

**MINUTES OF REGULAR MEETING OF BOARD OF DIRECTORS
OF KOONTZ LAKE REGIONAL SEWER DISTRICT
June 19, 2007**

A regular meeting of the Board of Directors of the Koontz Lake Regional Sewer District was held at 6:30 p.m., local central time, at the KLA Clubhouse, 10879 Cherokee Road, Walkerton, Indiana 46574. The meeting was called to order by Paul Warnke and present at said meeting were Board members Paul Warnke, Tom Camire, Michael McKenna, and James Buza. Absent were Board members Louise Buza and Robert Aloï. Also present were three members of the public at large, including Pam McDermott and June Tolliver, and one other member of the public who did not sign in to speak. Also present was Rochelle Owen, State Director of Indiana Rural Community Assistance Program, and Attorney Ronald Gifford who took the minutes of the meeting.

Discussion was had among the Board members concerning the adoption of the agenda as proposed by Mr. Warnke, and Mr. McKenna indicated that he would add some additional items under Old Business - Board Formation Wrap-up when that matter came before the Board. The Board, upon recommendation by Mr. Warnke, discussed having a category to be called "Other" on the agenda each meeting in case something needs to be brought up that was not available to be placed on the agenda prior to the meeting. Thereafter, upon motion by Mr. Camire, seconded by Mr. Buza, the Board unanimously voted to adopt the agenda as presented.

Mr. Warnke asked Mr. Gifford to read aloud the minutes of the May 15, 2007 meeting, following which, upon a motion by Mr. Camire, seconded by Mr. McKenna, the Board unanimously approved the minutes as submitted.

Mr. Warnke then asked Mr. McKenna to present the Treasurer's report and plan. Mr. McKenna stated that he had contacted the State Board of Accounts and had downloaded their informational booklet and also contacted Connie Stevens, President of the Indiana Regional Sewer District Association. He has also discussed what forms are needed to be used to satisfy the State Board of Accounts, and he has an appointment to meet with the Clerk at Lake of the Woods in the near future to review what and how they are meeting their requirements. He discussed the most necessary forms that would have to be used and

also said that forms that needed to be filed in the near future would include a Federal Identification Number request, a Retail Tax Exemption Number for the State of Indiana, and a DUNS Number.

Mr. McKenna also stated that it would be necessary to set up a bank account for any funds that might come into the hands of the District, and he said that he had reviewed five banks in the area that are approved depositories of the State. After talking with all of them, he had narrowed the field to 1st Source and Teachers Credit Union, both of whom are on the approved list and have branches in the Town of Walkerton. Mr. McKenna indicated that he was going to recommend 1st Source as the depository for funds, and Mr. Buza asked whether transaction fees had been looked at as well as other factors, at which point Mr. McKenna read some of the items that each bank had in their plan aloud to the Board and those present. Thereafter, upon motion by Mr. McKenna, seconded by Mr. Camire, and unanimously approved, 1st Source Bank was chosen as the depository of funds for the District. Mr. McKenna also indicated he will talk to Steve Kelly to see if the \$200 or so that the Advisory Committee has left over can be turned over to the Sewer District in order to open the account in the near future.

Mr. McKenna recommended that the Board members waive Board compensation for the first year of operation, except for the reimbursement of expenses, and that the same be reviewed again in May of 2008 for further possible action. Thereafter, upon motion by Mr. McKenna, seconded by Mr. Buza and unanimously agreed upon, the Board adopted said recommendation.

Mr. McKenna asked that the Board allow him to make a formal request to the Koontz Lake Association for funds to handle some preliminary expenses, said funds to come out of their Bingo fund. Mr. McKenna outlined the fact that monies would be needed for at least one total mailing to all freeholders plus mailings to prospective professionals in the field of engineering and financial services, and funds would be needed for that purpose. Thereafter, upon motion by Mr. Camire and seconded by Mr. McKenna, Mr. McKenna was authorized to make a formal request to KLA for the sum of \$2,000.00 to help with such preliminary funding.

Mr. McKenna then addressed the issue of safe keeping of records and indicated that for present, he would like to maintain records of the District at his home. Mr. Buza indicated that the website the District is using does have space available to hold materials and files with off-site back up. Following some additional discussion, Mr. McKenna was given permission to store the records at his house until other arrangements could be made.

Mr. McKenna also brought up the possibility of having a pledge drive fundraiser with a goal of \$25,000.00. Pledges would be paid monthly for those wishing to contribute and they could be offered a credit back against a connection charge, and if the plan does not go forward, there would be no refunds. This money would help pay for the preliminary engineering report estimated at a cost of \$15,000.00 to \$30,000.00. Mr. Buza wanted to see if ads or banners could be sold on the website as another means of raising some money. Mr. Buza will put together a proposal with further details or thoughts along those lines and bring it back to the Board.

Under Old Business, Mr. Buza reported on the mailing address issue as he had reviewed the bag of returns left with him at the previous meeting and found that 142 of those returns came from Starke County, with only 18 coming from Marshall County. He reported that Louise Buza went to Knox and met with County officials who gave her a list of names and addresses in hard copy, but he indicated it would be difficult to utilize the hard copy in any way. Rochelle Owen indicated that if it could be sent to her office where it could be converted into a PDF format and then Mr. Buza could convert it to Excel and make it a usable database for the addresses.

On the issue of agenda items, Mr. McKenna would like to get documents and reports mailed out along with the Board packet and, as such, information needs to get to Mrs. Buza earlier than this particular month so that can be accomplished.

Mr. Buza reported that he had done a response concerning the website e-mails but had neglected to bring it to the meeting, and he indicated that he would e-mail it out to all Board members for their review prior to the next meeting.

Mr. McKenna suggested that there be a directive that the President is the spokesperson for the Board and that a policy and procedure manual be put together so that any Board in the future would know what their job functions were. It was suggested that a

2-man committee collect information and put it into such form consistent with other policies and procedures, and Mr. Camire and Mr. Buza were asked to and agreed to serve on that committee.

Mr. McKenna also handed out to the Board members the law on conflict of interest and made comments concerning the same.

With respect to bonding and insurance, the President, Vice-President, and Treasurer need to be bonded and someone needs to investigate both an agent and what the cost might be to do that. Rochelle Owen suggested contacting the Elkhart Regional Sewer District to see who they are using as she was aware of the fact that they were happy with what they were getting.

It was noted again that the deadline for submitting the District Plan would be December 11, 2007 and if it was not going to be possible to have such Plan in place by that time, there would be a need to ask for an extension in November of this year.

Under the agenda heading of Committee Reports, a formal document entitled QBS Report and Related Documents was submitted to the Board. After some discussion, upon motion by Mr. McKenna, seconded by Mr. Camire, the Board unanimously approved the rating system proposed in said report, and upon motion by Mr. Camire, seconded by Mr. Buza and unanimously approved, the entire package with suggested changes as made at this meeting was approved. Mr. McKenna reported that the legal notice be put in the *South Bend Tribune* and *The Indianapolis Star*. A copy of said document is attached hereto and made a part of these minutes.

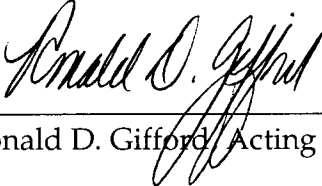
With respect to the project management plan, Mr. McKenna suggested dividing the major milestone tasks and putting them into a logical timeline with sub-projects that might be needed to hit those deadlines. He indicated that they will continue to report to the Board on a monthly basis.

Under the subject of New Business, there was a discussion of what to put in the public binder and where to put that, and it was agreed that all agendas, minutes, open door law, orders, maps, petition, and the McMahan initial report be placed in such a binder at both the Library and in the KLA Clubhouse.

Discussion was had about becoming a member of the Indiana Regional Sewer District Association at a cost of \$50.00 per year, and the Board, upon motion being duly made and seconded and unanimously approved, authorized such expenditure once money was available for that purpose.

Finally, the Board discussed limiting public comment to three (3) minutes at Board meetings and indicated that the Board would not be obligated to respond at the meeting at which such question would be asked in the event they were not prepared to answer the question at that time. Such policy or procedure was adopted upon motion by Mr. McKenna, seconded by Mr. Camire, and unanimously approved by the Board.

There being no further business to come before the meeting, the meeting thereupon adjourned at 8:35 p.m. local central time.

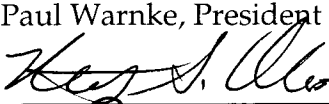


Ronald D. Gifford, Acting Secretary

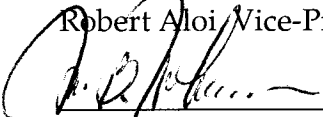
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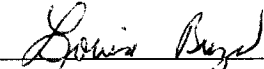
Paul Warnke, President




Robert Alois, Vice-President



Michael McKenna, Treasurer



Louise Buza, Secretary



Thomas Camire, Member



James Buza, Member