

Meeting Minutes
Choctaw Utilities, Inc.
Board of Directors Quarterly Meeting
Monday, October 14, 2019

Call to Order: 7:00 pm

Roll Call in Attendance: Dave Lohrer, Bob O'Connor, Scott Kutzley, Dick Hanna, Doug Orange, Kent Feliks, Dave Rankin (new Board member to replace Andrew Beckman standing down) Jim Moran – Plant Manager, Marti Schmidt – Office Manager

3 Homeowners in attendance

Welcome new member Dave Rankin, thanks to Andrew Beckman for being on the Board

Minutes from July 29, 2019

Motion to accept minutes as submitted – passed 7-0

Old Business: none

Electronic Motions: none

New Plant/EPA – Dave/Scott:

Making good progress, contractor thinks we'll be done in December. All structural concrete poured; under roof this week. Some time next week they will be cutting the driveway to put the undergrounds in it. Block wall up, but not all the exterior aesthetics. Main equipment in, electrician has all panels. Most of the equipment is in, we still need some HVAC. ProCon almost complete with tank; then they will have to remove all their scaffolding. It comes with handrail along the top, but no ladder to get inside – will contact the handrail guy to supply a ladder to mount inside to get into the tank. Quality still good. Concrete testing is well above all requirements. EPA has approved all of our change orders (2 were pushed back and cleared after additional information supplied). Gable ends and roof should be complete this week. Scott has requested a mock-up of how the interior walls, insulation, weep holes, etc. will come together – there are some concerns about how the flashing, weep holes, and air gap all tie together. \$38k added to the project to date with 12 change orders; still well within the contingency amounts prior to construction. Dave spoke with Tony about any additional change orders – there doesn't appear that there should be anything further. CapCity is self performing most of the remaining work, so there should be no further delays. Lagoon enlargement complete. Larger than the original drawing. Have cattails growing and frogs should be back any day now. Straw seed blanket should be done around the edge of the lagoon – could be put on the slopes. Talk to contractor to get base grading done before freeze happens.

Doug spoke about a possible time capsule put in wall before plant complete. No one has any objections if this is done.

Discussion / Non Profit Committee – Dave

Taxes came up again during the audit, so three members from the CLPOA have formed a committee and Bob O'Connor, Dave Rankin, and Kent Feliks will join them to review non-profit status. Some options to be considered on the utility side are saving property taxes by going non-profit, get the fiscal year changed to a calendar year, find benefit of consolidated taxes of both companies to consider filing taxes separately, and switch the utility to a utility-based CPA (Rennick). Biggest concern will be to ensure that the CLPOA will continue to maintain control of the utility so it can't be sold, pulled apart, etc. which could put the property owners in jeopardy. Question was asked about why CU wants to further pull away from the CLPOA and it was answered that the two entities are in two distinctly different lines of operation and we are looking to find benefits, efficiencies, and to see if it makes sense for the property owners.

Plant Manager - Jim

Lead and copper testing completed in 2019 and we are in compliance. Nitrate/nitrite testing is the final testing and will be done this week. All taps complete for funds and applications in place. One house is under construction but has not given up an application or paid for the tap. Jim will try and get information on the owners. Water main flushing scheduled for the week of 10/21/19 or 10/28/19. We have a contract with liquid engineering for maintenance of the towers. Every three to four years this company comes in and cleans the inside of the towers. They vacuum the inside (clean the sides and remove the sediment) by diving in the tank after being sanitized with chlorine. They also take video of inside of tanks, so we can look at the inside coating. Quote is for 3/8-inch of silts (we are typically much less than that). It was last done three years ago. \$3,620 for two towers; clearwell will not be done this time. Current coating was done in about 2011-2012 time range. Concrete piers on the towers need some repair – they're spalding. Mike Casmir has some contractor coming out to review the dam this week – might want to talk to them to see if they can assist with repair.

High water usage this summer lasted an additional month this year. Old plant filters still being tested monthly and filters holding up.

Treasurer Report as of Sept 30th- Doug

Financial P&L review: March – September \$231k actual income amount due to increased rates. Doug will talk to CPA to reduce our federal income tax while we show a higher profit from funds currently being collected that will be used to pay the loan when it comes due one-year after the

plant becomes operational. Doug will review tax strategies with Rennick - prepaid expense amounts is one way to reduce the tax base. We'll be showing a much higher income this year because income has been increased, and routine maintenance expenses are reduced because of the new plant going on line at the end of the year. New depreciation schedules will have to be put in place also once the new plant is operational and the loan payments begin.

Audit update: last year we did an agreed upon procedures audit; this year was the first year did a full financial audit. We need to decide whether to do the full audit annually or agreed upon procedures audit. No major issues were found during the audit! No finding or findings for recovery, nor issuance of a manager's letter to correct any problems. Doug, Marti and Paul Rennick will review the final audit and find areas where we can improve.

Aging report: 4-5 concerning delinquencies where water shut-off is needed. Current target is 98% collection rate – adding the website to pay has helped keep delinquents low. Asset management target projection is at a 97% rate.

New Business:

Expedite approving meeting minutes to get the reports out on the website sooner. Board agreed that they would go forward getting the meeting minutes drafted, forwarded for electronic approval, and then out on the website instead of the current three-month delay waiting to approve the minutes at regular meetings.

Pictures of the construction of the new water plant are available and have been distributed on the blog. Dave would like to be the presenter at the property owners meeting.

Hydrants and Insurance: Hydrants have been rated, fire station is fully operational and staffed on January 1st, 2020. Some insurance company's using ISO, some do not. Fire Chief Eades has submitted hydrant results multiple times to ISO earlier this year. Some insurance company (Westfield, Cincinnati) rate in a different way and the insurance rates can be much lower.

Audience Discussion/Questions: none

Board entered into Executive Session 8:02pm

Meeting adjourned 8:55pm