

EAST SHORE CONSERVANCY DISTRICT
MEETING MINUTES
AUGUST 7, 2020—1:00 P.M.

Call to Order: Mr. Steck called the meeting to order at 1:00, announcing that the agenda had been posted in accordance to the Indiana Open Door Law and that a quorum was present.

In Attendance: Fritz Steck, James Bremner, Peter Cleveland, Brian Welch, and Whitney Johnson were all present. Also joining the meeting was Buzz Krohn of Krohn and Associates, Alan Hux of Taft Law, and Kathy Clark of Lakeside Consulting acting as deputy secretary to the Board.

Approval of Minutes: Clark presented the Board with the minutes from the first ESCD meeting held on July 17th. A motion to approve the minutes was made by Welch and Johnson seconded that motion. Motion passed unanimously.

New Business:

Rates and Charges - Steck introduced Buzz Krohn of Krohn & Associates, explained that Buzz would present to the Board details about early funding sources (Exceptional Benefits Assessments, Special Benefits Assessments, User Fees) and how these items, which will become part of the ESCD rates and charges, would be developed.

Krohn began his power point presentation explaining that the net revenues (rates and charges collected from freeholders, after expenses) of the District have to equal 125% of funds borrowed in order to qualify for an Indiana Finance Authority (IFA) State Revolving Fund (SRF) loan. Krohn explained that currently the District was being considered for an SRF Pool Program which offers below-market rates (currently 20 years @ 2.25%) He reported that it currently does not look like the District would be included in any forgivable loan program as that specific SRF program had other requests already ahead of ESCD. He said that efforts to have the District included in such a program are continuing*.

Krohn detailed the Special and Exceptional Benefits Assessments, outlining some of the differences between the two.

1. SBA is a rate that is based upon the gross assessed value of all properties within the District.
2. EBA is based on the Board of Appraisal's final report, along with the overall debt service, divided by the number of freeholders, each will pay their equal share that needs to be repaid.
3. Krohn also explained to the Board that the SBA and the EBA could be placed on freeholders' property tax bills if the Board agrees to this. This would allow freeholders to pay for the EBA (costs to build the system and purchase the original system) bi-annually over the life of any bond awarded to the District.

Clark reported that she had sent the certified list of parcel numbers, along with the last certified gross assessed values of same, to the Marshall County Auditor so that office could begin to develop a 'tax rate' or sewer assessment that can be placed onto the 2021 property tax bill. She noted that the first disbursement of the SBA collected with property taxes would occur sometime in late June or early July 2021. Krohn then noted that any EBA to be collected wasn't likely to begin until 2022. He stressed that

the EBA would be to cover all costs of purchase from ESC of their assets, plus certain other expenses.

Johnson requested that attention be paid to those properties located along 18B Road and Queen Road. She wanted the minutes to reflect her request to ensure that discussion centering around this issue takes place at a future meeting. Cleveland stated that he thinks the Board should have some discretion on the application of the charges.

Krohn presented an example of a flat \$100 per month rate or user fee, plus a monthly charge of \$30 (SBA) could cover that 125%. In reviewing the 2021 ESCD operations and maintenance budget he feels that both a monthly user fee that could be developed by the Board, plus an SBA should cover that initial debt service. He went over Slide 7 of his power point presentation** noting that the 2021 budget of \$139,392 which includes expected user charges from the Town, a 10% contingency figure and other funding charges, would equal about 10 cents per hundred of property value.

After the Board engaged in a full discussion about SBA and EBA benefits and developing rate charges, Welch made a motion to appoint Bremner and Johnson to review the various options of developing rates and be prepared to present their solution to the Board at the next meeting in September. Johnson seconded the motion. Motion passed unanimously.

Board of Appraisers – Steck asked Hux to describe appointing a Board of Appraisers and what they will do. Hux explained that three appraisers are required to assess the value of the system and how much it will increase the value of the properties within the District boundaries by having it. They will prepare their report and that will be given to the Court at which time anyone can file exceptions to that filing. The Court will issue a final ruling on the Appraisal Report. Welch made a motion to authorize Hux to assemble the Board of Appraisers and Johnson seconded that motion. Motion passed unanimously***.

Purchase Agreement – Welch noted that not everyone received the draft of the Option to Purchase Agreement, so Hux explained the nature of the Agreement and that the parties should negotiate so that an agreement on a price to purchase the ESC assets can be reached. This of course would not take place until the two appraisals that Clark has hired firms to do are received. A motion was made by Bremner to appoint Welch and Cleveland to negotiate and charging them with bringing their agreed to amount back to the full Board for final discussion and approval, authorizing Steck to sign. The motion was seconded by Welch. Motion passed unanimously.

Promissory Note – Bremner explained that ESCD can go to a bank and ask for a line of credit to get initial funding to run their operations. He then stated that ESC has offered a line of credit in the amount of \$100,000 for six months which will be a simpler and less expensive way to borrow. Johnson made a motion to accept the ESC's offer in a not-to-exceed amount of \$100,000, with an interest rate of 4.16% (reflective of STAR Bank's interest as of 8.6.2020) that should be paid back in full no later than six months from the date of receipt and authorized Steck to sign the note for the loan. Bremner seconded this motion. Motion passed unanimously.

District Plan – Hux explained that he is drafting a District Plan and that he should have a draft done within thirty days. Hux already has had discussions with Department of Natural Resources, and many of the system's plans have already been permitted by the Indiana Department of Environmental

Management, and the DNR would not have to send the District Plan out to other agencies for their approvals. This should result in ESCD getting their District Plan back within thirty days of submission and then the Court can issue a notice and have a public hearing on it. Hux said he would be working with Mark Sullivan of Midwestern Engineering and Clark of Lakeshore Consulting to complete the Plan. Welch asked Hux what he needs to go before the IURC. Hux responded that he needs to have the Purchase Agreement with the value and the District Plan. He doesn't expect any issues though he stated that everything will need to be pushed along if the ESCD wants to finalize the transfer as of January 1st, 2021.

Board Schedule - Clark asked for confirmation of the ESCD Board so that they could receive the report from the Rates and Charges subcommittee and also review the District Plan. It was decided that the **ESCD Board would meet here at the Library at 1:00 on September 11th and then move directly on to the Public Hearing on the 2021 budget at 3:00.** Clark confirmed she would properly notice the meeting and the public hearing per State statute.

Next the Board set an October 9th date* at 10:00 here at the Library for the Public Hearing on the Rate Resolution with the regular board meeting of the ESCD Board to begin at 11:00. Clark will notice both the hearing and the meeting per State statute. **THIS MEETING HAS BEEN MOVED TO OCTOBER 10TH**

Clark requested a decision concerning how she is to post future meeting agendas, public hearing notices, approved minutes and other materials. She reported that some freeholders have made recent requests that all of this information to be emailed to everyone. A discussion took place concerning a District website as compared to the existing East Shore Corp website. It was agreed that the ESC would be asked for permission to post certain materials pertaining to ESCD on the ESC website. Clark explained that minutes and meeting materials should not be disseminated until they are approved by the Board. Clark said she would post approved items on the ESC site and post agendas both on the website and at the Library, all 48 hours prior to meetings, 72 hours prior for public hearings.

Last, Bremner asked Krohn to continue to think about how ESCD can get help from the State, not just for low interest rates, but some type of forgivable loan to help the freeholders.

Bremner made a motion to adjourn at 3:20 which was seconded by Steck. Motion passed unanimously.

Respectfully,

Kathy Clark, Deputy Secretary to the Board
8.23.2020 - submitted to Board Secretary Welch.

**While questions from the freeholders were not on the agenda until the end of the meeting, questions were asked and allowed at this time. Several freeholders asked who could contact State government to urge them to approve ESCD for the forgivable loan portion of the SRF program.*

***See complete power point presentation attached to these minutes.*

****At this point freeholders asked questions about the SBA and EBA and how they function. Freeholders asked that those should be applied fairly to everyone, considering home-size, use, value and other factors. Individual meters were discussed and dismissed by the Board because sewage meters are not*

reliable and are usually used when a centralized water system is in place like it is in town, not when everyone has an individual well.

Brian Welch, Board Secretary

East Shore Conservancy District

Approved by the ESCD Board of Directors 09.11.2020

*Meeting moved to October 10th, Saturday due to scheduling conflict at Library.