

# Tippecanoe & Chapman Lakes RSD Board Meeting Minutes

Kosciusko County Courthouse (2<sup>nd</sup> floor) – 100 W. Center St. Warsaw, IN 46580

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The Tippecanoe Chapman Regional Sewer District Board met in Regular Session on Monday, May 11, 2020 at 6:30 pm, at the Kosciusko County Courthouse.

## MEETING ATTENDANCE:

### BOARD MEMBERS:

ROLL CALL Jon Tyler, Bob Weaver, Jeff Thornburgh, Chuck Simpson, Kim Hathaway, Brian Davison, Ed Ormsby (attended via Google Meet)

ADVISORS: Ken Jones, Jones Petrie Rafinski  
Chad Miner, Miner & Lemon, LLP

The meeting was called to order by Chad Miner at 6:30 pm

Pledge of Allegiance

The meeting date and time were posted and advertised as required in agreement with social distancing procedures due to COVID-19. Google Meet was used for remote attendance.

Swearing in of Kim Hathaway by Chad Miner.

### ELECTION OF OFFICERS:

Motion was made by Jeff Thornburgh for Jon Tyler as TCRSD President.  
Motion seconded by Chuck Simpson. Motion carried unanimously.

### CLERK TREASURER AND VICE PRESIDENT:

Motion was made by Ed Ormsby to appoint Chuck Simpson as Vice President.  
Motion seconded by Jeff Thornburgh. Motion carried unanimously.

### SECRETARY TREASURER:

Motion was made by Ed Ormsby to appoint Kim Hathaway for Secretary Treasurer. Motion seconded by Ed Ormsby. Motion carried unanimously.

### OLD BUSINESS:

#### INDEMNIFICATION AND BY-LAWS:

- Chad has been in discussion with Ed Ormsby on the indemnification language of the By-Laws and will present them to the Board at the next monthly meeting for approval.

The Board tabled the By-Laws for the next monthly meeting.

#### MISSION STATEMENT FOR THE TCRSD:

- Jon Tyler will present a draft or recommendations for the Mission Statement to the next monthly meeting for the Board's approval.

The Board tabled the Mission Statement for the next monthly meeting.

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## NEW BUSINESS:

### BUDGETS:

- Ken Jones provided an update to the Board for consideration of an operating budget and the procurement of funds to cover expenses that include a Legal Counsel, Bond Counsel, Fiscal Advisor, and Engineer.
- Budgets and Preliminary Agreements for the advisors have been circulating.
- Ken suggests the Board direct Chad and himself to return to the Board with options after further studying of the matter.
- In the start-up phase of the project, the Board has relied on the County Commissioners for funding of the project, Trustees and District. A further discussion with the County Commissioners needs to take place upon the direction of the Board Members.
- Funding requirements could include reproduction costs, mailing, advertisements, and initiating fees of the District's Advisors.
- JPR's primary goal at the present time is to qualify the project for funding and complete the Board's obligation to file a Facility Plan with the IDEM Commissioner within the 9-month required timeline.
- Ken made the recommendation for the Board to confirm the project area and further decide how to proceed with the funding application to the IFA.
- JPR's initial fees will be related to completing the Facility Plan and the Preliminary Engineering Report which allows submittal to the IFA for the funding of the project.
- A necessary analysis will also need to be completed by a sub-consultant to JPR which would be for the Wetlands, Historic and Archaeological Studies that are required to qualify for funding that is derived from Federal sources.
- Jeff Rowe (Baker Tilly) will need to be engaged to provide the necessary fiscal services to complete the application for funding to the IFA. The document needs to be accompanied by a qualified Rate Report done by a qualified Fiscal Advisor.
- Ken recommends the second legal representative (Ice Miller, the County's current Bond Counsel) as they are familiar with Rural Utility District projects and requirements.
- Fees for Ice Miller will be included in the options provided by Ken and Chad.

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- Regardless of where funding is sourced, everything the Board does now, going forward while securing the capital funding for the project is a reimbursable expense from the proceeds of the loan/grant package.
- If an Interlocal Agreement is needed to continue a funding relationship with the County Commissioners then, Chuck or Jon may need be authorized to sign for such an agreement.
- For the purpose of initial funding and understanding what that budget is, Jon Tyler suggested hiring Baker Tilly as financial advisor and Ken Jones as the advisor to assist in preparing that budget.

The appointment of district advisors, legal, fiscal, and engineering firm will be tabled until the next monthly meeting.

## TIME FRAME:

### STEP 1 (BASIC NEEDS):

The initial funding is primarily done with the Trustees entering into an agreement with a lender or with the County in which the District is formed. In the initiating step, the goal is to advance the completion of the qualifying Preliminary Engineering Report and its submission to the IFA as soon as possible or before their next fiscal year, (the end of June 2021). As soon as the PER is submitted, work can proceed on dialogue relative to the terms, project needs, costs, and organizational steps. The goal would be to have the PER submitted within 3-4 months of issuing Notice-to-Proceed to JPR. When the PER is approved, including the structure of the funding model, the Board could then decide to issue debt on behalf of the project from the District itself.

### STEP 2 (FUND DESIGN WORK AND PREPARE PROJECT FOR CONSTRUCTION):

The next step would then be to advance the project to hard design and prepare for bidding and construction.

### STEP 3 (PROJECT DESIGN COMPLETION):

Project is fully designed, permitting completed, bid, and approved for award.

### STEP 4 (CLOSING):

Close entire funding package, issue Notice-to-Proceed to Contractor.

## PRELIMINARY BUDGET:

- Jon Tyler advised that it is appropriate that Baker Tilly assist JPR and Miner & Lemon, LLP as financial advisor for the purposes of procuring initial funding and development of options.

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## PRELIMINARY DETERMINATION OF TREATMENT PROVIDERS:

- The analysis was provided by Ken in a memo briefing of treatment providers that compares the two existing regionalization options. It does not include the option of developing a new wastewater treatment facility.
- JPR met with Lakeland RSD some time ago (Dec. 2018), and checked with them again this Spring). Their position is they would continue to consider it but would need more details. The Fiscal Advisor developed preliminary numbers but they have not been confirmed by Lakeland RSD. Those numbers were based on their operating budget and what the Fiscal Advisor thought was appropriate. Lakeland would like for the new District Board to fund a detailed study prior to further consideration of that option.

## DISCUSSION OF CONSTRUCTION COSTS (KEN JONES):

The significant difference is in the capital cost for treatment components. Lakeland RSD built their WWTF for an appropriate volume based on their current customers. The number of customers in the volume of wastewater generated in their District is almost the same as what is going to be generated in the TCRSD, therefore, a doubling of the size of their treatment facility would be needed. This would cost almost as much as building a new WWTP while still operating the existing treatment facility.

## COLLECTION SYSTEM:

### *Regionalization with Lakeland*

- Collection system was estimated as \$24.6M

### *Regionalization with Warsaw*

- Collection system was estimated as \$24.6M

## TREATMENT COST:

- Lakeland capital cost estimated at \$8.5M and would require a connecting pipeline from the east side of Chapman Lakes down to the expanded WWTF.

Warsaw capital cost estimated at \$5.6M. The City of Warsaw has taken the step of developing a connection point in efforts to serve customers within their industrial park near the airport and has asked to include the potential for additional gravity sewer extensions out into the Township as a part of the connection if it comes from where it was originally route (west out of the Chapman Lake community and then south to the Industrial Park). There is no treatment improvement construction requirement in that option but there is the cost of getting the pipe there and doing a capital purchase or capacity buy-in to the city's wastewater system. The City of Warsaw has already completed an analysis of their rates for all of their bulk customers and had also been looking at what an appropriate capital buy-in would be at the same time.

- There is a difference of three-million dollars between the two Regionalization options

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## NON-CONSTRUCTION COST:

- Lakeland \$7.4M There is a higher expense in Regionalizing with Lakeland that cannot be avoided due to the design cost for a significant expansion of their wastewater plant.
- Warsaw \$5.9M
- The total construction cost relative to that of Regionalization with Lakeland is \$42M with Warsaw at \$37.5M.
- TCRSD would need to help fund the operation of the expanded wastewater plant in conjunction with Lakeland customers, and operate the force main connection from the TCRSD collection sewer to the LRSD treatment site.
- Under the Warsaw option, the District pays for operation of force main and then a monthly treatment rate of approximately \$3.59/1,000gal.
- There is about a \$60,000 difference between the estimated treatment cost at Lakeland, with Lakeland being lower (not confirmed).
- The difference in capital cost between the two options is approximately \$2.9M. Over the term of a 20-year loan from the SRF at 2.5%, the cost rises to \$3.7M.
- Even when applying the lower Lakeland treatment rate (not confirmed), over a 20-year period, there would still be a difference of about \$2.5M in favor of the Warsaw option.
- If TCRSD disregards the difference between the treatment costs annually and only looks at the capital cost, Ken indicated the connection with the City of Warsaw makes more sense.
- Ken advised if the Trustees wish to explore the LRSD option completely. It is up to the Board to discuss this with Lakeland and be prepared to fund the cost of the required study.
- Chuck Simpson asks if Warsaw has the capacity.
- Brian Davison (response) – The City of Warsaw is in the process of completing a \$25M-\$30M plant expansion that has increased from a 3.9M gallon/day capacity to 6M gallon/day capacity. The current capacity is 3.5-3.75M gallon/day capacity. The project is planned to be completed by late Fall.
- JPR had planned for just under 400,000 gallons a day for the TCRSD capacity.

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- Chad suggests that the board makes some sort of preliminary determination on what they would like to do.

Jeff Thornburgh made the motion for determination of treatment provider as Warsaw and the appointment of Brian Davison (Warsaw) to the Board to complete the Board made by Motion seconded by Bob Weaver. Motion carried unanimously.

Swearing in of Brian Davison by Chad Miner as the seventh Board Member that completes the Board.

## DISCUSSION OF PERMITS AND HOLDING TANK

The Board discussed a resolution in reference to temporary storage holding tanks. The resolution would allow property owners, who build or rebuild homes on property within the District, to have temporary storage holding tanks until the TCRSD sewer system is in place.

- Bob Weaver – Chad prepared resolution in reference to temporary storage holding tanks. Currently, the Health Department cannot issue permits within the District because of pending construction, therefore, those in the District that are needing to make changes or modifications to their residential systems will need another option.
- Chad Miner – The resolution set out is to be sure the Board is in favor and authorizes the Board President to approve the letter to go to IDEM.
- The letter would be signed by the Board President and sent to the Indiana State Department of Health and signed by property owner.
- Chad suggests Bob look at and approve the sites to be sure there is adequate space prior to sending in to the Indiana State Department of Health.
- Ed Ormsby suggests that it makes sense to make sure the TCRSD constituency is not incurring more costs than necessary.
- Ed Ormsby suggested that Kim Hathaway recuse himself from this motion.

Ed Ormsby made the motion to approve the resolution to sign the letter to send down to the Indiana State Department of Health. Motion seconded by Chuck Simpson. Motion carried unanimously.

## PUBLIC INPUT:

- Request made by property owner, Scott and Renee Drake of EMS T32C Lane, Leesburg, IN, who wants to thank the Board for working on this project and he is impressed with their work thus far. The property owner (Scott Drake) indicated they have been approved for a 3-bedroom septic tank and made the request to sign an application for a permit.

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- Jon Tyler asked Bob Weaver what the minimum gallons would be for a holding tank. Bob responds that a 1,250-gallon capacity holding tank is typical. Scott asked for a 2,000-gallon holding tank. Bob responded with 1,250 as the minimum, the tank must have an alarm system, and it is the responsibility of the property owner to maintain the holding tank. Scott and Renee signed the permit application.

Jon Tyler asks for any other business before the Board.

Motion carried by Jon Thornburgh to close the meeting. Motion seconded by Kim Hathaway. Motion carried unanimously.

Meeting Adjourned @ 7:32pm.