

REGULAR MEETING OF TAHLEQUAH MUNICIPAL UTILITY BOARD

JANUARY 18, 2019

Mr. Herb Rozell, Chairman, called the meeting to order at 9:00AM in the Board Room of the Utility Building at 710 West Choctaw Street beginning with the Salute to the American Flag. All Board Members & Legal Counsel were present with the exception of Dr. Baker. Mr. Rozell entertained a motion to excuse her absence, so moved by Mr. Highers and seconded by Mr. Wright.

Roll Call: AYE: Mr. Spears, Mr. Wright, Mr. Rozell, and Mr. Highers

NAY: None.

Other Attendees: Mr. Mike Doublehead, General Manager, Ms. Gail Dotson, Office Manager, Mr. Gary Stephens, Electric Superintendent, Mr. Jerry Linn, Water Treatment Plant Superintendent, Mr. Frank Macario, Water Distribution Director, Mr. Darrell Curtis, Wastewater Treatment Plant Foreman, Mr. Barry Tucker, Wastewater Collections Director, Ms. Latosha Steeley, Executive Assistant, Ms. Erin Butler, Human Resources, Ms. Beth Bailey, Accountant, Mr. Brandon Qualls, Water Distribution Foreman, Mr. Thom Cole, IT Manager, Mr. Mike Richardson/Mr. Larry Setters, Special Services, Mr. Arlis Collins/Mr. Max Taylor, WTP Foreman, Mr. Matt Wilson, Purchasing Agent, Mr. Stephen Tolar from HUB, and Ms. Dana Eversole.

CONSENT AGENDA:

These items are placed on the Consent Agenda so that Board Members of Tahlequah Municipal Utility Board, by unanimous consent, can designate routine items to be approved by one motion. Any item proposed on the Consent Agenda not meeting with approval of all Board Members may be tabled until next Regular Board Meeting.

1. Approve minutes of December 21, 2018 Regular Board Meeting.

Mr. Rozell entertained a motion to approve the Consent Agenda, so moved by Mr. Spears and seconded by Mr. Wright.

Roll Call: AYE: Mr. Rozell, Mr. Highers, Mr. Spears, and Mr. Wright

NAY: None.

REGULAR AGENDA:

1. General Manager's Report – No report.
2. Attorney's Report – No report.
3. New Business, if any, which has arisen since the posting of the agenda and could not have been anticipated prior to the time of posting. – There was no new business for discussion.

Adjournment – Mr. Rozell entertained a motion to adjourn the meeting, so moved by Mr. Wright and seconded by Mr. Highers.

Roll Call: AYE: Mr. Highers, Mr. Spears, Mr. Wright, and Mr. Rozell

NAY: None.

Meeting adjourned at 9:03AM.


Chairman

REGULAR MEETING OF TAHLEQUAH PUBLIC WORKS AUTHORITY BOARD

JANUARY 18, 2019

Mr. Herb Rozell, Chairman, called the meeting to order at 9:05AM in the Board Room of the Utility Building at 710 West Choctaw Street. All Board Members & Legal Counsel were present with the exception of Dr. Baker. Mr. Rozell entertained a motion to excuse her absence, so moved by Mr. Wright and seconded by Mr. Spears.

Roll Call: AYE: Mr. Spears, Mr. Wright, Mr. Rozell, and Mr. Highers

NAY: None.

Other Attendees: Mr. Mike Doublehead, General Manager, Ms. Gail Dotson, Office Manager, Mr. Gary Stephens, Electric Superintendent, Mr. Jerry Linn, Water Treatment Plant Superintendent, Mr. Frank Macario, Water Distribution Director, Mr. Darrell Curtis, Wastewater Treatment Plant Foreman, Mr. Barry Tucker, Wastewater Collections Director, Ms. Latosha Steeley, Executive Assistant, Ms. Erin Butler, Human Resources, Ms. Beth Bailey, Accountant, Mr. Brandon Qualls, Water Distribution Foreman, Mr. Thom Cole, IT Manager, Mr. Mike Richardson/Mr. Larry Setters, Special Services, Mr. Arlis Collins/Mr. Max Taylor, WTP Foreman, Mr. Matt Wilson, Purchasing Agent, Mr. Stephen Tolar from HUB, and Ms. Dana Eversole.

CONSENT AGENDA:

These items are placed on the Consent Agenda so that Board Members of Tahlequah Public Works Authority, by unanimous consent, can designate routine items to be approved by one motion. Any item proposed on the Consent Agenda not meeting with approval of all Board Members may be tabled until next Regular Board Meeting.

1. Approve minutes of December 21, 2018 Regular Board Meeting.
2. Approve regular claims.
3. Approve debit card expenditures.

The itemized list of claims for a total of \$1,701,772.90 is as follows:

PAID INVOICES/AND INVOICES TO BE APPROVED

12/20/2018 through 01/17/2019

AT&T	\$2,759.47
AT&T Long Distance	\$61.36
Aramark (uniforms)	\$363.46
Arvest Equipment Finance	\$1,461.99
BancFirst	\$2,534.80
BancFirst Trust & Investment	\$500.00
Cintas Corporation	\$1,420.17
City, Light & Water	\$2,700.00
Compu-Time Corporation	\$841.94
Cox Business	\$908.57
The Public Finance Law	\$84,500.00
Employee Benefits	\$356.40
Dana Boren	\$1,000.00
Consolidated Communication	\$365.00
FAO, USACE, Tulsa Dis	\$48,365.21
Gerald Halpain	\$6,448.00
Government Account (Pikepass)	\$5.80
Grand River Dam Authority	\$766,740.69

Harvey Chaffin, Attorney	\$41,000.00
JD Young	\$96.25
Lake Region Electric	\$7,172.61
Northeast Okla Public Facilities Auth	\$2,595.21
Raymond Bandy	\$1,195.00
Robert Patrick	\$7,807.95
Tahlequah Cable Television	\$196.32
Tahlequah Public Works Authority	\$80,425.81
US Postmaster	\$4,675.53
Verizon Wireless	\$12,011.55
Dish	\$155.98
Municipal Finance Service	\$84,500.00
AT&T	\$1,150.11
AT&T (Tenkiller T-Line)	\$812.30
Advance Auto Parts	\$1,332.44
American Municipal	\$357.73
Aramark (uniforms)	\$654.10
Arvest Equipment Finance	\$4,748.49
Arvest Bank Loan	\$5,523.91
BancFirst	\$2,890.09
Cintas Corporation	\$946.78
City, Light & Water	\$71,637.82
City of Tahlequah - City Treasurer	\$178,254.71
Cove Environmental	\$1,382.00
Holloway, Updike & Bellen, Inc	\$81,800.00
Lowe's Home Improvement	\$39.02
VOY Construction, LLC	\$85,967.88
Oklahoma Rural Water Association	\$3,200.00
Roy Kliest	\$2,072.82
Tahlequah Daily Press	\$259.20
Tahlequah Public Works Authority	\$4,633.81
Ty Fountain	\$2,475.00
Payroll	\$302,278.80
Less	\$213,809.18
TOTAL	\$1,701,772.90

Mr. Spears moved to approve the Consent Agenda and seconded by Mr. Wright.

Roll Call: AYE: Mr. Highers, Mr. Spears, Mr. Wright, and Mr. Rozell

NAY: None.

REGULAR AGENDA:

1. Introduction of Guests – There were no guest present.
2. Discussion & Possible Action to approve financial report for December 2018 – Ms. Gail Dotson, Office Manager, reported the Electric Department revenue was \$1,082,653.41; operating expenditures were \$1,058,271.58 leaving a net income of \$24,381.83. The Water System and Water Treatment Plant

operating revenue was \$292,144.86; operating expenditures for the Water Department were \$231,317.96; the operating expenditures for the Water Treatment Plant were \$159,647.20 leaving a net loss of \$98,820.30. The Sewer System & Wastewater Treatment Plant operating revenue was \$241,718.54; the operating expenditures for the Sewer Department expenditures were \$113,119.77; expenditures for the Wastewater Treatment Plant were \$134,105.86 leaving a net loss of \$5,507.09. Warehouse expenditures was \$47,114.36 and that was reallocated to Electric, Water, and Sewer. Administrative revenue was \$20,045.27 and that was also reallocated to Electric, Water, and Sewer. The non-operating revenue for Administrative was \$137,355.04. The Administration operating expenditures were \$133,341.67. The non-operating expenditures were \$71,637.82 leaving a net income of \$65,717.22 for Administration. Total net loss for all departments is \$14,228.34.

Capital Expenditures for December in the Electric Department was \$10,093.85; Water Department was zero; Sewer Department was zero; Wastewater Treatment Plant was \$81,800.00; Administration was \$89,143.78; Warehouse was zero, and Water Treatment Plant was \$210,500.00 making a total for Capital Expenditures of \$391,537.63.

Pages 36-46 were the aging report, write-offs & collections for the month, the monthly Water/Electric/Sewer reports, GRDA reports, and current lease purchases.

Ms. Dotson informed the Board the CDAR account for the Meter Fund L & W is out for bid. It is currently with Arvest Bank and has matured. Bids are expected to be in by Tuesday, January 22, 2019 and will be re-invested.

Mr. Rozell asked if the Electric Department only made money every once in a while, and if the other Departments made money. Mr. Doublehead answered from time to time. The Water and Sewer Departments typically cover their own cost and historically has not been a revenue stream for the Authority. Last year during this month there was an approximate \$105,000.00 loss in the month of December. Mr. Doublehead believes part of the difference is due to the water and sewer rates being increased, which has had a positive impact on the financials. He further stated the Finance Committee will begin meetings next month.

Mr. Rozell further asked if a study to compare electric rates would be completed. Mr. Doublehead replied an internal study would be conducted.

Mr. Highers asked when expenses are being reallocated from the Warehouse and Administration, how are we picking where the monies are being put back into. Ms. Dotson explained the reallocation was established by the Board several years ago. Former Board member, JD Carey who is a CPA, helped come up with a formula to reallocate the monies every month. For example, Administration the percentage is 50% to electric, 25% to Water, and 25% to Sewer. The Warehouse is calculated the same way, just with a different percentage.

Mr. Rozell asked for an update on the Auditors request on the Asset Management. Ms. Dotson reported for the past two weeks she has spent time out in the field, with several of the departments inventorying all pieces of assets as far as trucks and equipment. Inventory on the buildings has yet to be completed. She further stated she was trying to compare the Asset list in Asset Management to the list in the General Ledger. This will be a long process, and she has received a few phone calls with the Auditor, and she has assured us the corrections will take longer than a year to clean up the assets.

Mr. Rozell entertained a motion to approve the financial report for December 2018, so moved by Mr. Wright and seconded by Mr. Highers.

Roll Call: AYE: Mr. Spears, Mr. Wright, Mr. Rozell, and Mr. Highers

NAY: None.

3. Discussion & Possible Action regarding Funding in accordance with Reserve Fund Policy. RE: Primary & Secondary Reserve – Ms. Dotson stated this policy was adopted by the Board approximately 8 years ago. When the Policy was adopted, the auditors were on board with this which allowed monies to be set aside. The auditors explained at one point in time we would reach a point to where money would not be able to be set aside. The formula used to find the net gain, it shows \$805,593.00 net gain for the previous year when in fact we actually lost money. Due to the formula the net gain amount is before any expenses is shown. It also reflects the \$2 million adjusting entries from the auditors. Ms. Dotson further stated based on realization we did not make money last year the Primary and Secondary Reserve Funds CDARS will mature at the end of January. Also, based on the Policy when the CDARS mature 50% of the Secondary Funds will roll to the Primary Reserve Fund. 25 % of the Secondary Fund will remain in the Secondary Funds and 25% is at the Boards discretion.

Ms. Dotson and Mr. Doublehead recommend to the Board to not follow the Policy this year and to leave the other 25% of the Boards discretion in the Secondary Reserve Fund.

Mr. Rozell requested to look further into the Funds and make sure we are not defeating our purpose of the Funds.

Mr. Highers asked how the numbers work in regard to the obligation to the City of Tahlequah. The percentage was dropped from 6% to 4%, in theory there is not extra money but on paper it looks as though we do have extra money. Mr. Doublehead stated these numbers reflect the contribution of 6%, these are last year numbers. We have yet had a year of history to compare the numbers by adding the 2% back into the utility operation. He further stated without the proper years' worth of data he could not accurately answer the question.

Ms. Dotson further commented the net gain shown on paper does not reflect the Capital Expenditures or any Bond payments.

Mr. Highers moved to table the action regarding Funding in accordance with Reserve Fund Policy. RE: Primary & Secondary Reserve until next month's Board Meeting and seconded by Mr. Wright.

Roll Call: AYE: Mr. Wright, Mr. Rozell, Mr. Highers, and Mr. Spears

NAY: None.

4. Discussion & Possible Action to approve Disbursement Request #1 from DWSRF for Reimbursement of Expenses for Bond Counsel Fee and Expenses (The Public Finance Law Group, LLC), Local Counsel Fee (Harvey Chaffin, ESQ Attorney at Law), Financial Advisor Fee and Expenses (Municipal Finance Services, INC.), and Trustee Fee (BancFirst) totaling \$210,000.00 – Mr. Doublehead explained these are items that have already been expended in securing the loan. This is just a request for Tahlequah Public Works Authority to be reimbursed for these fees.

Mr. Highers made a motion to approve Disbursement Request #1 from DWSRF for Reimbursement of Expenses for Bond Counsel Fee and Expenses (The Public Finance Law Group, LLC), Local Counsel Fee (Harvey Chaffin, ESQ Attorney at Law), Financial Advisor Fee and Expenses (Municipal Finance Services, INC.), and Trustee Fee (BancFirst) totaling \$210,000.00 and seconded by Mr. Wright.

Roll Call: AYE: Mr. Rozell, Mr. Highers, Mr. Spears, and Mr. Wright

NAY: None.

5. Discussion & Possible Action to approve Invoice # 2 to HUB for Engineering services for Wastewater Treatment Plant Improvements totaling \$68,400.00 – Mr. Tolar stated the Invoice is for Engineering services for continuing progress for the Wastewater Treatment Plant. Mr. Tolar reported drawings and

specs are approximately 70% complete. Bruce Brown with Brown Engineering and Electrical Consultants met with Jay Updike on site in the past week to walk through all the proposals for the new facility to determine how to provide power with a heat powered generator backup on the electrical side. Once the electrical designs are in Mr. Tolar expects the plans to be closer to 95% completion ready for staff review in late March.

Mr. Rozell entertained a motion to approve Invoice # 2 to HUB for Engineering services for Wastewater Treatment Plant Improvements totaling \$68,400.00, so moved by Mr. Spears and seconded by Mr. Highers.

Roll Call: AYE: Mr. Highers, Mr. Spears, Mr. Wright, and Mr. Rozell

NAY: None.

6. Discussion & Possible Action to regarding Federal Employees affected by Federal Government Shut down – Mr. Rozell asked Mr. Chaffin to explain this agenda item. Mr. Harvey stated a request was received to consideration to the Federal Employees due to the Government Shut down. The issue he foresees is the Oklahoma Constitution has a provision that does not allow any public funds or public entities to be used for private purposes. In his opinion, if consideration was granted to the Federal Employee customers that our other customers are not currently receiving it could be considered using public funds for private purposes. Mr. Chaffin has advised Mr. Doublehead to seek an opinion from the Attorney General's Office stating this would be lawful, we could certainly grant consideration.

Mr. Doublehead commented an opinion has been requested from the Attorney General's Office and as of this morning no answer has been received. He has also reached out to Matt Meredith's Office again this morning to see if he had heard anything on the matter but was not able to get a response.

Mr. Chaffin stated we could offer the same payment plan that is offered to all other customers.

Mr. Highers asked if there have been any residents to come in and ask for the consideration. Mr. Doublehead replied there has only been the one request. Ms. Dotson also replied there has only been the one request from a customer, but several letters have been received from various offices one specifically from the Human Resources office at the Cherokee Nation.

Mr. Rozell suggested for Mr. Doublehead and Mr. Chaffin to form a written response to those who have submitted a letter to explain our current abilities until an opinion is received from the Attorney General's Office.

Mr. Wright made a motion to have the Attorney and General Manager to make an appropriate response regarding Federal Employees affected by the Federal Government Shut down and seconded by Mr. Spears.

Roll Call: AYE: Mr. Spears, Mr. Wright, Mr. Rozell, and Mr. Highers

NAY: None.

7. Discussion & Possible Action to approve bids for two new Water Distribution Trucks – Mr. Doublehead stated Mr. Macario had some slides to present but due to the televisions in the Board Room not functioning he is unable to do so. Instead there are photographs of the vehicles, on page 56 in the Board Packet, he is wishing to replace. He also informed the Board both of the vehicles are budgeted items.

Mr. Macario added the bids received are under the state contract. Mr. Doublehead recommend going with Carter Chevrolet considering they submitted the lower bid.

Mr. Wright made a motion to approve the bid from Carter Chevrolet for two new Water Distribution Trucks and seconded by Mr. Spears.

Roll Call: AYE: Mr. Spears, Mr. Wright, Mr. Rozell, and Mr. Highers

NAY: None.

8. Engineer's Report – Mr. Tolar began his report by updating the Board on the Wastewater Treatment Plant and the Environmental documents. Dr. Henry, the archeologist, revisited and performed a more detailed cultural analysis survey. Instead of six test holes he dug over a hundred and twenty holes looking for artifacts and anything that would of insignificants. Dr. Henry has resubmitted his findings to the Water Resources Board. In return the Water Resources Board has provided a copy to the Historical Society and the Cherokee Nation. Dr. Henry's findings reflect nothing of significant impact was found. As of this morning, the Water Resources Board is still waiting for a response to Dr. Henry's report from the Historical Society and the Cherokee Nation.

Mr. Tolar also followed up on the Water Plants. Contract documents have been received back from both contractors. A pre-work meeting is scheduled for Thursday, January 24, 2019 at the Tahlequah Public Works Authority Board Room. Tenkiller Plant will be first at 1:30PM followed by Teehee Plant at 2:30PM. The meeting dates will remain as reoccurring dates, every fourth Thursday, going forward for the next 14 to 15 months to update the progress of the projects. The site of the meetings could possibly change from month to month.

9. General Manager's Report – Mr. Doublehead informed the Board he would be attending a meeting on How to Work with FEMA and the Oklahoma Emergency Management Team with Gary Stephens and Michael Richardson this coming Wednesday, January 23, 2019 in Oklahoma City.

Dr. Baker has been transferred to Hillcrest in Tulsa, she continues to improve.

Jody Stewart has announced her retirement, effective March 1, 2019. Jody has been with us for several years. Wanda Jones has also announced her retirement effective the end of March or sooner if she feels like it. We will have continued retirement announcements ongoing, which will create new opportunities within the organization. This past Friday, representatives from the Social Security Administration and Arvest bank came to speak with individuals who are looking to retire over the next couple of years. It gave our employees an opportunity to ask questions they might have regarding signing up for Social Security benefits, Medicare, Medicaid, etc. There were 15 participants who attended. The meeting was a very productive and informative meeting, and we are thankful to the Social Security Administration for sending a representative.

Kevin Fletcher has given his notice he will be leaving Tahlequah Public Works Authority to become a law enforcement officer.

In closing, Mr. Doublehead informed the Board the office will be closed on Monday, January 21, 2019 in observance of Martin Luther King, Jr. Day.

10. Attorney's Report – No report.
11. New businesses, if any, which has arisen since the posting of the agenda and could not have been anticipated prior to the time of posting – No new business.

Adjournment – Mr. Rozell entertained a motion to adjourn, so moved by Mr. Wright and seconded by Mr. Highers.

Roll Call: AYE: Mr. Spears, Mr. Wright, Mr. Rozell, and Mr. Highers

NAY: None.

Meeting adjourned at 10:14AM.



Chairman

