

MINUTES OF A REGULAR MEETING
OF THE BOARD OF TRUSTEES OF
TURKEY CREEK REGIONAL SEWER DISTRICT

The Board of Trustees of the Turkey Creek Regional Sewer District met in the Office of the said District, 4852 North 1200 West, Cromwell, Indiana, on the 17th day of September 2018. Such meeting pursuant to annual notice in accordance with the rules of the Board of Trustees and I.C. 5-14-1.5.

President Heil started by reading the following:

When we come to the public portion of the meeting there are some parameters in effect. The past two months meetings have been well attended primarily by persons interested in the possibility of installing sewers on Northshore Drive and Eastshore Drive around Syracuse Lake. Comments by those in attendance have been heard by the Board and will be considered as the Project Review continues. However, public participation will not be allowed to interfere with or disrupt the regular business of Board Meetings. Conduct that interferes with or disrupts the intent of these meetings will not be tolerated.

When we come to the public portion of the meeting, anyone who has a comment to present which has not previously been presented, or a question to ask which has not previously been asked please do so when acknowledged by the Board.

State your name and you will be allowed 2 minutes for your comment or discussion of your question.

If these guidelines are not honored by those in attendance, the public comment portion of the meeting can and will be terminated.

President Heil called for the roll of members of the Board shown to be present or absent is as follows:

PRESENT

Rex Heil

James Boone

Donald DeWitt

Keith Ort

Robert Dumford

Dan Mikolajczak

ABSENT

James Young

Also present were Brian Houghton and Jeff Hersha of Jones and Henry, Timothy Woodward-District Superintendent, Andrew Grossnickle of Beers, Mallers, Backs & Salin LLP, John Julian of HJ Umbaugh & Associates, Chelsea Los of The Paper, Michael and Karen Williams of Microbyte, Jane Bauer, Billing Clerk and Pam Johns-Office Manager. There were also approximately 25 people attending the meeting in order to get more information and state their concerns regarding the possible expansion of sewer service in the Northshore and Eastshore area.

President Heil verified that each Board Member had a copy of the minutes from the August 20, 2018 meeting. President Heil requested a correction on page 1 line 14 removing the word "study". He also requested that it be removed on page 2 lines 8 and 12. Trustee Dumford requested that on page 2 line 23 the word "temporary" replace "temporarily". The motion was made by Trustee Boone to approve the minutes as amended. The motion was seconded by Trustee Dumford and carried.

After a brief discussion Trustee Boone made the motion to pay claim #'s 8516-7, 8520-42 and 8546 as listed on Operation & Maintenance. The motion also approved claim #'s 8547-49 from the Water Fund plus prepaid check #'s 15584-15611 from the Operation & Maintenance Fund and claim #'s 8550-52 from the SWAP Fund. The motion was seconded by Trustee Dumford and carried.

President Heil reported that he had tried to contact the Syracuse Town Manager who was on vacation at the time. President Heil left a message but has yet to hear back from him, he will follow up this week.

Tim reported that the annual well maintenance was completed (report in the Board Packets). The hydrants were flushed on September 5, 2018 (100,000 gallons in four hours). The final flushing for the year will be October 2, 2018. The wastewater plant had flows comparable to the July 4th Holiday week and experienced no problems.

The bio solids have been tested and approved. Tim reported that hauling (approx. 200,000 gallons) will start as soon as the fields are ready.

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Tim reported that he had the pumps at Runaway Bay replaced with rebuilt Flyte Pumps and that the panel will be replaced as part of Contract #4. By using rebuilt pumps the District will have saved approximately \$36,000.00.

The Crows Nest Capacity Certification to IDEM has been approved and the project can go forward. In exchange for our force main being utilized, the developer will replace the control panel and install a generator & transfer switch per TCRSD specifications. They are planning 15 connections.

Tim reported that Mason and Niblock have equipment and pipe on site.

President Heil introduced John Julian of HJ Umbaugh & Associates, rate and bond consultants for the District. John reported on the cost estimates for the NEAR Project. He reported that bids (contracts 4 & 5) came in a little lower than the estimates last summer and that the project is in the financial capability of the District without rate changes. The next step is the issuance of bonds to fund the project. John worked with Attorneys Grossnickle and Bruns (Bond Attorney) of Beers, Maller to prepare a Bond Ordinance for the District to approve and sign. The Ordinance spells out protections for both the District and Bond Holders including maximum interest (tax exempt), parity position, and payment schedule (20 years). John stated he has included in the ordinance the refunding of the 2008 Bonds which he had discussed with the District last summer. This (approx. \$1.1 million) would be rolled into the new bond. The cost refunding the 2008 and the cost of the new bond would be almost 2 for 1. Trustee Dewitt asked about the expected interest rates. John stated that he expects rate for the bonds that mature early to be approximately 2% and the 20 year bonds at approximately 4 ½ %. John stated that the official statement and offering document should be done in 10-14 days and will be sent to Standard and Poors in order to get a bond rating before being put on the market. John expects to be ready for selling in approximately 30 days and have money in hand in 45 days.

President Heil inquired about John's thoughts on future interest rates. John replied that all indicators are that interest rates will rise and that construction costs are already going up.

John feels that the District has positioned itself well and with the reduction of treatment costs, control of flow and overall financial position there should be no negative impact on rates and charges.

President Heil asked Attorney Grossnickle to continue the Bond information. Andrew reported that he had prepared the paperwork for the Bond fees for Local and Bond Council. He presented a fee schedule of \$14,500.00 for Local and \$35,000.00 for Bond Council. These fees would be billed at closing of the bond issue. Trustee Dumford made the motion to accept Attorney Grossnickle's proposal of charges of \$14,500.00 for Local Council and \$35,000.00 for Bond Council. The motion was seconded by Trustee Boone and passed.

Andrew E. Grossnickle then stated that it would now be in order for the Board of Trustees to consider said ordinance. Rex A. Heil then introduced ordinance, entitled "An Ordinance authorizing the current refunding by the Turkey Creek Regional Sewer District of its Sewage Works Revenue Bonds of 2008, concerning the construction of additions and improvements to the sewage works of the Turkey Creek Regional Sewer District, the issuance of revenue bonds to provide the cost thereof and the refunding, the collection, segregation and distribution of the revenues of said works, the safeguarding of the interests of the owners of said revenue bonds, other matters connected therewith, including the issuance of bond anticipation notes, and repealing ordinances inconsistent herewith". Dan Mikolajczak moved that said ordinance be numbered and placed on first reading, and that the same be read by title at this time. Said motion was seconded by James Boone, and on call of the roll was carried by the following vote:

Ayes:

Robert Dumford
Donald Dewitt
Rex A. Heil
Dan Mikolajczak
James Boone
Keith D. Ort

Nays:

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The ordinance having been numbered 2018-2, and having been read by title, Donald Dewitt moved that the ordinance be read a second time by title and opportunity be given for the offering of amendments. This motion was seconded by Robert Dumford, and on call of the roll was carried by the following vote:

Ayes:

Robert Dumford
Donald Dewitt
Rex A. Heil
Dan Mikolajczak
James Boone
Keith D. Ort

Nays:

Ordinance No. 2018-2 was then read a second time by title and no amendments were offered. Said ordinance having been read a second time by title, Robert Dumford then moved that the ordinance be adopted as read. This motion was seconded by Dan Mikolajczak, and on call of the roll, was carried by the following vote:

Ayes:

Robert Dumford
Donald Dewitt
Rex A. Heil
Dan Mikolajczak
James Boone
Keith D. Ort

Nays:

Rex A. Heil announced that Ordinance No. 2018-2 had been duly passed and adopted.

President Heil then asked Jeff Hersha to respond to the emails the District had received since the last meeting. Numerous questions included pollution of Syracuse Lake and the fact that that the County Health Department reportedly stated that they had not seen raw sewage in the lake, why is this process different than SWAP, will the feasibility study be available for review by the public-what did it cost, how many parcels need to be connected, before a vote is taken-will it be on the agenda? Jeff stated the District had a responsibility to look at sewerage after some residents requested information as to the District plans. Jeff does not feel that this process has been handled differently than SWAP and Jones & Henry were asked to and completed a hydraulic analysis. There is no minimum of parcels required and any exemptions would be issued at the discretion of the Department of Health.

Another email asked if informal meetings were held for people in the SWAP area, were people asked to sign a connection agreement, how many have not been able to connect but are paying \$66.00/mo, how many pump problems have there been, is the plan being considered because of the increased cost from the Town of Syracuse, has a feasibility study already been done, what if a property owner does not hook up and why do septic tanks need to be destroyed? Jeff stated he was not aware of informal meetings with SWAP customers. Property owners were originally asked to sign contracts however as the project progressed with the positive response it no longer became necessary. All SWAP customers have been able to connect since November 2016, this is when the full charges of \$65.90 started. If a property owner does not connect to the available system the District may take legal action based on Indiana Code and the District Use Ordinance. Septic systems must be handled per Indiana Code 6-8.3.90 which covers abandonment of onsite sewer systems.

The flow reduction and plant improvements (contracts 4 and 5) are not connected to any possible expansion of service by the District.

Jeff was asked in another email regarding the District being nonprofit. Jeff clarified that the District operates as a unit of local government and is not private for profit as was said at the opposition meeting held in Syracuse. Andrew stated that it is a Municipal Corporation and is a creature of statutes.

Another email asked if the District has looked at setting up a system where payments could be made to cover the debt vice. Jeff said that this is one of many options being looked at.

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David Johnston requested that President Heil reread his opening statement which he did. When asked President Heil reassured Mr. Johnston that it would be included in the minutes.

President Heil was asked regarding the correction of the minutes-feasibility study (taking out study). He had not said "study" therefore the correction was made.

President Heil was asked how many requests for service had been received. Jeff answered stating that it was basically a trickle in process. People saw the SWAP project and inquired about the possibility of service in other areas. When the District felt they had received enough inquiries they sent out the mailing. He did not have exact numbers but thought that 40 property owners had responded saying they were in favor (within 10 years) of getting sewer service.

A property owner responded that at the May Meeting the numbers reported were 48 in favor and 94 against.

Jeff was asked if he had reviewed the petition that was presented at the last meeting. He had not seen a copy. Jeff was asked that if the majority of property owners did not want sewers installed would the District still go ahead. Jeff responded that it was not his decision. He was to see if it was possible from an engineering standpoint-which it is and that the statute has mandated it. One property owner stated that if the District went through with the expansion he would sue and tie up the procedure for 10 years. A Trustee asked what that benefit would be if in fact in 10 years hook up was mandatory-at what cost. Also, at a point in time septic permits may not be issued by the County.

A property owner stated that she felt if the District had presented the project differently, people would not be having the reaction they are. People who do need service now and those that feel they do not have the need currently could have different options. Trustee Boone stated that various options have and are being looked at including different billing and connection options. He stated that the current projects (contracts 4 & 5) have to get underway before any decisions are made regarding Northshore/Eastshore.

A property owner brought up what affect the sewerage of Northshore/Eastshore would have on the possibility of annexation by the Town of Syracuse. He felt that with sewer service already in place annexation would be more likely.

The Board was asked for clarification of the financial review done by John Julian of HJ Umbaugh and Associates. The Board clarified that it is only for the NEAR Project (contracts #4 & 5) and the refunding/refinancing of the 2008 Bond. It has nothing to do with Northshore/Eastshore.

A property owner stated he felt Jeff was incorrect regarding possible E.coli in Syracuse Lake and asked him to look at the data again.

The Board was asked regarding agreements that were signed by property owners in the SWAP area. Andrew responded that this was in part due to confusion about the County's exemption process. The County did clarify the process making the letters of commitment no longer necessary.

The Board was asked about the small group meetings held with SWAP area owners. President Heil responded that small group meetings were not held but the District was and is always out promoting the District.

A number of property owners disputed President Heil and Trustee Boone's comments regarding the benefits that the property owners on Syracuse Lake receive as a result of the sewerage of Lake Wawasee which flows into Syracuse Lake.

A property owner asked regarding a time line. Brian stated that if and when a decision is made it would take 18 months to two years before the project would be ready for homes to hook into it. President Heil then was asked when a decision would be made. Trustee Boone stated that he felt the Board would not be making a decision until after the current projects were completed or near completion (the summer of 2019).

The engineers were asked what the cost of the possible Northshore/Eastshore Project would be. Brian responded that the original scope cost was estimated to be \$1.6 million.

The Board was asked whether or not a feasibility study would be in writing and available for review. Trustee Dumford pointed out that the Board has Attorneys, Engineers, Rate Consultants and Trustees all working together to collect and review information then report back to the Board. With any project the Board will then take the information and make a decision whether or not to proceed.

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A property owner living on the north side of Northshore Drive expressed her concerns over the cost and also whether or not sewerage was really necessary.

A new property owner asked about "a carve out clause". Jeff stated if requested by the property owner the County Board of Health could do an inspection on a system less than 10 years old and possibly issue an exemption. At the end of that exemption the owner would be able to retest and reapply for two 5 year extensions. The process is entirely up to the Kosciusko County Board of Health and outside the jurisdiction of the District.

The board was again asked "Why are you doing this"? Andrew reminded everyone that when the District was formed its purpose was to sewer the area. It has always been part of the plan.

When asked why now, Trustee Mikolajczak responded that part of the reason was to see what the urgency might be. Trustee Mikolajczak reminded those present that if the funding, engineering and contractors had been available when the system was first put in, the District would have done the entire lake area. Instead it had to do it in phases. He stated that the District is just continuing what was started years ago.

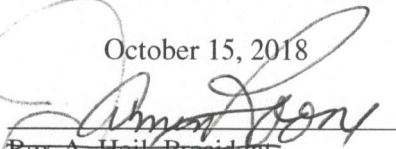
The Board was asked if they had considered petitioning to have the District made smaller by eliminating Northshore. President Heil responded "Why would we do that?" He feels that at some point sewer service will be necessary.

A property owner asked when work would be starting on contracts 4 & 5 and when contracts were signed. Brian responded that the District has the insurance coverage signed and a Trustee stated he thought the contracts had been signed.

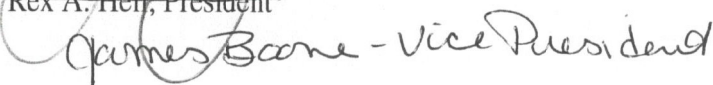
There being no further business to bring before the Board, Trustee Dumford made the motion to adjourn. Trustee Boone seconded the motion and the motion carried. The meeting adjourned at 8:35 p.m.

October 15, 2018

Respectfully, submitted by:


Rex A. Heil, President


Pam Johns, Office Manager


James Boone - Vice President