

Meeting Minutes

Choctaw Utilities, Inc.

Board of Directors Quarterly Meeting – virtual ZOOM meeting

Wednesday, December 30, 2020

Call to Order: 7:10pm

Roll Call in Attendance: Dave Lohrer, Doug Orange, Kent Feliks, Dave Rankin, Brian Welch, Bob O'Connor - Marti Schmidt – Operations Manager

Meeting Minutes – sent out with changes; changes in red and Brian asked to add speaker Mike's last name. Additional discussion of the detail of the meeting minutes was reviewed and going forward minutes will be more general. Going forward, a different meeting minute format will be done. All actions and motions should be there, and just a summary of meeting.

Motion to accept meeting minutes as submitted; seconded and discussed – motion passed 5-0, one abstained

Manager's Report – Jim Moran - none

Water Plant/EPA Update– Dave Lohrer

Water plant running well – Dave spoke with Jim and Scott Kutzley. 14 million gallons produced to date. Back-up generator load tested and passed. Amp draw testing done and plant very efficient with a very low current draw. Chemical change and lead and copper tests completed and passed. Currently making about 230 gallons/minute. A few hiccups with the Tonka start-up causing some instances of brown water during the initial start-up period. All issues were found, addressed, and corrected. Backwashing every Monday helps pull sediment out. Dick Hanna was remembered for his contribution to the new plant along with Scott Kutzley.

Treasurer Report – Kent

March 1 to November 30th – water sale \$359,790 (\$120k increase from last quarter)

\$373,400 total income

Net income \$124,508 - \$74k up from last quarter

Funds on hand \$867,622 – increase \$25k from last quarter

Operations Manager Comments/concerns – Marti

Aging update

- One account up to \$1,900 past due and growing to account being in probate over 2 years
- 11 in serious arrears; Sent out information with water shut-off notices for grant program to assist in paying utilities and mortgages. One customer has applied and received funds.
- 98.5% collection rate; still collecting at rate for asset management numbers

OUPS 811 reporting compliance follow-up – Jim's accepts responsibility and will act either by phone call and/or app on phone.

BWC dividend checks received for \$2k and \$6k – Rennick instructed to code as other income until taxes are done to determine whether it's taxable or not.

Engineering Firm paid 2nd payment; third payment due Feb 2021.

Next loan payment to OWDA scheduled for Jan 2nd, funds available in operating account

Operating license application submitted and paid; waiting on state to issue. 1099 forms purchased and ready to issue in January 2021.

Future Operator Discussion

Jim and Dave Lohrer met and Jim wants to finish his contract out this year and not renew. He would consider a back-up operator role. Jim would do on-the-job training with new operator, and new operator will do the GIS mapping of the system. Job description is being developed. Suggested multiple part-time operators in case someone quits, moves, etc. We would have an operator of record and review how to go forward with Jim in a back-up capacity. Might want to use a recruiter to fill the job. New operator tentative start date July 1st, 2021. HR committee formation to get employment agreement, compensation and benefit package, job description. Dave Rankin and Doug will get the ball started. Rural Water Association can assist with reviewing and helping new operator. Need to fill position for both an operator and have a plan for any distribution work that comes along.

Distribution Discussion

Get GIS mapping this year. All the data is in the cloud forever. Once mapped, roll out to homeowners the location of water shut-off valve and responsibility of location and maintenance is the homeowners. Going forward, there will be a charge for them to request locating the valve/curb stop, dig it out, and/or requested shut offs, etc.

Rate Structure

AMP – must be sent to the EPA annually and they approve our asset management. Rates must be reviewed every three years. Was sent out for review and discussion. Largest expenditures for utility are wages and taxes. If property taxes substantially increase, rates will need to be adjusted. Pipe replacement estimate is \$2million (11 miles at \$35/foot) for poly pipe (Schlagel estimate from when hydrants put in). Look into potential grant money; long term vision is to pay off WTP loan and then address distribution pipe replacement – on a 20-year cycle for plant and pipes.

EPA Loan Finalization

Loan is approved for 2,450,600; board to review borrowing the entire amount. Utility will request reimbursement for previous operating account cash outlay to the loan maximum amount. Funds will be put into money market account/s for future replacement costs.

Motion to finalize the loan with the EPA/OWDA in the amount of 2,450,600 and submit the final reimbursement paperwork at the rate of 1.85% interest; motion seconded. Discussion followed. Motion carries 6-0

New Business

Clean-up: Removal of all the junk and old water treatment plant building on plant site; keep the old building shell or remove – removal will reduce taxes. Tabled for the next meeting.

Post on our website and/or send a MailChimp email blast current pictures and updated information on the new WTP. Doug will assist in making this happen.

Marti will work with our accountant to get new depreciation schedule together for the new WTP, including any final write-off of old plant and structures.

Meeting adjourned 9:10pm