

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS FOR THE  
DAMON RUN CONSERVANCY DISTRICT  
October 7, 2014

The Board of Directors of the Damon Run Conservancy District met at 5:00 P.M. on October 8, 2014 at the Valparaiso Public Library, 103 East Jefferson Street, Valparaiso, Indiana. Directors present were Richard Hardin, Jack Barko, Jennifer Beauchamp and Don Wilhelm. George Grace was absent. Also present was Bill Ferngren of Ferngren Law, and representatives from Umbaugh & Associates, Tom Blake & John Julian.

Mr. Barko called the meeting to order.

The meeting minutes were then distributed. After review of the minutes, Mr. Wilhelm made a motion to approve. Ms. Beauchamp seconded. Motion carried unanimously.

Mr. Barko submitted a list of claims for review.

Mr. Wilhelm made a motion to approve the claims. Mr. Hardin seconded. Motion carried unanimously.

Umbaugh & Associates presented an agreement to the board that sets flat fees going forward. The agreement would include services that are normal and customary as well as paying any past due invoices. Mr. Wilhelm asked how the fees per hour for the various levels.

John Julian from Umbaugh & Associates replied that it was based on the work to be performed. Mr. Wilhelm asked why there were such large variances in each category. John replied that it was due to a varying level of expertise required. Some require extensive knowledge while others include basic office procedures such as typing and filing.

Mr. Wilhelm asked why there wasn't a fixed fee. John responded that the work required by the District takes on a wide variety of expertise and many times labor has to be shifted to accommodate deadlines. Mr. Wilhelm contends it is too broad of a contingency. John offered to come back with fixed hourly rates, however work may be delayed do to the availability of staffing at the prescribed wage levels.

Mr. Barko stated that Umbaugh is good about itemizing who is working on the projects and what the rates are. This represented a fixed rate for expected services that are normal and customary over the past several years. Mr. Ferngren noted that there could be extra rates and charges based on services rendered that are outside of the prescribed services, akin to an IURC filing. John will amend the agreement to note if an item comes up that requires extra fees and charges, Umbaugh will provide and estimate for the services prior to work commencing.

The item was tabled until a revised agreement is presented at the next board meeting.

Mr. Barko announced that this was the 2015 Public Budget Hearing.

Tom Blake from Umbaugh went through the financial plan. Notably, there are two funds, one for debt service and one for operating expenses. Operating expenses are paid through User fees. Debt Service is funded by a combination of property tax receipts and transfers from the Operating fund that are in excess of day to day cashflows. Annual debt service payments of \$1.3 million are driving the tax rate.

Estimated tax rate for 2014 payable 2015 is \$0.9737 per \$100 of assessed value. A decrease from the prior year of \$1.00 per \$100. The budget for operations has been reduced by \$25,000 and growth is assumed at 27 EDU's per year and excludes the medical campus. Future year expenses show a linear growth due to inflationary pressures.

Ms. Beauchamp noted that the Hospital EDU's have increase over the anticipated 193 EDU's to 232 EDU's that will be reflected in the 2016 budget.

Mr. Barko then opened the public hearing

Lisa Gonzalez of 884 London Lane asked where the 27 home estimate come from. Tom from Umbaugh noted that this was a figure given by the District after surveying the builders in the area.

Mr. Gonzalez asked about Timberland Estates and how many lots were left. Mr. Barko responded that there were 41 lots in phase I. Plans are to start Phase II of 40 lots late spring to early summer of 2015. Total potential development of 183 lots total.

Stephanie Campana of 894 London Lane asked about Outstanding debts. Tom from Umbaugh noted that outstanding debts existed to Indiana Utility Management, Nardo Builders, and Timberland LLC. The AP Payments begin accelerating in 2018. Mrs. Campana asked about the overages to be paid to Timberland LLC. Mr. Ferngren noted that the overages for infrastructure were not given by Woodruff until after the bond issuance. The SBOA went over this line by line. The overages were paid by Timberland LLC and this reflects the amount paid. The Fees due to Nardo Builders is for management fees from 2008 to 2010. The SBOA would not allow bond fees to pay this off as it is an operating expense and property taxes are for the retirement of the infrastructure bond. He noted that the tax levy is only used for debt service retirement.

Mrs. Gonzalez asked why the infrastructure wasn't donated by the developer. Mr. Hardin noted that the bond issuance was for the initial installation of the infrastructure and that all other municipalities take out bonds to pay for main lines – such as the Indiana 49 Corridor that Chesterton put in. They took a bond out and got help from the county to upsize the line. Timberland West, St. Andrews, Porter Hospital, Duneland Schools, and Timberland Farms all installed and donated the infrastructure to the District.

Katie Rizer of 875 Thoreau Trail asked where the old debt contracts from 2008-2010

were located. She says it should be signed by the board of directors who are not on both sides.


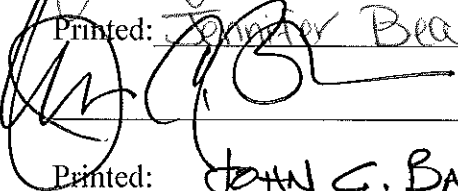
Mrs. Gonzales asked if the \$168,000 was used for infrastructure under the subdivision. Mr. Barko stated that in the original project the debt service was taken out for the mains and infrastructure under Eagle Ridge and Timberland. All other developments have paid for and donated the infrastructure to the District. John from Umbaugh noted that the \$168,000 was for project overages that came in after the bond was issued.

Mrs. Gonzales stated that we paid for lots & infrastructure so she is being double charged. Mr. Ferngren noted that the project and the bonds were all approved by both County and State agencies.

Mrs. Rizer asked when the contracts would be available. Mr. Ferngren was unsure if there were contracts from the time and would have to research. Mrs. Gonzales asked if there were receipts available. Mrs. Rizer wanted to know where the paper trail was. Mr. Ferngren stated that some was at the District office, some with Umbaugh, some at Ferngren & Associates. He advised that the SBOA may be a better resource to get the information quickly.

Mr. Barko then closed the public hearing and announced the Budget Adoption meeting would take place on October 28<sup>th</sup>, 2014 at 5pm at the Valparaiso Public Library.

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

  
Printed: Jennifer Beauchamp  
  
Printed: JOHN C. BARKO

Printed: \_\_\_\_\_

ATTEST:

  
Printed: RICHARD W. HARDIN