

Tippecanoe & Chapman Lakes Board Meeting Minutes

North Webster Community Center – P.O. Box 572 North Webster, In. 46555-0572

The Tippecanoe Chapman Regional Sewer District Board met in regular session on Monday, November 9, 2020 6:30pm at the North Webster Community Center

MEETING ATTENDANCE:

ROLL CALL:

TCRSD Board: Jon Tyler, Ed Ormsby, Bob Weaver, Jeff Thornburgh, Chuck Simpson,
Kim Hathaway, Brian Davison

Miner & Lemon, LLP: Chad Miner

Baker Tilly: Jeff Rowe

JPR: Ken Jones

John Tyler begins meeting at 6:34pm with Pledge of Allegiance

Approval of Minutes (October 12, 2020)

Jeff Thornburgh motions for approval of meeting minutes. Motion seconded by Bob Weaver
Motion approved unanimously.

REVIEW OF CLAIMS

Kim Hathaway has one claim from Chuck Simpson for \$64.00 for the TCLRSD P.O. Box (for the year)

Lease Agreement

There will be a claim for rental of meeting room. The Lease Agreement has been established and the Board will be paying monthly \$575.00 beginning November 1. The Board will need to send Kelly Horn a check each month.

Jon Tyler makes a motion to honor the payment of the three claims submitted that include rental payments for the months of November and December and the P.O. Box). Chuck Simpson seconds the motion. Motion approved unanimously.

TIF DISCUSSION (Jeff Rowe)

Baker Tilly has prepared an analysis of establishing a residential TIF (Tax Increment Financing) area around the service areas that the District is planning to serve and this information was previously provided to the Board.

Baker Tilly discussed what TIF is and provided the Board with an overview. Baker Tilly has a team at his firm who is experienced in this type of work.

TIF is a tool that is used to spur economic development in residential areas. The way residential TIF works is a county or municipality establishes boundaries of a specific TIF area and over time as development occurs in that area, you will see an increase in assessed valuation. That increase is captured and the tax dollars generated are disbursed to the local

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governmental entity and those dollars are used for capital projects or to pay debt service. They cannot be used for day-to-day operating costs.

In this case, the area would likely be created and go through the County Redevelopment Commission. Once created by the RDC, the dollars can be used by the District for support, debt service, or capital expenditures. As part of the establishment process, the RDC would need to establish a housing program similar to what would be required or known as an Economic Development Plan. Other requirements would include certification of the creation of the District through the local government department of finance. There is an application process and rules involved that can be discussed at a later date. Schools can be impacted by the establishment of TIF areas and the new law for residential TIF area requires the school to pass a resolution approving the establishment of a TIF area. When a TIF area is established that's within the school district boundaries and we capture any growth that occurs in that area by way of assessed valuation, then, the school is not going to see the growth in their assessed value due to the TIF area capturing that growth rather than being passed through to the school District.

There are essentially two Townships that could be affected. They would be Plain Twp. and Tippecanoe Twp. Taxing Districts.

Baker Tilly ran some what-if analysis to determine what the potential would be for generated TIF dollars in both Twps. Baker Tilly looked at how many dollars could be generated from each new home that is constructed in this TIF area and the potential tax increment revenue that could be generated based on the tearing down of an existing structure and building an entirely new home.

Baker Tilly looked at a range of home values from \$300k-\$500k and calculated how much TIF revenue could be generated through the construction of one single home based on each one of those home values.

If it's a primary residence, the property owner would receive mortgage deduction, standard deduction, supplemental deduction, and all those things that would go along with a homestead deduction as a primary residence.

*Refer to Illustrative Tax Increment for the Proposed Investment in Real Property

For example: **\$300K home**

Illustrative Gross Assessed Value per Home	\$300,000
Less Illustrative Total Homestead Deductions	
Standard Deduction	(\$45,000)
Mortgage Deduction	(\$89,250)
Supplemental Deduction	(\$3,000)
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Illustrative Net Assessed Value	\$162,750
Times Tax Rate (1.08)	\$1.0791
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Illustrative Tax Increment	1,760
Illustrative Circuit Breaker Tax Credit	0
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Total Illustrative Net Tax Increment	\$1,760

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The above is the calculation for a new home. For an existing structure that is tore down and a new structure is built, the only difference would be the assumed reduction in assessed value (an average of \$62k) as a result of the demolished structure or the demolished improvements being deducted from the assessed valuation.

In Tippecanoe Twp. the numbers are slightly lower being that the tax rates are lower at \$0.98 compared to the \$1.08 in Plain Twp. The TIF revenue to be generated is slightly lower by a couple hundred dollars per property but everything else typically remains the same.

You could potentially generate annual revenue from \$1,600-\$3,100 per year for the life of the TIF area.

It is unknown how long for the development to occur or how long for those homes to be built. It is unknown how many vacant lots there are and how much vacant land is available for potential housing developments in the area. There could be some potential to generate dollars but maybe not a significant amount to make an impact on rates. The best option for the District would be if they established a residential TIF area that may generate additional dollars that could be used in the future for capital replacements as the infrastructure ages.

There are items that need to be prepared on the financial and legal side of things, however there are upfront costs that would be incurred.

Fees for services could range from \$10-\$15k for the establishment of a TIF area which does not take include any legal fees associated with the process. Depending on how slow the growth of the development is in the area, it could take the Board some time to recuperate some of those costs.

Jon Tyler asked if there is any urgency to begin this process or could it begin at a later date and Jeff's response was this is something that could be considered later down the road, however, the Board will need to consider having the TIF area in place before the development occurs because you can lose that opportunity to capture any growth.

Ed Ormsby asked if there is a typical life of a TIF and Jeff responded with yes, typically 25 years.

Chad mentioned that the last commercial TIF they set up first went through the RDC Commission and then through the County Council and County Commissioners. He would like to know if the TIF will need to go through the County Commissioners and the County Council. Jeff Rowe will look further into this question and have an answer for the Board at a later date.

Chad suggested that if the Board is interested in pursuing, the next step would be to talk to the County Council and Commissioners to determine what development is expected to happen and what would be captured by the TIF District. It may be anticipated that having sewer that is run, that it will spur additional development and maybe it is where the value comes from. If you set up the TIF District and there isn't any additional assessed value increase, then there aren't any benefits, therefore, it makes sense to look into what development is going to happen and how will that increase the tax base the TIF revenue captures.

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Ed Ormsby suggests the Finance Committee continue this discussion on the logistics and financial implication of established a residential TIF.

OLD BUSINESS

FINANCIAL MANAGEMENT REQUIREMENTS LETTER AND AGREEMENT (CHAD MINER)

Baker Tilly has indicated that they are willing to act on the finance piece of the project and their services have been outlined in the Engagement Letter to the Board along with the costs associated with this work.

Chad has reviewed the Proposal and thinks it's a good idea to have someone in place to assist as the workload increases. Jeff Rowe of Baker Tilly mentioned they will only do those deliverables at the request of the District. The Agreement is set up for Baker Tilly to do as much or as little as the Board would like for them to do.

Chad mentions if they hired a full-time person to keep track of bookkeeping, a one-month notice would need to be given.

Baker Tilly has someone on their team that has extensive experience in bookkeeping work and assisting local governments. She was the former controller for the City of Mishawaka. She would be the point of contact for the Board with oversight from Jeff.

Jon Tyler seeks a motion to approve the Baker Tilly Proposal.

Jeff Thornburgh makes the motion to approve the Baker Tilly proposal. Bob Weaver seconds the motion. The motion was approved unanimously.

PROGRESS REPORT FROM JPR

Ken Jones and Steve Henschen provided a progress report to the Board and there are several ongoing tasks being completed.

JPR is routinely receiving new sections of the photo geometric mapping and 60 percent of this work has been provided to JPR at this time.

JPR's survey crews began field checks last week and will begin locating existing utilities that are buried under the road. This will continue to the end of December into January.

JPR has inventoried all recorded plats and JPR is going to start inspection to make sure we establish all road connections

The roadway Right-of-Way in Kosciusko is an important step for JPR and this work is 40% complete. JPR has inventoried all of the recorded plats that include the dedications for roadway Right-of-Ways and will begin the section of the County Commissioners records to make sure they have record of every open and established Right-of-Way.

PER STATUS – STEVE HENSCHEN, JPR

The PER is still in draft form and JPR is working through technical aspects looking at pressure and vacuum system.

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The vacuum system is a more proprietary system and are working closer with that vendor and are awaiting some of their final results.

Once they receive more information, JPR will evaluate what is the most cost-effective solution.

JPR will be meeting internally and externally with the vacuum system provider in the next week or so to go over the results.

JPR is drafting the technical aspects of the report and expects to have that in draft form submitted in late December and fully expect to have a draft to the Board at January's meeting for discussion.

JPR will take as much time with the trustees as needed.

SCHEDULE REVIEW

Ken mentions that the Board is where they are expected to be in the project despite the COVID delays and adjustments going into the process. Going into December, JPR is a little ahead of schedule on the PER and ER.

JPR discussed having a public hearing for the PER in December, however, this timeline will need to be adjusted by another 30 days to give the Board enough time for review.

TCLRSD can conduct the public hearing even after the PER is submitted.

In the next four sessions, the pre-application materials, PER, project cost estimates, re-engaging with Baker Tilly, and more deeply engage with the funding resources committees for heading up to the March and April obligation for approval of the funding package that will allow the Board to move closer to the design and get project ready for bid in November of 2021.

In April, May, and the following months, JPR will provide review sessions to the Engineering Committee and the Board at 30%, 60% and 90% going into bidding.

ON-GOING ACTIVITIES

The Environmental Review is fully underway. Cardno is doing field reconnaissance and will be digging in certain areas where they are going to be off the Right-of-Way. Cardno will notify JPR prior to doing this work and JPR will get the permissions needed from the property owners.

JPR provided the Board with an updated Activation Memo.

PROPERTY OWNER DATABASE

The property owner database is being prepared and the Board will use this information for mass mailing and developing the customer database.

FACILITY PLAN (IDEM)

JPR developed a base plan when preparing the petition for the formation of the District and that also became JPR's filing for the facility plan.

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IDEM has acknowledged that they received the facility plan and no significant comments are expected to be made.

The PER is a key component of the funding resource qualification and JPR is following the USDA format and JPR will circle back with the finance committee as the project matures.

MEMORANDUM OF UNDERSTANDING WITH WARSAW

Ken mentioned that he met Jeff, Brian, Jon, and the City of Warsaw to frame up the Agreement with the City relative to the Bulk Customer Agreement. Jeff and Ken plan to work together on the Memorandum of Understanding and later mature into a contract that will be reviewed by the Engineering and Finance Committee. The City was very welcoming and moving forward, Ken thinks the agreement will be forthcoming.

LOCATION OF PUMP BASINS, OR VACUUM BASINS (CONT.)

Steve Henschen of JPR handed out a graphic that demonstrates the location of pump basins, or vacuum basins.

Page 1 of 2 upper left depicts a multiple home service installation detail that is locating the connection points (vacuum or low-pressure) pump station within a given construction envelope near the roadway.

Steve Henschen further discussed in detail the customer connection, installation, and pump basins.

From a cost-effective standpoint tying two homes into one grinder station saves money on cost.

20-40% of the lots may already be set up to share a grinder pump.

Ken Jones discussed the Customer Connection Memo to the Board.

Typically, JPR would recommend any of the District's equipment be covered by an easement for maintenance and repair.

Ken summarizes what the costs would look like in the memo from an average installation standpoint. The possibilities are limitless.

Kenny Jones Jr. is working on the potential location of pump basins and it would be best to place the pump near the residence for a majority of homes. About 60% of the analysis could change once his work is complete.

Steve Henschen recommends a 15-foot easement. Within this easement, there would be restrictions and limitations on what can be done on this portion of land i.e. building a deck, landscape, etc.

The typical expense for a roadside location would be about \$2,200 and that amounts to \$20/Ft. and power connection from the grid. Property owner power would be something that could be included in this estimate.

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The cost would double closer you move to the owner's septic system.

The cost of directional drill also increases, with restoration and installation being more difficult.

The power connection variables are variable depending on conditions.

JPR works at the direction of the Trustees and will do only as directed by the Board.

Lagrange County provides power by grid.

Kevin Walker, an electrician for Lakeland provided input and discussed his experience with connections.

Typical cost for homeowners to hook up in Lakeland was around \$600-\$1,000.

He indicated the Lakeland system seems to be a pretty good system and he hasn't had any issues.

Ed Ormsby asks Kevin, "Can homeowners split the connection?"

Kevin responds yes.

Ed Ormsby asks Kevin, "What prevents one homeowner from flipping their switch?"

Kevin responds with, "Everything is usually backed up and if you have a homeowner who is dishonest, the cost could be on the other person".

Steve Henschen suggests setting some type of guidelines.

Jon asks "What type of increase is there in cost per month?"

Kevin responds with, "600-\$1,000 for installation for the electrical connection. The actual usage is pretty minimal."

Lakeland located collection basins near septic systems within the owner's land.

Bob and Ken will have the site visit analysis report ready for the December meeting.

Jeff Thornburgh questions power outages.

Kevin answers with, "Power outages depend on if the homeowner has a generator and that the main feed from the central line does not have generators...the main lift stations will have standby generators."

The pumps will be 30-40 amps.

Jon Tyler asks if there is an opportunity for a tier system or options.

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There could be 2-3 structured plans.

Bob weaver asks how you would develop a hybrid system that uses both technologies.

Ken responds that this is possible.

PUBLIC INPUT

Question: How many homes can go on one vacuum system?

Answer (Steve Henschen): 400-500 or it wouldn't be cost effective. JPR will provide a deeper analysis. It would be JPR's and Bob's preference to do away with the electrical.

Question Jeff Thornburgh: Are any of these systems susceptible to high water or flooding?

Answer Ken Jones: Tippecanoe is 40% floodplain and JPR will take this into account in the design.

INSURANCE UPDATES

Chad has communicated with his colleague and the challenge establishing a quote is due to not knowing what the budget is as the Board doesn't have those details at this time.

Jon Tyler would like for Chad's legal representation to reach out to Andy Boxberger as an option and Andy Boxberger has expressed his interest to Chad in a prior discussion to represent the Board.

The Board would like a few options for consideration before December.

Chad will seek 2-3 other options.

Ken Jones indicated that his best experience has been with Andy Boxberger due to his deep understanding of rural Districts.

Other options may include:

Matt Shipman – Whitley County

Barry McDonnell – LaPorte County (has experience in municipal districts)

Ed Ormsby will contact the legal representation options and Chad will have further discussions with the selected Attorney to make the transition as smooth as possible.

Jon Tyler makes the motion to close the meeting. Ed Ormsby seconds the motion. Motion approved unanimously.