

EAST SHORE CONSERVANCY DISTRICT

FEBRUARY 4, 2022, ANNUAL MEETING MINUTES

CALL TO ORDER: The meeting was called to order by Chairman Fritz Steck at 3:00 p.m. Fritz recognized the posting of the agenda in accordance with the Indiana Open Door Law. A quorum was present with Brian Welch and Whitney Johnson seated along with Fritz and Peter Cleveland on zoom. Jim Bremner joined the meeting in progress via zoom at 3:07 p.m. Also in attendance via zoom was Kathy Clark, manager for East Shore Conservancy District (ESCD) and senior staff accountant Jennifer Walker, with Krohn & Associates.

ELECTION FOR AREA 2: Fritz began by pointing out that no one had submitted the required five petitions asking to be elected as Area 2 representative. Fritz explained that due to the lack of response, Whitney agreed to be appointed to serve a one-year term until Area 2 and Area 1 elections can be held at the Annual meeting in February of 2023. Brian made a motion to appoint Whitney to the Area 2 position and that motion was seconded by Pete. Motion passed unanimously.

SUMMARY OF ACTIVITY IN 2021: Fritz presented major items the Board was able to accomplish in 2021:

- The East Shore Conservancy District (ESCD) was able to secure a \$1.8 million bond from the Indiana Finance Authority on July 20, 2021, which covered the construction cost for the new line to Culver built by East Shore Corp, the purchase of the entire system from East Shore Corp, and some of the expense to become a District.
- The Board participated in East Shore Corp obtaining the approval of the Indiana Utility Regulatory Commission (IURC) to transfer the assets from ESC to the District.
- The Board obtained final approval from the Department of Natural Resources (DNR) for its District Plan.
- The Board received the approval of the Marshall Circuit Court to establish the Exceptional Benefits Assessment to cover the bond expense; and established a Special Benefit Assessment to cover certain expenses.
- The Board established the number of buildable lots within the District and obtained approval from Culver to deliver 150 units rather than the 130 units that East Shore Corp had negotiated.
- There has also been strong activity with people signing up to get on the schedule to have their system installed this year.

SUMMARY OF FINANCIAL POSITION 2021: Jim Bremner introduced Jennifer Walker and asked that she present the financial picture for 2021. The video screen showed the ESCD Fund Report followed by the Full Year Report that Jennifer explained to everyone in attendance. (The report is attached to these minutes.)

Jennifer began her report by walking through each segmented fund that the District has, from the General Fund through the Escrow Fund which holds the Exceptional Benefit Assessment (EBA) pre-paid funds. Jennifer noted that the Escrow Fund held much more than the \$93,505.55 shown in the 2021 report. Clark confirmed that as of January 29th, the cut off date for pre-paying the EBA funds, the amount was \$362,336.37. It was then clarified that while all the reports being used today show funds held by the District, they do not contain a full year of expense data for running the system itself, as

those expenses were not carried by the ESCD until August of 2021, after the purchase of the system was completed.

Next, Jennifer went through the checking account activity, noting specific items within the year's report. Jim then presented the December financial reports, or year end reports, noting the District finished 2021 with a net revenue of \$161,355.41.

Pete asked Jim if he felt the District would carry a balance of \$100,000 through each year, and Jim responded that he hoped it would become less as the early expenses of installation and basins were completed. Getting a credit line was also again brought up and Jim noted that the District would need the IFA's permission if we wanted to move forward with getting that. Jim also noted that adding the additional twenty-three users will increase the revenue stream.

Jim made a motion to close the Annual Meeting and that was seconded by Whitney. Motion passed unanimously.

The following individuals were in attendance via zoom for the Annual Meeting, most remained for the Regular Meeting that followed: Alex Rogers, Katherine Moseley, Julie Hollowell, Linda Hippenhammer, Perry Griffith, Linda Whitten, and "Brett's phone."

REGULAR MEETING MINUTES

Fritz opened the meeting at 3:23 p.m. and announced the proposed slate of officers: Fritz Steck as Chairman, Jim Bremner as Vice Chairman, and Brian Welch as Board Secretary. A motion was made by Whitney to support the slate as presented. Pete seconded that motion. Motion passed unanimously.

Minutes: Fritz stated that the minutes were sent out via email prior to this meeting and asked for any additions or corrections. Jim made a motion to approve the minutes as written, seconded by Brian. Motion passed unanimously.

Claims: Fritz requested Kathy present the Claims Register for approval. She gave the total of claims paid from December 14, 2021, through January 31, 2022, as \$17,693.90. Motion to approve was made by Brian, seconded by Fritz. Motion passed unanimously.

Management Report: Kathy presented her report on major activities since the last meeting. She reported that David Ervin had been hired after getting approval from Fritz. David will be creating a new website from scratch. She noted that she will be providing the materials for the site and expects it to be ready for viewing by early April. The website currently being utilized is intensely cumbersome and hard to work with. Her outline of upcoming sewer installations included 7 or 8 along the lake front by May, with the second group going in this summer, and the remainder in the fall. Brian requested that the Board accept Kathy's report. The report was accepted unanimously.

New Business: Fritz asked Kathy if she had anything to report as new business. Kathy noted that the bank has been closed for the last two days due to weather but that every name had been struck through on the Exhibit A EBA list that had paid by the January 29th deadline. She had also spoken with the County Auditor to confirm that she would deliver the list to the Recorder's office after today's meeting and turn in the list to Julie Fox' office once it has been recorded. Fritz offered congratulation to everyone who had paid up front, noting it was a great effort on everyone's part. Jim noted that once tax bills are paid by May 10th, the District will receive those monies that are collected. Brian made a motion to approve

the schedule of EBA payments that Kathy will deliver to Marshall County. Fritz seconded that motion. Motion passed unanimously.

Fritz noted that all items on the agenda had been covered so he opened the meeting to the Board. The Board had no issues. Fritz then opened the meeting to the public.

Linda Whitten asked for clarification from Jim on the fact that EBA *pre-payments* that were being placed in the Escrow Fund will not reduce the interest cost on the bond until such time as those funds can be applied to the bond principal. Jim confirmed and explained that the IFA only applies prepayments once per year, and these prepayments were received after the deadline for 2021 payments. He further explained that the prepayments placed in escrow will be applied in December 2022, and the bond principal will then be re-amortized for the next year. That prepayment protocol is set forth in the bond and will be followed each year. It provides a significant potential benefit to ESCD.

Linda then asked what the aggregate amount was of the *special benefit tax* being applied to tax bills in 2022. Jim said that it was reduced from 9 cents to 4.2 cents so it is less than fifty percent of what it was in 2021. That should result in approximately \$85,000 to \$90,000 this year. Linda wanted to know if the Board thinks this will always be a part of the conservancy. Jim said he believes it can be eliminated at some point.

Katherine Moseley noticed there was over \$29,000 in miscellaneous on the checking account report and noted that it seems like a lot of miscellaneous. Jennifer and Kathy had discussed that category before the meeting and reported that it was the second payment to the Town of Culver for the additional thirty units added to the agreement between the District and the Town. Jim supported their information.

Fritz called for a motion to adjourn at 3:34 p.m. Brian made the motion seconded by Jim. Motion passed unanimously.

Brian Welch, Board Secretary

Kjc 3/10/22