will be.

As the person tasked with working with the engineering company, Scott indicated that he thinks we have a very good set of plans. We have very simple systems, exactly like what

Jim has been doing with some technical upgrades. The plant should last a long time without a lot of worries.

A discussion amongst the CU board indicated one opinion that the cost of a 20-year fixed loan spread amongst the community is negligible. Other board members were in agreement. A reminder was also noted that the community sampled also wanted continued use of our aquifer, not the County's.

There was further discussion concerning meters. Meters were discussed with the EPA at the January 3<sup>rd</sup> meeting, and we explained that meters would be considered in the future, most likely in 10 years. There would be a large bill due, and the community knows we are working with an asset management plan to cover the costs. If the EPA mandates meters, they indicated they would also help us cover that cost of those meters.

Points were brought up:

1. The government cannot tell any community to "take" their water from a certain source (sewer can be mandated; water no)
2. even an EPA mandate needs to come with a consideration of cost benefit. If there is very little benefit to installing meters after not having them for 50-60 years, it will be hard to justify installing meters for the cost incurred.
3. Meters come down to conservation and savings of natural resources. There are other ways and sources to determine if there are water leaks (reviewing tower levels, etc)
4. Meeting minutes from July 1985 topic was that there should be long-term strategy on metering; it was agreed that we will always have an eye on that option. As long as people respect that we have a limited amount of water to distribute, meters will not be necessary.

Capital City's bid were reviewed and summarized for the cost of construction; the cost of the new retention tank would be a cost going forward without the new plant and the plant becomes a little more bearable. Safety improvements and features are: air conditioned building, electrical room instead of panels that are 3-feet away from a wet filter, better R-value, clearance for servicing, aesthetically pleasing exterior, energy savings.

During the meeting with Capital City, the CUboard requested any cost savings for the new plant. Capital City came back with about \$50k, of which \$30k were accepted. We are waiting on final review response from the engineers. The suggestions were reviewed from the other bidders, but most of those were already incorporated.

**MOTION** to approve and formally accept the EPA WRSA loan offer. Motion carries 6-0.

Motion to approve, accept the bid, and contract with Capital City Mechanical to move forward with building the water treatment plant. Roll call: Kent-yes; Bob-yes, Scott-yes, Doug-yes, Greg-yes, Dave-yes. Motion carries 6-0.

360 days to complete plant before liquidated damages are issued. Clearing is part of the contract. Biggest issue is getting the concrete slab pour under the right conditions. A ribbon cutting ceremony was suggested.

### **Plant Manager - Jim**

Phosphate bi-annual report has been submitted. Filter testing performed in January came back non-detectable for iron. 4 taps in December requested for new construction; 3 were completed and one left to do. 3 hydrants getting ready to install; OUPS called for location/s. Weather turned sub-zero and since recalled the locates. Expect first/middle of the week for work to start. Matt Hensley, the property owner on the Itawamba location would like some input on location. Jim will get with him. Jim thought the location would be 60-foot from the property owner's in the greenspace.

Fire hydrant ratings have been applied for in May; application was lost and reapplied in October. Now waiting on the response. In addition, waiting on EMS location to be fully manned to get insurance rating reduced. Once approved, a blast will go out to the neighborhood. Hydrants are only one factor to reduce the ratings. Response time is also a consideration and is limited at the Lake right now. Once the new EMT station is manned it will complete the reduction in insurance. The fire department can still use the hydrants to fight fires, as the fire rating pressure from the new hydrants is acceptable.

Busy with a lot utility locates: cable, gas, surveyors.

Replace the main phosphate feed to the plant. There are two pumps into the plant for redundancy. Replaced one while the other still in operation.

Met with SCADA for placement and coordination. Talking with Scott, working on fine tuning and cost savings on the new plant. Looking at the clear well for some additional cost savings. Currently a bolted tank with factory applied coating. The new clear well is compartmented to drain and clean. Could be a savings to review design.

EPA has approved plans as submitted. Any changes have to go thru change order to EPA, once priced, reviewed and approved by contractor and/or engineers.

### **SCADA - Scott**

Met with Scadata to review options and design for better operation of the plant and optimization. Since last August, they have installed 5 systems on Tonka products. They will supply everything and work directly with Tonka.

Quick summary of what SCADA is/does: Supervisory Control And Data Acquisition. It takes the HDMI interface off of the Tonka water skid control panel which can generate reports, tracking, and tie in the water towers. Also ties into approved cell phone monitoring, notifications/alarms. It takes the operation of the skid and supplies data for historical data. It connects the operator to the plant, generates required monthly EPA reports, keeps track of water in, pressures, etc. Helps with monitoring water demands, water levels in towers, etc. Monitor but not operate remotely.

Tying in the water towers will cost about \$5,000; recurring costs are \$350/year for software upgrades/upgrades and \$25/month monitoring fees. On-site training at time of installation and monthly at no additional fees.

### **Generator – Jim**

Need to review and decide to upgrade/repair of existing generator or install new. Existing generator was included and approved for use with new plant by EPA. SCADA can load shed to create capacity in emergency demand. Demand reduces when emergency generator in use since sewer in also not functioning (grinder operation with electric). Further discussion will be continued.

### **Treasurer Report as of Jan 31- Doug**

\$700,000+ in all accounts

\$50,000 in receivables

\$6,000 payables

No major outstanding bills. Engineering paid out of \$190,000 P&L – generated \$132,00 in revenue, \$79,000 in expenses netting \$42,000 – a little higher than normal because of quarterly fees collected. Collection rate is 90-95% Jim and Marti are keeping a handle on this

Rate increase implemented as of July 2019; first loan payment not due until 2020, so there is an entire year plus generating about \$170,000 in funds as a cushion. There is contingencies built into the EPA loan to cover additional costs in the event something unusual occurs. Both cash and credit contingencies in place.

How are signatures on checks handled: 4 signers set-up to sign checks, two signatures required. Audit was done this year and everything is in place where it should be.

## **Update on Processes - Kent**

Let the record state that we are not distributing mailing lists, which no one ever thought of before which is very sensitive.

Meeting recordings are also sensitive, and only done for meeting minute notes and erased after the minutes. No other recordings of meetings are allowed. Film recording is not allowed, though admittedly hard to regulate.

Need to update documents, review our not-for-profit status, and speak to an attorney about new operation processes and procedures.

Kent will work on a motion to bring up at next meeting to solidify these points.

## **Audience Discussion/Questions**

It was suggested that a committee be formed to review and adjust the original Articles of Incorporation.

Customer asked if the Plant is a done deal now and construction will go forward. We are signing the contract with Capital City Mechanical, who will then give Tonka the go ahead to start submittals for \$475,000 and prepare to build the machinery for the skid. It is a 10-12 week process, but once sent we are committed and it is considered purchased. There is a liquidated damages clause in our contract with Capital City Mechanical that if we back out of the contract, they will suffer a loss and we would be committing to pay them to not build the plant. The purchase of the equipment with Tonka combined with Capital City's loss would be an estimate of \$750,000 down the drain. That would be the consequence of turning the contract off.

CLPOA goes on the record supporting Choctaw Utilities building the water treatment plant.

Question was asked about customers being able to receive records from Choctaw Utilities. The answer was no. Scott was working with Christine to get bylaws and articles on the website.

Question was asked if Choctaw Utilities has a policy about releasing their electronically stored data. The answer was that we don't give out our data. It's the same policy that most corporations have. There is no documented policy at this time. There seems to be some confusion about Sunshine Laws and sharing information and for-profit corporations sharing information. There are no public requests for documents from a for-profit. It was asked that the specific question/s be put in writing, submitted to the CU board and will be addressed at the next meeting.

Meeting adjourned 8:12pm