

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

September 20th, 2022

The September 20th, 2022 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 Jeff Jarnecke. Other board members present were: Mike McKenna, Jerry Weber, Kristy Wilsey, Heather Harty and Ron Armstead. Also present was Shelley Bell.

Mr. Jarnecke asked the Board if there were any additions or corrections with respect to the adoption of the September 20th, 2022 Agenda as previously published. Mr. Armstead made the motion to accept the agenda as published, Ms. Wilsey seconded, and upon vote, the Board unanimously approved the Agenda.

Next on the Agenda was the reading of the August 16th, 2022 Minutes. Mr. McKenna made the motion to accept the Minutes as presented, Mr. Armstead seconded, and upon vote, the Board unanimously approved.

The first item of the Annual Meeting was the President's Annual Report. Mr. Jarnecke informed the Board the District has a \$16,000 profit and a 1.0 operating ratio. He welcomed Heather Harty to the Board. Mr. Jarnecke said he is proud of the Board members, all of whom are a group of volunteer doing work for the community. He thanked Mr. Armstead and Mr. Weber for maintaining things at the CWP, Mr. Warnke for this guidance as Mr. Jarnecke took over the President's position, Mr. McKenna for his many hours working as the Treasurer, Ms. Wilsey for her work in maintaining the website and also to Dan Fox of Astbury and JPR for their support and work with the District. He also thanked Ms. Bell for organizing things for Board meetings and working with the treasurer.

Mr. Jarnecke said he believes strategic work and planning leads to our future. He noted that the country is experiencing 9% inflation and the District has an aging sewer system but encouraged the Board to continue to be strategic and budget conscious.

He finished up his report with thanking all Board members for the work they put in.

Next was the Treasurer's Annual Report.

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, 2021 to June 30, 2022		
Finances		
July 1, 2021 Starting Bank Balance		
Checking		\$357,043
Certificates of Deposit		\$992,519
STARTING CASH BALANCE (JULY 1, 2021)		\$1,349,562
TOTAL REVENUES	(July 2021 - June 2022)	\$683,621
TOTAL EXPENDITURES	(July 2021 - June 2022)	\$667,721
ENDING CASH BALANCE (JUNE 30, 2022)		\$1,365,462
June 30, 2022 Ending Bank Balance		
Checking		\$353,654
Certificates of Deposit		\$1,011,808
Balance		\$1,365,462
Fund Balances		
Operating Fund		\$100,000
Principal & Interest Reserve		\$125,000
Debt Service Reserve		\$250,000
Capital Improvement Reserve		\$890,462
	Total Funds	\$1,365,462
Items of Note		
The 2022 Business Plan (for January through June) shows the following:		
Revenues are at 45% of projection		
Expenses are at 51% of projection.		
Operating Ratio is 1.0		

Treasurer's Annual Reporting continues on next page....

Items of Note
The 2022 Business Plan (for January through June) shows the following: Revenues are at 45% of projection Expenses are at 51% of projection. Operating Ratio is 1.0
These figures indicate that expenses are on track with our 2022 Business Plan but revenues are lagging after the first 6 months of 2022. The Treasurer very much hopes and expects revenues to catch up in the second half of the year.
Customer Accounts Receivable certified in lien stand at 5.0% of annual projected revenue which is about normal. Lien payments due from the counties in June have not been received or included in this calculation.
Using 2021 operational experience, Swan Lake rates were adjusted in April as provided by ordinance. The Fixed Rate was increased by 9% and Variable Rate was increased 6%.
Overall, it is the Treasurers opinion that the District remains on firm financial ground. Expenses remain under control even in an inflationary environment. The District continues to build reserves, albeit at a lower rate than desired. We recorded an increase of \$15,900 over the twelve months reported. We have a significant capital improvement plan of \$1.2 million over the next 10 years. The Treasurer has completed an in-house rate study that has suggested the crucial need for a rate increase of about 9% to cash flow the plan and build reserves for the following 10 years. Said rate increase process is in progress and appears to have the support of the Board and negligible resistance from the customer base. It is the Treasurers expectation that the increase will be approved by the Board for adoption on January 1, 2023.
I hereby certify the above to be true and correct. Michael B. McKenna, Treasurer September 20, 2022

Mr. McKenna noted that the District has a Cash Balance of \$1,365,465 as of June 30, 2022. He said the District has managed to put a cash flow that allows us to maintain and plan and provide improvements when needed.

Mr. McKenna presented the Treasurer's Annual Report for the record.

Next was the Nomination of Officers. The first office was for President. Mr. Armstead nominated Mr. Jarnecke to this position. Mr. Weber seconded. There being no other nominations, upon vote, the Board unanimously re-elected Mr. Jarnecke with a vote of confidence.

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

Next were nominations for the office of Secretary. Mr. Armstead nominated Ms. Wilsey, with Mr. Weber seconding 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 – Jeff Jarnecke
Vice President – Jerry Weber
Treasurer – Mike McKenna
Secretary – Kristy Wilsey

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

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

Next, the meeting turned to Monthly Reports.

The Nominating Committee reported that Mr. Warnke and Mr. Jarnecke have both agreed to serve another term if agreed upon by their counties.

On December ~~23, 2022~~, Mr. Weber and Mr. Armstead have terms that are up.
31, 2023

Ms. Harty's term goes until 2026.

Mr. McKenna told the Board that we now have a full Board with seven members, according to our By-Laws.

Next was the Treasurer's Report:

KOONTZ LAKE REGIONAL SEWER DISTRICT

TREASURERS REPORT

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September 20, 2022

CASH

1st Source Bank Checking Account

Balance as of July 31, 2022:	\$404,075.50
Checks, withdrawals, debits	-\$155,237.37
Service charges	-\$34.73
Deposits and credits	\$1,528.00
Interest earned	\$22.62
Statement balance as of August 31, 2022:	\$250,354.02
Checks written but not cleared	-\$12,515.65
Available balance in checking:	<u>\$237,838.37</u>
Certificates of Deposit:	<u>\$1,017,056.12</u>
Total funds	\$1,254,894.49

RECEIVABLES

Reported by JPR as of 8/12/2022 \$91,195.80 (see Note 1)

CLAIMS

The following invoices and claims are presented:

NIPSCO	CWP gas	\$58.68 *1
NIPSCO	CWP electric	\$5,191.82 *1
NIPSCO	OB gas & electric	\$142.93 *1
NIPSCO	CS grinder electric	\$1,487.78 *1
Republic Svcs	sludge hauling	\$0.00 *1
CenturyLink	Phone Svc	\$210.28 *1
Marshall County REMC	SLR electric	\$332.00 *1
Astbury Water Tech	Operater services	\$6,942.73 *3
Jones Petrie	billing services	\$3,750.00 *4
Jones Petrie	billing reimbursables	\$1,229.15 *4
Jones Petrie	locate services	\$1,445.00 *4
Jones Petrie	engineering	\$150.00 *4
Jones Petrie	inspection services	\$0.00 *4
Jones Petrie	reimbursables	\$0.00
Personnel Partners	staffing services	\$740.25
Shelley Bell	bkkping exp claim, DropBox	\$159.87
Jerry Weber	CWP supplies Claim	\$35.40
Cincinnati Insuranc	Liability/Property insurance	\$1,528.00
Customer Refunds	overpayments	\$286.35
	Total claims	\$23,690.24

Treasurer's Report continues on next page:

* Footnotes to Claims:				
*1	Preapproved for automatic payment.			
*2	Debit Card			
*3	Contract services plus SLR services, numerous service calls and repairs.			
*4	Contract services.			
Note 1:	Receivable aging:	Current	\$34,228.57	
		30 days	\$5,685.78	
		60 days	\$3,250.66	
		90+	\$30,408.59	
		Lien	\$17,622.20	2.7% (percent of annual revenue)
		Total	\$91,195.80	
Note 2: The Treasurer recommends approval to pay all claims listed above.				

Mr. McKenna noted that the Lien Rate dropped to 2.7% of Annual Revenue.

Mr. Jarnecke added that there are a few frequent offenders with multiple properties. Mr. McKenna told the Board that we will file liens against these properties to recoup our money.

Mr. McKenna added another option would be to take property owners to small claims court but that would also entail the expenses of lawyers and court costs. He told the Board the Lien process has several letters and certified letters sent and shows on tax bills.

Mr. McKenna said there are only 7 or 8 unconnected properties out of 900. Any Property taxes and liens owed must be paid before transfer of title.

There being no further discussion regarding the Treasurer's Report, Mr. McKenna made the motion to accept the Treasurer's Report as presented, Ms. Wilsey seconded, and upon vote, the Board unanimously approved.

There was nothing to report by Asset Management.

There was no report from JPR>

Astbury reported in July, volume was at 40% capacity with 600,000+ gallons from Swan Lake.

The System Manager reported everything is running okay. He did tell Astbury they need to keep the floors clean.

Mr. Armstead said he wishes Ed was back with Astbury at the CWP because he feels the current man does only what he has to and doesn't rebuild pumps.

Mr. Armstead reported that the 50 new pumps have been received.

Mr. McKenna said that when it comes to repairs, they need to assess repair costs vs. the purchase of a new one and let the Board know, then the Board can decide what to do. Mr. Armstead said it would be helpful to have a system to flag "junk" pumps to get rid of. He will contact Dan Fox about these things.

Mr. Weber voiced concern that if the new pumps are taken out of the boxes, they can't be stored as easily and it's more tempting to throw out ones that could be affordably repaired.

If needed, the District will put it in writing what should be done with new pumps. Mr. McKenna said that if more room is needed at the CWP to work on pumps, some of the new ones could be stored at the Administration Building.

Mr. McKenna said that if we have new pumps available, when a pump goes bad, it should be replaced with a new one and then repair the old one if possible and at a reasonable price.

Mr. Jarnecke would like a unit-by-unit evaluation when they come out. He also would like to set a dollar limit for repairing old pumps.

Mr. McKenna recommended \$1,600 to be set as the limit when evaluating whether to repair a pump or discard it. Mr. Armstead will talk to Mr. Fox about this and get Mr. Fox's recommendation for repair cost limits and if it's lower than \$1,600, we'll go with that.

Mr. Armstead will have Mr. Fox start Red Tagging scrap units and keeping serial numbers.

Mr. Armstead said in his previous experience, rebuilt pumps usually get another 4 to 5 years out of them.

The Board will ask Mr. Fox if he can track which units keep having problems.

Next, the Building Manager also reported everything was okay and he is happy with the new cleaner. Mr. McKenna also told the board that the burglar alarm was triggered this past month because another user set the alarm but forgot to lock the door. He has talked to this person about the situation.

Under Contract Management, it was noted that our insurance policies have been set up by Mr. McKenna for auto-draw payments to avoid missing payment deadlines and having policies cancelled.

There was nothing to report by Key Control.

The P & P Committee reported Mr. McKenna is working on two policies regarding email procedure and website procedure. He will have these ready for the next meeting. He also said we need to deal with video conference attendance and hopes to have policies done for that next month.

There was no Records Management report.

Under Old Business, the Rate Adjustment plan was discussed.

The Board is waiting until December to go over commercial vs. residential data using information from the usage at Country Roads vs. Mr. Warnke's residence. The first month shows Country Roads having four times the use of Mr. Warnke's home.

THE BASIC EDU RATE
For now, only ~~residential properties~~ are being given rate increases.

Mr. Armstead said he will have Mr. Fox check if the gas station had a grease trap put in.

Mr. McKenna made the motion to adopt 2022-A Sewer Rate Ordinance to amend the rate from \$55.02 to \$60.00 per EDU. This Ordinance includes inspection fees going from \$60.00 to \$100.00 and Insufficient funds charges going from \$20.00 to \$25.00. Mr. Armstead seconded this motion and upon vote, the Board voted unanimous and the motion carried.

Mr. McKenna will make sure a copy of the new rates will be kept in the office.

Mr. McKenna said a notice to Rate Payers must be sent to residents and we need to move forward with this notice. Mr. Jarnecke will contact Mr. Jim Clevenger, the District's lawyer, for guidance on this. Ms. Harty encouraged Mr. Jarnecke to use the same language as used in the first letter.

Next, the Board discussed PIR-Capital Investment Strategies. Mr. McKenna did the original analysis of how we'd phase in various improvements. Mr. Jarnecke suggested forming a small group to plan and for strategic planning of a 5-10 year period. Mr. McKenna recommended having Mr. Warnke be a part of this group because of his daily work with treatment plants. Mr. Weber said he would be willing to work with this group also.

Under New Business, the Board discussed a customer appeal from 7666 N Topinabee. The owner of this property said they currently have no water and feel they should not have to pay the full amount of the sewer fees.

Mr. McKenna suggested reducing the bill for this property to \$35.00 (the debt service fee). He added this property owner always kept his bill paid up and on time. The owner claims to have tried to reach the District right away and Mr. McKenna feels the providing compassion under the circumstances of this property owner would not be hurting the District and the Board should grant his appeal.

Mr. Weber felt uncomfortable with making exceptions.

Mr. McKenna said that if they should decide to make exceptions, the District should have it written into the P & P.

Mr. Jarnecke made the motion to reduce the rate by \$20.00 a month and credit July, August, and September for a total of \$60.00 until the owner's well is fixed and he's using the sewer system again. Mr. Weber seconded this motion. Upon vote, Mr. Armstead and Ms. Wilsey opposed while all other Board members agreed.

Mr. Armstead made the motion to credit back but refund nothing giving them only 6 months to fix their problem. No one seconded this motion, so it did not advance.

Mr. Jarnecke made the motion to give them a 6 month fixed term volume abatement of \$20.00 with ability to reapply after 6 months if needed. Ms. Wilsey seconded this motion. The motion passed with a 4 to 2 vote with Mr. McKenna and Mr. Weber as voting nay.

Mr. Weber feels the Board should have P&P before setting precedent.

The Board is also aware of a house by Time Out where the owner's yard and home had the sump pump emptying into the sewer. So far, there has not been a response that the situation is being or has been addressed. The Board is asking for a response by October 3rd and if no response by then, the Board will need to readdress.

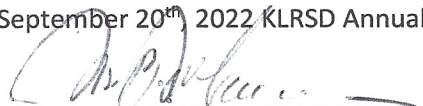
There was no correspondence.

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

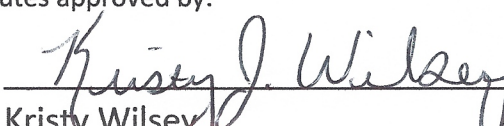
There being no further business to come before the Board, Mr. Armstead motioned for the meeting to be adjourned, Ms. Wilsey seconded, and upon vote, the Board unanimously approved. The September 20th, 2022 Annual Meeting of the Koontz Lake Regional Sewer District Board of Trustees was adjourned at approximately 7:00 p.m. local Central Time.

Respectfully submitted by Shelley K. Bell, KLRSD Bookkeeper


September 20th 2022 KLRSD Annual Board Meeting Minutes approved by:




Michael McKenna



Kristy Wilsey



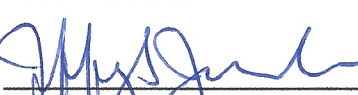
Gerald Weber



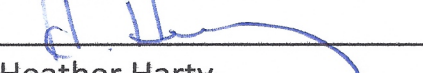
Paul Warnke



Ronald Armstead



Jeff Jarnecke



Heather Harty