

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS FOR THE
DAMON RUN CONSERVANCY DISTRICT
FEBRUARY 22, 2012

The annual meeting of the Board of Directors of the Damon Run Conservancy District met at 5:30 P.M. on February 22, 2012 at the Valparaiso Public Library, 103 Jefferson, Valparaiso, Indiana. Directors present were Richard Hardin, Jennifer Beauchamp, Jack Barko and George Grace. Also in attendance was Bill Ferngren of Ferngren Law.

Mr. Barko announced that this was the annual meeting of the Board of Directors and an election would be held to replace the vacated seat of Virginia Mitckess due to her resignation. Two candidates were on the ballot, Mr. Donald Wilhelm and Mrs. Michelle Wertzberger. Clerks serving to count and verify the ballots were freeholders Liz Nobels of 48 Steinbeck Dr, Valparaiso, IN 46383 and Kris Borsodi of 47 Tolstoy Trail, Valparaiso, IN 46383.

Upon completion of the election, the results were announced of Mr. Donald Wilhem receiving 25 votes and Mrs. Michelle Wertzberger receiving 16 votes. It is deemed that Mr. Wilhelm shall join the board and took the oath of office. Mr. Wilhelm will serve out the term that was vacated by Mr. Chad Littlewood and then vacated by Ms. Virginia Mitckess that will expire at the annual meeting in February 2014.

The Nomination of officers then took place. Mr. Wilhelm nominated Mr. Hardin for Chair which Mr. Hardin declined. Ms. Beauchamp made a motion to nominate Mr. Barko for Chair, Mr. Wilhelm for Vice Chair, Mr. Hard for Secretary, Ms. Beauchamp for Treasurer and Mr. Grace At-Large. Mr. Barko seconded the motion. Motion carried 4-1 with Mr. Wilhelm casting a dissenting vote. The 2012 board will be:

Jack Barko (term expires Feb 2015)-Chair
Don Wilhelm (term expires Feb 2014)-Vice Chair
Rich Hardin (term expires Feb 2015)-Secretary
Jennifer Beauchamp (term expires Feb 2013)-Treasurer
George Grace (term expires Feb 2015)-At Large

The minutes of the December 13, 2011 meeting were distributed to the Board members. Ms. Beauchamp made a motion to approve the minutes. Mr. Hardin seconded the motion. Motion carried unanimously.

Ms. Beauchamp provided the Board a list of claims for payment. During discussion of the claims it was noted that a lift station pump went out at Eagle Ridge and was covered by insurance subject to the deductible. Mr. Grace made a motion to approve the claims with the modification to the Portage Utility Service listing. Motion carried unanimously.

Mr. Ferngren gave an update on the rate case pending before the IURC. All documents

will be assembled and submitted to the IURC by the end of next week. The evidentiary hearing will be held on August 21, 2012. Attorney Shoultz will be attending the hearing.

Mr. Ferngren brought to the board information that he has been contacted by the Indiana Attorney General's office regarding Fox Chase Farms. They are requesting a meeting in Indianapolis to discuss the possibility of Fox Chase utilizing services from the District. He noted that we have been approached by Fox Chase twice in the past and it was not fair and equitable to the current freeholders as they wanted to tie in their current mound system and not be annexed to the District. The board has found in the past that this was not fair or equitable. Schedules are currently being coordinated between various governmental agencies as well as the District and Fox Chase's current Utility manager. Attorney Shoultz will likely be attending this meeting due to the proximity to the meeting site and consideration of travel cost to the District.

Resolution 2012-1 Setting meeting dates and officers was presented to the board. This resolution is only for the listing of dates and board members. No board action is necessary on this resolution at this time and will be modified to show the meeting dates and times, as well as the positions of the board members. With these being decided at the meeting, a final resolution could not be drafted.

Resolutions 2012-2 Use of Certificates of Deposit and Resolution 2012-3 Use of Hoosier Fund money market were presented to the board. These resolutions allow for the reserve debt service fund to be invested for a return as the funds are currently not in an interest bearing account. Mr. Hardin pointed out that during the budget meetings of 2011, Mr. Walsh of Umbaugh & Associates indicated that with the district being a publically regulated utility, there are strict limitations on where the District can invest the funds, and are in no-risk and capital preservation investments.

Mr. Ferngren notified the board that Umbaugh & Associates has offered to manage these investments for \$1500 annually. Mr. Hardin commented that we would need more information regarding the rate of return before a decision could be made to move forward with Umbaugh or if the board will handle this process in house. Mr. Barko asked if there was a hybrid approach that could be taken. No action was necessary by the board at this meeting and it was decided that a list of questions needed to be compiled. All questions and suggestions are to be emailed to Ms. Beauchamp on or before March 1st for submission to Umbaugh.

Ms. Beauchamp provided more detail on Indiana American Water Company (IAWC) ceasing sewer billings. Due to an upgrade of the IAWC system, they will no longer be providing sewer billings for any parties effective December 31, 2012. A list of outside contractors has been given to Ms. Beauchamp and she is currently collecting bids for service. IAWC is pushing to have things in place for the takeover by October 31, 2012 in order to make a smooth transition. Mr. Grace asked how the bi-monthly user fees will be handled. Ms. Beauchamp and Mr. Barko explained that the user fee currently billed by IAWC will be transferred over to the new company. Ms. Beauchamp projects that a bid list will be available to the board at the next quarterly meeting.

Mr. Ferngren presented the management agreement for Indiana Utilities Management, LLC. Indiana Utilities Management served as the manager for the district's day to day business, provided all billing and field support, and has leased office and storage space for the district in 2011. The previous agreement expired on January 31, 2012 and is up for renewal. Mr. Hardin asked if there were any changes to the prior agreement and Mr. Ferngren confirmed that there were no changes and was exactly the same. Mr. Beauchamp made a motion to approve the contract. Mr. Hardin seconded. Mr. Wilhelm called for a vote. Motion stalled upon voice vote 2-2 with Mr. Hardin and Ms. Beauchamp voting aye and Mr. Wilhelm and Mr. Grace voting no, Mr. Barko recused himself from the vote due to conflict of interest.

Mr. Wilhelm commented that this is not how contracts are done since it was not provided in advance of the meeting. Mr. Wilhelm asked if the vote on the contract could be delayed to the next meeting. Mr. Ferngren advised that without a contract in place, none of the day to day district business would be conducted. Mr. Wilhelm then asked if there could be an additional 30 day extension to the contract and a special meeting of the board of directors be called. Mr. Wilhelm made a motion to table the contract for 30 days and call a special meeting of the board of directors. Mr. Ferngren advised that there was not currently a contract before the board that represented a 30 day extension and only the one year extension was available. There was no second to the motion and the motion did not move forward to a vote.

Mr. Hardin commented that this was the exact same contract that was in place during 2011 with no modifications to the terms of the contract, services provided or the rates charged. Without this contract, none of the day to day business of the district would be done and we as a district could not afford a stoppage in the district business. Mr. Hardin also noted the vital importance to the district and the IURC.

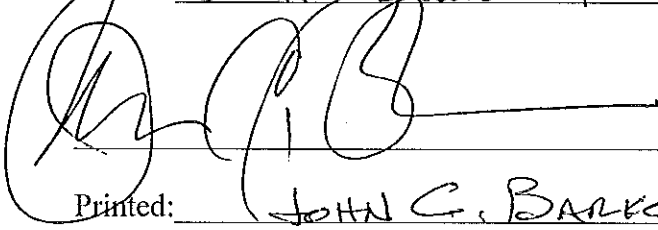
Mr. Hardin made a motion to approve the contract. Ms. Beauchamp seconded. Motion was approved 3-1 with Mr. Wilhelm casting a dissenting vote. Mr. Barko recused himself from the vote due to conflict of interest.


Mr. Barko gave an update on the flushing of the lines and the current maintenance initiatives. The septic conditions have been greatly reduced and he will be checking with Portage to see how much we can reduce the peroxide currently being put into the lines. With the addition of Porter Hospital, we should see these septic conditions go away in the future, but will continue to monitor.


There being no further business to come before the board, Ms. Beauchamp moved to adjourn the meeting, Mr. Grace seconded. Motion carried by unanimous voice vote.

Jennifer Beauchamp

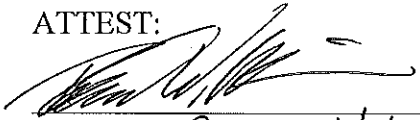
Printed: Jennifer Beauchamp


Printed: JOHN C. BARKS


Printed: Donald W. White


Printed: Richard W. Harwin

ATTEST:


Printed: Richard W. Harwin