

CLPOA
PROPERTY OWNERS MEETING
Thursday, April 21, 2022
Choctaw Lake Lodge

Substantive Motions in this Meeting:

Dinah Burns (Lot #0773) moved to accept October 27, 2021, Property Owners' Meeting Minutes. Steve O'Connor (Lot #0652) seconded. Motion passed 203-yes, 0-no, 1-abstain.

Dinah Burns (Lot #0773) moved that the Choctaw Lake Property Owners relinquish the shares of Choctaw Utilities Inc. so they can move forward with the application of Not-for-profit status. In the event that we are unable to obtain the Not-for-Profit status, the shares will be returned to CLPOA. Michael Brennan (Lot #0470) Seconded. Motion passed 129-Yes, 73-No, 2-Abstain

Call to Order: The Property Owners' meeting convened at 7:58 p.m. in the Choctaw Lake Lodge.

Roll Call: Michael Dorne – present; Steve Grapp – present; Jim Price – present; Brian Welch – present; Suprena Lohrer – present; Marty Ditello – present; Scott Kutzley – present; Kathi Platter – present; Sener Calis – present.

Marty Ditello provided the rules for the meeting.

CLPOA Capital Reserve Update:

Mike Casimir provided the following information: \$1157.28 per assessed lot includes membership and lot fees for the year which goes towards funding the Operations Budget. About \$946.00 of the \$1157.28 goes to reserves.

Dam reserves \$617,019.17: we look to spend \$50,000-\$75,000 for repairs and riprap.

Road reserves \$1,114,954.46: addressing any drainage issues, replacing aging or broken culverts and repaving the secondary roads.

Building equipment & grounds reserves \$5,612.78: replaced the truck and added a new plow, EZdocks replacing the old wooden docks and adding additional docks.

Lake water quality \$336,913.05: dredging project for this fall at Georges Fork and testing and treatments for algae during the summer months.

Miscellaneous capital \$22,189.30: reserved bucket. The goal is to operate at a zero balance. A significant increase in Lodge rentals that was not anticipated and collection of debts gave us an overage that was moved to the miscellaneous capital account.

Lot Sales \$554,532.71; The Association does not have any more lots to sell, so this account will not grow. At the fall 2021 Property Owners' Meeting, the property owners voted to use \$25,000 from this account for the approved walking path. The sub-committee is working on getting the three bids and reviewing all options.

Barb Niemeyer (Lot #0735) asked about driving over the George's Fork culvert during the dredging. Mike Casimir indicated that the contractor is going to use hydraulic dredging which will not impact traffic across this area. Kayaking won't be allowed. Notification will go out to homeowners in this area.

Andy Minor, Kaman and Cusimano legal counsel clarified that the Association provided Kaman and Cusimano the documents developed by the attorneys that specialize in not-for-profit conversions and was asked what CLPOA needed to do to facilitate the conversion. The board is following the recommendations provided by Kaman and Cusimano. There was no need to duplicate the research and findings of the specialized attorneys.

Reading and approval of October 27, 2021, Property Owners Meeting Minutes:

A vote was taken to approve the minutes. Motion passed 203-yes,-0-no, 1-abstained

Choctaw Utilities (CU) Not-for-Profit Conversion:

Attnys, Eric Britton, John Albers and Accountant Clark Schaefer, were in attendance.

- Dave Lohrer, CU President provided a history of the water plant from 1964 to the present.
- In 2017 the new CU board engaged Albers & Albers. John Albers and his firm specializes in water plants and government communities.
- In 2021, CU formed a new committee. CU and John Albers signed a letter of engagement not to exceed \$20,000 to fully flush out what was needed specific to Lake Choctaw.
 - CU's documents of incorporation needed to change.

- o Attorney Eric Britton from Shumaker and Loop was engaged.
- o They reviewed conversion to full Federal Not-for-Profit and State Not-for-Profit, or State only Not-for-Profit. Eric was able to provide the details and recommendations for best course of action with the best savings by staying that same under Federal but taking advantage of the State Not-for-Profit.
- The Advisors developed the articles of incorporation and the by-laws.
- The committee reviewed them and customized them for Choctaw Utilities, using some of the same verbiage from the CLPOA articles of incorporation and by-laws.
- December 2021 Choctaw Utilities reviewed the documents line by line.
- The documents were presented to the CU board in January and a motion was made and passed 6-0.
- The documents were then sent to CLPOA for vetting and a motion was made and passed 6-1-2.

Dave indicated that the annual budget for the CU is around \$500,000. Going Not-for-Profit results in a savings of \$70,000. He further explained the balance sheet, the tax savings, and the structure.

He asked for the property owners' approval to move forward with the application and approvals from the state and local governments.

All documents were provided to the property owners.

John Albers from the law firm of Albers & Albers in Columbus spoke to his 39 years' experience in providing services to water and storm sewage providers throughout the state of Ohio. He explained that the tax consequences of converting are very beneficial. CU is a hybrid entity, operating as a Not-for-Profit entity with For-Profit documents, and the conversion will clarify the CU status and provide the tax savings; real estate taxes, personal property taxes, and excise taxes.

Dave Lohrer indicated that when we went to build the water plant, because of our status, we could not get a loan from the EPA. We had to get a subsidized fixed loan at 1.85% for twenty years.

Dinah Burns (Lot #0773) moved that the Choctaw Lake Property Owners relinquish the shares of Choctaw Utilities Inc. so they can move forward with the application of Not-for-profit status. In the event that the CUI is unable to obtain the Not-for-Profit status, the shares will be returned to CLPOA. Michael Brennan (Lot #0470) seconded.

Shirley Hansgen (Lot #0506) indicated that it's a wise idea where we can save some money. She asked who will be compensated, how the board of directors will be elected, and if the election will be done at the same time as the CLPOA elections.

Dave Lohrer responded that there is no compensation for the board of directors or officers, it is strictly a volunteer board. He also indicated that the process for electing CU board members or officers will mirror the CLPOA process.

Lauren Thomas (Lot #0575) wanted to know why we can't have CU just roll up under CLPOA as a non-profit and voiced concern that the attorneys only looked at what was beneficial to CU and not for CLPOA.

Marty Ditello responded that in March of 2021 the CLPOA board voted unanimously, 9-0, to partner with CU and share the cost, for the attorneys and accountants looking into the CU conversion to not-for-profit and present to the property owners the best option.

John Albers, attorney, responded that CU, once converted to a not-for-profit, per Ohio tax law, cannot be owned by any entity.

Gregg O'Neill (Lot #0766) asked for clarification of article 9 which states there needs to be a 75% quorum of all members in good standing to change the rules. He also voiced concern about having to sign an agreement with the water company. Gregg wanted the documents to be re-evaluated with the few minor changes from the feedback tonight, and then come back to the property owners of a vote.

Dave Lohrer answered that as a public water system, we have EPA regulations that we have to follow. This may require us to enter the premises if there is a cross contamination suspected.

Mike Casimir has been asked to draft the spending policy and update the documents.

Dave Lohrer reminded all that the motion on the table is to vote for CU to move forward with the application.

Christine Keegan (Lot #0460) wanted to know why articles 8, 9, and 16 blank? She also asked about article 6 section 602, Special Meetings, why would there be no publication of notice of shareholders shall be required. Also why are they listed as shareholders if there are no shareholders only members? Article 12 section 1206 how can one person hold more than one office? Article 12 section 1207 who is the officer of the company?

Dave Lohrer indicated that articles 8, 9, and 16 were not necessary so they were deleted.

John Albers reported that article 6 section 602 should come out, and that some of the changes did not make it into the final document that was distributed. There should not be any references to shareholders in the document. The vote tonight is not on the code of regulations, it is to allow the association to divest the shares to allow the CU not-for-profit conversation to proceed.

Dave Lohrer answered that currently CU has one person who holds the office of secretary/treasurer. The President or Secretary/Treasurer are considered to be the officer of the company.

Susan Harty (Lot #0023) asked to see the legal advice from the CLPOA attorneys and the opinions. She too wanted to delay the vote in order to have time to digest the information presented. She is concerned that the engaged lawyers were only looking at this from a CU standpoint and may not be in the best interest of CLPOA.

Dave Lohrer answered that the board has gone through a 5-year long process, spent your money to bring the right people to the table and bring to you the best options.

Christine Cooney (Lot #0898) asked if Mr. Minor was given any of these documents before the vote in March and if Mr. Albers was here to represent the property owners' association or Choctaw Utilities? She wanted to have Mr. Albers clarify the savings because they are reported as \$70,000 and \$52,000.

Mr. Minor answered that he was given the memos that were prepared by the attorneys and asked to see how the board should proceed.

Mr. Albers answered that he represents Choctaw Utilities. He also clarified that the latest estimate for all three tax savings is \$70,000.

Dave Lohrer presented an explanation of the three tax savings and their breakdown that arrived at the \$70,000.

Dave Wheatley (Lot #0357) reported on his meeting with PUCO when he was a member of CLPOA. Another questions asked was in the not-for-profit scenario, the CU board is not accountable to anyone.

Dave Lohrer answered that the documents indicate that by becoming a not-for-profit organization, CU will resolve any confusion regarding it status and will be free to operate without PUCO or county regulation.

Dave Lohrer answered that the CU board is accountable to the property owners, because the board members will be voted in by the property owners.

Sheila Gartland (Lot #0892) asked for clarification of the slide with next steps and asked to change the motion to include not only the application for not-for-profit but also approval of tax exempt status. She asked for clarification on the term cooperative in 1729 and not-for-profit in 1702. She reported that CU was regulated by PUCO from 1964-1989.

Dave Lohrer answered that the not-for-profit and tax exempt status go together and referred to Ohio revised code 1702.

Mr. Albers answered that the term cooperative in 1729 and 1702 is a slang term that the industry uses to refer to not-for-profit water associations.

Dave Lohrer answered that regulations change often over time and it is the board's responsibility to stay on top of the regulations as they change.

Christopher Davis (Lot #0243) wanted to know if CU did any cost for water comparison for utilities that have a comparable number of customers anywhere in the state of Ohio or in the Midwest.

Dave Lohrer answered that CU has the second lowest rate in the State of Ohio. He also reminded the property owners' that they do not own CUI, CLPOA is the owner. Mr. Minor confirmed this statement

Barb Niemeyer (Lot #0735) asked Mr. Minor to clarify that he has not read, reviewed or was asked to provide legal advice regarding this decision. Barb Niemeyer asked Mr. Albers to clarify that we should or will qualify for this tax exemption. Barb Niemeyer asked Mr. Albers if he had done any work to determine if CU can become a non-profit under CLPOA. She also voiced a concern that the documents have needs to be addressed.

Mr. Minor responded that he already answered that question.

Mr. Albers responded that we have to go through the application process and we have to be granted the status before we are tax exempt.

Mr. Albers responded that there was no work done because in his experienced he already knew that it could not be done.

Andrew Hehemann (Lot #0084) could a non-profit amend the bylaws and sell to an equity firm?

Dave Lohrer answered that there is a dissolution clause in article 8. The documents state that 75% of the customers must agree before anything can be done. The board operates the company, the membership controls it.

Junive O'Neill (Lot #0766) asked for clarification of the motion is to only move forward, not approval of the articles, bylaws or the documents? She wanted to know how to get on the committee that will be revising and having a say in the documents and how the approval of the documents will be handled.

Dave Lohrer affirmed the motion. Dave Lohrer informed Junive to come to the CU meeting on Monday and ask the question.

Mr. Albers added that the EPA requires a facilities management plan and if the EPA finds something that they believe you should do, you will need to do it, regardless of the spending limits set. Mr. Albers also explained the loan process and what goes into requesting and getting approval of the loan.

Dave Lohrer indicated that the plan is looking thirty years out. Although the pipes in ground are holding up well, eventually they will have to be replaced, so it is important for us to plan for the future.

Marty Ditello, President, did a time check of 9.45 pm and asked that anyone in line that has not had a chance to speak, please allow them to move ahead of those who have.

Vince Cyren (Lot #0915/0916) concerned about the documents being changed if we vote now.

Susan Harty (Lot #0023) voiced concerned about giving up the asset, so she wanted to know about a non-profit owning another non-profit. Susan Harty asked if the London School Board can challenge the tax exemption

Mr. Albers already answered this question. .

Dave Lohrer answered that State Law trumps lower laws, but expects the School Board to challenge the tax exemption.

Sheila Gartner (Lot #0892) asked if the conversion require an amendment of restrictive covenant.

Dave Lohrer answered No.

Christine Cooney (Lot #0898) was concerned about voting on the motion to move forward with not-for-profit status tonight if the documents in question can change.

Marty Ditello answered that the motion on the floor is what is being voted on.

Dave Lohrer explained how the CU board explored all options when it was looking at a failing water plant and no monies to fund building a new one.

Adrian Terry (Lot #0175) inquired about who is changing the rules and regulations now.

Dave Lohrer answered CU makes the changes with input from our members.

Call the question! Marty Ditello called for an immediate vote and if 2/3rd of the room says yes we will vote on the motion.

4-no votes, 4-abstain, 196-yes, Call the question passed.

Voting on the motion on the floor. 73-No, 129 –Yes, 2-Abstain. Motion Passed 129-Yes,79-No,2-Abstain

Dean Miller (Lot #0098) moved to adjourn. Shirley Hansgen (Lot #0505/0506) second.

Meeting adjourned @ 10:06 pm.

Minutes compiled by Barbara Moore.