

KOONTZ LAKE REGIONAL SEWER DISTRICT

P.O. Box 204
Walkerton, IN 46574

MINUTES OF ANNUAL MEETING OF BOARD OF TRUSTEES OF KOONTZ LAKE REGIONAL SEWER DISTRICT

August 20th, 2019

The 2019 Annual meeting of the Board of Trustees of the Koontz Lake Regional Sewer District was held at 5:30 p.m., local central time, at the KLRSD Administrative Building, 10625 East Prairie Avenue, Walkerton, Indiana 46574. The meeting was called to order by James Jackson. Other board members present were: Mike McKenna, Dan Pisarek, Jerry Weber, Kristy Wilsey and Ron Armstead. Also present were Marty Wolf, Andrew Warnke, Sue Warnke, Ken Jones of JPR, and Shelley Bell.

Mr. Jackson asked the Board if there were any additions or corrections with respect to the adoption of the August 20th, 2019 agenda as previously published. Mr. McKenna made the motion to accept the agenda as published, Mr. Warnke seconded, and upon vote, the Board unanimously approved the Agenda.

Next on the Agenda was the reading of the July 16th, 2019 Minutes. There being no changes, Mr. McKenna made the motion to accept the Minutes as presented, Mr. Warnke seconded, and upon vote, the Board unanimously approved.

The first item of the Annual Meeting was the President's Annual Report. Mr. Jackson delivered this report as follows:

KLRSD Annual President Letter

Annual year August 2018 - August 2019

Recognize and thank the board members for their time in fulfilling their duties.

I would like to recognize the employees at Astbury Water Technology Inc. and JPR Jones Petrie Rafinski. Thanks to their efforts the collection system and the CWP are running well and remained in compliance throughout the time period. There are approximately 930 connections.

To improve plant reporting in a timely manner Wifi service was added to the CWP.

The Swan Lake Resort (SLR) hook-up to KLRSD was completed in November 2018 and In January 2019 the new infrastructure was dedicated to the KLRSD. All reports indicate that there have been no issues.

Buck Buchaniec resigned from the board and Paul Warnke accepted to fill the open position.

A study of delinquent properties revealed that 13 properties account for 70% of the total delinquencies.

Astbury has a new Asset Management Program to better track the District's assets.

The financial position of the district remains in good standing. The State Board of Accounts for 2015-2017 was clean with only two minor issues that were resolved. A special thank you to Mike McKenna for his continuing efforts in this area.

The Board approved a small stipend to be paid for Board meeting attendance.

The board approved the recommendation of canceling the Astra Insurance Policy and engage Cincinnati Insurance to provide insurance coverage for the system with an effective date of August 2, 2019.

Respectfully submitted,

James Jackson
President of the Koontz Lake Regional Sewer District
Board of Trustees

The Treasurer delivered the Annual Treasurer's Report as follows:

Koontz Lake Regional Sewer District			
P.O. Box 204			
Walkerton, IN 46574			
ANNUAL TREASURERS REPORT			
Report Period: July 1, 2018 to June 30, 2019			
Finances			
July 1, 2018 Starting Balance			
Checking		\$306,580	
Certificates of Deposit		\$807,271	
CASH BALANCE			\$1,113,851
Revenues			
from User Fees			\$628,044
from Swan Lake			\$13,999
from Penalties			\$6,040
from Permits			\$90
from Connections			\$280
from Interest			\$19,279
from Other			\$1,352
TOTAL REVENUES			\$669,084
TOTAL EXPENDITURES			\$569,602
ENDING BALANCE			\$1,213,333
June 30, 2019 Ending Balance			
Checking		\$287,516	
Certificates of Deposit		\$925,817	
Balance			\$1,213,333
Fund Balances			
Operating		\$100,000	
Principal & Interest		\$102,575	
Debt Service		\$211,730	
Capital Improvement		\$799,028	
Total Funds			\$1,213,333

Items of Note
<p>The 2019 Business Plan (for January through June) shows the following:</p> <p>Revenues are shown at 123% of budget projection. However, November 2018 User Fee receipts were not deposited in December 2018 but in January 2019. When the 2019 revenues are adjusted for this, we have revenues at 110% of budget projection. Additionally, we had unbudgeted revenues of \$25,240 from lien collections and \$13,999 from Swan lake. When adjusted for these, we have revenues at 98% of budget prediction.</p> <p>Expenses are at 104% of projection.</p> <p>Operating Ratio is 1.21 (when revenues are adjusted for the November 2018 User Fees as described above).</p>
<p>These figures indicate that the Proposed Budget, adopted in November 2018, is basically on track after the first 6 months of 2019.</p>
<p>Expenses remain under control and the District continues to build reserves with an increase of \$99,482 over the twelve months reported.</p>
<p>Customer accounts receivable certified in lien stand at 3.5% of annual revenue, considered a lower than normal level in this industry.</p>
<p>The connection to Swan Lake Resort at the beginning of this year has produced increased revenue. There has been no analysis of the expected offsetting expenses.</p>
<p>I hereby certify the above to be true and correct.</p>
<p>Michael B. McKenna, Treasurer August 20, 2019</p>

Mr. McKenna noted the Revenues are shown at 123% of budget projection, however January included User Fee Receipts from 2018, which brings us to 110% after adjusting for this. He added that because of Swan Lake starting up, we are at 98% Revenues and Expenses at 104%. He feels the District is in a good financial position.

Next was the Nomination of Officers. The first office was for President. Mr. McKenna nominated Mr. Jackson to continue this position and Mr. Weber seconded. There were no other nomination so the Board voted with all in favor voting with a vote of confidence.

Next, the office of Vice President was open for nominations. Mr. Jackson nominated Mr. Weber and Mr. McKenna seconded. There were no other nominations. The Board voted a vote of confidence unanimously.

Next were nominations for the office of Secretary. Mr. Weber nominated Mr. Pisarek and Mr. Armstead seconded, and there were no other nominations. The Board then voted with all in favor voting with a vote of confidence.

The next position for nomination was that of Treasurer. Mr. Weber nominated Mr. McKenna to continue as Treasurer, with Mr. Armstead seconding. There were no other nominations. Upon unanimous vote, the Board approved with a vote of confidence.

The officers for the next 12 months for the KLRSD are:

President – James Jackson
Vice President – Jerry Weber
Treasurer – Mike McKenna
Secretary – Dan Pisarek

With this, Mr. Jackson made the motion to close the Annual Meeting and upon vote, the Board unanimously approved.

This also concluded the Annual Meeting of the Koontz Lake Regional Sewer District Board of Trustees for the years of 2019 – 2020.

The Regular Meeting of the Koontz Lake Regional Sewer District Board of Trustees began approximately 5:50 CST.

Following the Agenda, Mr. Ken Jones was given the floor to speak about Marshall County RSD. Mr. Jones told the Board that KLRSD is the only sewage District in Marshall County. He has been hired by the Marshall County Health Department to conduct an engineering study and prepare a preliminary engineering report leading sewage districts.

Mr. Jones discussed how KLRSD has a jurisdictional right to plan additional areas it may want to expand in coverage. He mentioned possible communities such as Tyner and Teegarden, which have environmental issues and need to replace septic systems with sewer compliance.

Marshall County may be interested in being partners with KLRSD. He wanted the Board to be aware that they should consider being asked if development happens near the KLRSD system, if KLRSD would like to provide service.

Mr. Jones explained his main purpose was to inform the Board what is happening. He explained that Health Officers and County Commissioners are the ones who could request KLRSD provide service for a certain area.

KLRSD's area of planning would include analysis to decide if our system could handle additional communities, and this analysis would be funded by Marshall County, not KLRSD.

Mr. McKenna made the comment that we would need to make sure the District does nothing that would cost our current customers a dime. New entities joining would be charged per customer a multiplier to factor in the difference current customer have been paying already.

Mr. Warnke asked about the economies of scale, noting it would be mostly related to the treatment plant and more people would share the cost of treatment.
KLRSD would not need to take responsibility for other entities collection systems.

JPR would be able to give us the pros and cons of taking on new customers.

Mr. Jones added that the Board does not need to make any decisions right away, that he just wanted us to be informed of what is happening in our area.

Next, Marty Wolf addressed the Board regarding the Indemnity Agreement for the Koontz Lake Conservancy. He said the Board and their attorney have an issue with the Agreement, particularly a clause asking them to indemnify the KLRSD from any acts of negligence.

Mr. Jackson informed him that our attorney had said this clause was needed to protect our Board. Mr. McKenna is under the impression that Indiana Code gives the Board certain protections. He suggested having the attorneys for both Boards discuss this, adding it is not something we can change, as it is mandated by Code: 34 51-2-2.

Mr. Jackson and Mr. Wolf will have their prospective Board's attorneys talk to each other.

Next, the meeting turned to Monthly Reports.

The Nominations Committee noted we have two members, Mr. Weber and Mr. Armstead, whose terms expire at the end of the year. Both men have accepted a request for reappointment. Mr. McKenna will contact the county regarding requests for reappointment.

Next was the Treasurer's Report:

KOONTZ LAKE REGIONAL SEWER DISTRICT

TREASURERS REPORT

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August 20, 2019

CASH

1st Source Bank Checking Account

Balance as of June 30, 2019:	\$287,993.52
Checks, withdrawals, debits	-\$52,848.85
Service charges	-\$41.60
Deposits and credits	\$38,770.33
Interest earned	\$77.45
Statement balance as of July 31, 2019:	\$273,950.85
Checks written but not cleared	-\$250.96
Available balance in checking:	<u>\$273,699.89</u>
Certificates of Deposit:	<u>\$925,817.22</u>
Total funds	\$1,199,517.11

RECEIVABLES

Reported by JPR as of 5/17/2019	<u>\$95,776.84</u> (see Note 1)
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CLAIMS

The following invoices and claims are presented:

NIPSCO	CWP electric	\$4,492.93	*1
NIPSCO	CWP gas	\$64.85	*1
NIPSCO	CS grinder electric	\$1,589.35	*1
NIPSCO	OB gas & electric	\$152.36	*1
Republic Svcs	sludge hauling	\$702.40	*1
CenturyLink	Phone Svc	\$199.32	*1
Marshall County REMC	SLR electric	\$171.00	*1
Astbury Water Tech	Operater services	\$5,818.30	*2
Jones Petrie	billing services	\$6,258.49	*3
Jones Petrie	locate services	\$2,635.00	*3
Jones Petrie	engineering	\$0.00	*3
Jones Petrie	inspection services	\$191.25	*3
Jones Petrie	reimbursables	\$0.00	*3
Personnel Partners	staffing services	\$630.38	
Shelley Bell	bookkeeping expenses	\$27.48	
IUPPS	locate services	\$73.15	
Selective Insurance	crime policy	\$381.00	
Cincinnati Insurance	insurance package	\$9,101.00	
Peggy Shively	office cleaning	\$25.00	
Jerry Weber	claim	\$444.12	
	Total claims	\$32,957.38	

*** Footnotes to Claims:**

*1 Preapproved for automatic payment.

*2 Contract services plus SLR services.

*3 Contract services.

Note 1: Receivable aging:	Current	\$28,333.51	
	30 days	\$6,579.08	
	60 days	\$4,490.08	
	90+	\$20,994.64	
	Lien	\$35,379.53	5.5% (percent of annual revenue)
	Total	\$95,776.84	

Note 2: The Treasurer recommends approval to pay all claims listed above.

Mr. McKenna explained that Selective Insurance is for the crime policy, which is required. Cincinnati Insurance's package does not include a crime policy. He suggests paying it, then looking into adding a crime policy through Cincinnati or adding a Bond.

Mr. McKenna noted that receivables has not yet cleared all the lines yet showing in the JPR report.

Mr. McKenna made the motion to accept the Treasurer's Report as presented, Mr. Warnke seconded, and upon vote, the Board unanimously approved.

For Asset Management, Mr. McKenna told the Board he had been contacted by the COO of Astbury, but he and Mr. Warnke haven't had a chance to meet with him yet. They are hoping to meet with him this next month.

JPR Billing was next discussed. Mr. Pisarek questioned liens on the list that have nothing to do with current tenants. Mr. Warnke noted that on the report, non-connected and with liens properties number about 20.

For JPR Engineering, Mr. McKenna said JPR is doing a good job in keeping up with new construction.

The System Manager reported everything was okay.

For Building Management, Mr. Pisarek discussed setting of the alarm.

There were no reports for:

Contracts
Key Control
P & P Committee
Records Management

Under Old Business, regarding the Stellar Communities, our attorney has been emailed. Mr. Warnke moved that the District recognize the request, but deny it on advice of our council, who recommends against it, Mr. Armstead seconded, and upon vote the Board unanimously approved.

Mr. Jackson made the comment that the cracks on the floor of the Administration Building look awful. Mr. Warnke said the caulk has looked bad like this from day one. Mr. McKenna and Mr. Weber have both tried various ways of cleaning it, but it doesn't last long.

Under New Business, Mr. Warnke said that there are over 20 manhole air relief valves on the north side of the lake. He has written two emails to Starke County asking if they have responsibility or would be willing to share cost to even out the manhole covers with the pavement. He will continue to pursue this. Mr. McKenna suggested contacting Kathy Norem about the manhole situation.

The grinder pump on Pottawatomie that the Board has approved Selge to fix for \$20,000 is being looked at by Dan Fox. He is interested in trying a sealant around it, which would cost much less, and is made for wastewater systems. He has spoken with Elkhart and Goshen, who have both used this method successfully.

Mr. McKenna noted that we don't have a signed contract with Selge at this point. Mr. Warnke added that he doesn't believe they have a set start date for the project.

Mr. Warnke will pursue the caulking Mr. Fox is interested in trying.

Mr. Armstead said the Board should begin thinking about ordering another 10 grinders before the end of the year. He said 2 more were recently scrapped. The District currently has 28 in reserve. He said another 5 will probably be scrapped by May of next year.

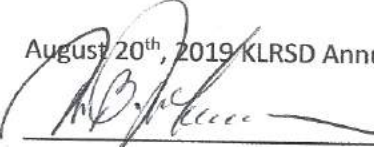
There were no other members of the public present at the meeting who wished to speak.

There being no further business to come before the Board, Mr. Jackson motioned for the meeting to be adjourned, Mr. Warnke seconded, and the August 20th, 2018 Annual Meeting of the Koontz Lake Regional Sewer District Board of Trustees was adjourned at approximately 6:55 p.m. local Central Time.

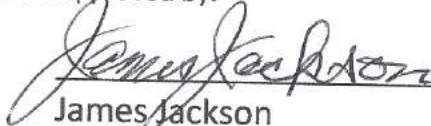
The next KLRSD Board Meeting is the Regular Board Meeting scheduled for September 17th, 2019 to begin at 5:30 pm CST.

Respectfully submitted by Shelley K. Bell, KLRSD Bookkeeper

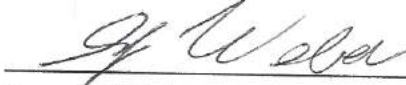
August 20th, 2019 KLRSD Annual Board Meeting Minutes approved by:



Michael McKenna



James Jackson

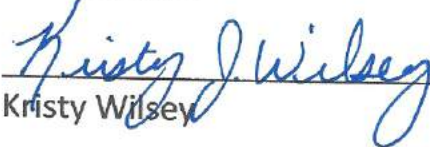


Gerald Weber


Paul Warnke



Ronald Armstead



Kristy Wilsey



Dan Pisarek
