

39 North Conservancy District

Board Meeting Minutes

Date: April 5th, 2024

Board Members Present: Mark Childress, Ed Arnold, Cheryl Reinhart (attending via ZOOM)

Professional Staff Present: Shaw Friedman, Karl Cender, Gary Radtke, Erica Arnold

Public Present: John English, Tom Dermody, Representatives from the City of Laporte, Nick Otis, Craig Phillips

President Mark Childress called the meeting to order, and then asked all to stand for the Pledge of Allegiance.

President Childress then called and recorded the roll call.

Nick Otis: Thank you, 39 North, for being here today. We wanted to give an update on where everything is at in regards to the Annexation. We've provided a draft of the interlocal agreement. Annexation is complete, paperwork has been sent to state and national organizations required. In implementation phase to getting services out to 39 North property owners and residents. Phasing in some services, example trash contracts, will work with residents on that. Talking with Shaw, working through how to allocate credits for the purchase agreement. Wants it to be easy to understand how they are getting the credits and how to accurately allocate those credits on the utility bill. Working with county and state on lots of little things, providing police/fire/transport services out here. Any questions on credits?

Craig Philips: (Community Development Planning Director for City)

As Nick said, we recently had a meeting once we knew the Annexation was effective, we had a meeting with all the department heads of services in the city to map out exactly what was going to happen when, in terms of delivery of those services. As you may know we are required to provide non-capital services within a year of the effective date of Annexation; and capital services within 3 years of the effective date of Annexation. We are not planning on waiting until those dates to provide those services. So, we are already starting services. As Nick already kind of said we started on April 1st to provide police, fire, and streets, street services include street sweeping, snow plowing, and the like and transports services. We've already been in contact with waste management to make sure we can add all the new residents that we don't have contract negotiations with. For example, in Briar Leaf Condos, we will be working with them to provide garbage services, so we're in the process of doing that. We plan on providing

that service as soon as we are through that process with them. There's not necessarily a contract negotiation it's just notifying them of the new residents and customers and we're in the process of doing that. In terms of the work, we plan to do with utilities and the promises we made with regards upgrades to in infrastructure we are currently in process of establishing the TIF district for the 39 North area; now that annexation is effective basically that's going to take us into about June in terms of establishing that. However, since we are looping the improvements in terms of water into the Thomas Rose Industrial Area, we also have a TIF district in that area we are using existing revenue streams to help with payments necessary for the, either bonds, or loans, we are looking at a number of different options whether its loans either through the federal channels, state channels, traditional TIF bonding, etc. So, we are currently working with financial advisors on exactly which one of those options is the best for us. Basically, the only thing that's going to hold us up once we get the supplies ordered is the lead time on certain parts and supplies, we need for that work. We plan on getting started on infrastructure work right away, like I said, we're not saying we have 3 years to do this. We are jumping on this, getting this started and taken care of. So, for now those are the updates we have. You'll see a lot more activity from us in terms of the establishment of the TIF district in the next few months and starting to secure financing for those infrastructure projects. Many most likely through the redevelopment commission, offsetting those with as many state and federal grants, we are also looking at state revolving loan fund, we're looking at some options potentially through the federal government as well to help offset that cost. So that's where we are at this point, I'd be happy to answer any questions in regards to providing these services.

Nick Otis: Our engineering team, whether it's Jerry Jackson at Sewer and Storm Water, Nick Minic, or Tim Werner at Water, are already working on design of the upgrades. So it's definitely moving along quickly. Part of Interlocal agreement that Shaw and I have been working on the purpose of it is so your board can enforce the terms of the contract. Our goal is that you never have to do anything. I think if the Mayor and the City said we're going to do these things, we need to do them. We look forward to making those big upgrades and we think particularly with the industrial and commercial opportunities up here, you will see continued development from what you guys have done since the late 1990's

Shaw Friedman: Did you look at the state grant services, a ready grant if possible? Is the revolving loan the best?

Nick Otis: The revolving loans are primarily SRF funds. We got some potential leads through the USDA possibly for some low interest loans there and the Horizon in terms of payoff is a little bit longer than what's allowed with TIF if we go that direction. So, we're going to have our financial advisors look at which one is the better fit.

Shaw Friedman: We are happy to turn over that responsibility of seeking grant services. This board has done everything it could, we completed 3 different applications and we're looking forward to.....

Nick Otis: We've been actively involved in conversations with the USDA, the EDA, and the State on all these different options. But our failsafe is TIFT funds.

Ed Arnold: On the engineering side I hope that your firm will choose to interact with Gary Radke who was involved in the original design. He's the most knowledgeable person and I think he could make a contribution to the system design

Nick Otis: We'll make sure that Howard remains in contact with Gary.

President Childress: I left the next section open for public comment, I wasn't sure if people would be here today. If you had any direct questions for the team on how this would affect your properties. Any questions.

Public Comment – No public comment given

Nick Otis: If we could just maybe have Shaw give me the report from Mr. Cender so we can get that finalized.

President Childress: Moving on, let's review the minutes from the March 1st meeting

Ed Arnold: Motion to Approve March meeting minutes- 1st Ed, 2nd Cheryl, All Voting in Favor.

President Childress: If we would let's review the financial report. What Sue has put together was basically the February report that had errors when it was submitted last time. We all knew there was more work to be done, she's completed that work. Unfortunately, the Financials from last month have not been completed. We worked late into the night last night and still had numbers that we couldn't get on paper. So, we don't have the financials for last month. If we could let's, consider a motion to approve.

Motion to Approve February financials – 1st Cheryl, 2nd Ed, All Voting in Favor

President Childress: Moving on to bills for payment

Motion to Approve bills for payment – 1st Cheryl, 2nd Ed, All Voting in Favor

Shaw Friedman: As the city attorney said we're making progress. Still hopefully shooting for an April 30th close so we will need another special meeting of the board later this month if we are in the position to get the purchase agreement approved by the board. We will need to have the board consider Karl's report so that it can be formerly approved at this meeting and forwarded to the city attorney so we can include that obviously with the purchase agreement. We're going to propose two different ways, a

10-year payback and a 15-year payback and see what flies. We do have hearing scheduled in front of Superior Court 3 Judge for next Monday on the application we made for territory judgment. To make sure and ensure the repayment program for water sewer credit is legal. We have no indication that we're going to have a problem there. The city and the district have joined together in hopefully getting this Declaratory judgment but again the point of that is to have a court order that validates that system since it's one of the first of its kind in the state and we anticipate going forward with that in good shape next Monday. Again, work is still concluding As the City Attorney said, one of the things that's going to be in the interlocal agreement is with this board continuing that's the insurance that's the backstop if you will for the freeholders; so the agreements entered into aren't simply trusted but verified. There's trust but also verification as the board can continue to exist, continue to undertake and oversee accountability functions as all these improvements are made. That's going to be reflected in the final interlocal agreement and final purchase agreement as well. So, things continue to move forward say we're shooting for an April 30th close, it may go into May depending on issues regarding the purchase agreement. I think you have gotten us I believe you've gotten us the agreements that were in place, and we need to put those as extensions or amendments to the Interlocal. I think you got me the Walsh and Kelly...

President Childress: Walsh and Kelly, Shady Grove – I wonder if that's expired.

Shaw Friedman: Walsh and Kelly, you got me, I'm providing anything I got from you guys so just provide me anything else I should have. Gary, I don't know if you got any other agreements that are still out there. I mean we've got the Family Express one but....

President Childress: Larson and Daniels, but now my curiosity is that they've sold that property, so it goes to Hickman Williams. I don't know why Hickman Williams would get it if they didn't put it in.

Gary Radtke: That was the only other one.

Shaw Friedman: That's fine, just any other current agreements so we can reference them in the Purchase agreement. But things are on track at this point. And you heard, the City is ahead of the process in terms of the extensions and providing services. And frankly the burden of trying to get the grant monies is now their burden. I mean this board worked mightily, I mean how many state services we sought for that water tower, so the burden is now on the city to come up with the funding for the infrastructure improvements and we wish them God Speed.

Karl Cender-So in your packet are two options for allocating credits we took what Ed and Erica had put together summarizing the conservancy taxes paid from 2015-2023.

Shaw Friedman: Tip of the cap to Erica that is here for her work, this was not easy work to get done so thank you. I know everyone feels that way.

Karl Cender: So we took the taxes for each and every parcel and developed a percentage. What we did exclude were the parcels that were not connected to City utilities. So I think Sue had provided us with a billing report a number of months ago and we were able to determine who was connected and who was not connected. Hopefully we have the correct addresses, so there may be some tweaks yet that we have to do. And so if they are connected to Water and Sewer we put a YES in the column "Eligible for the Annual Payment." And then we also had another column for the acreage and those acreage numbers came off the Property record cards that were provided to us last fall. And so we allocated the purchase price of 70% conservancy tax (\$90,333), and 30% to acreage. So you'll see for a 15 year repayment its about 40,000 in acreage. And \$90,333 for the Conservancy tax. So a total of \$133,333 over the 15 years. Just to the eligible freeholders, now as I was discussing with Mark and Ed and Shaw, you know if we go with this approach in subsequent years, you have those that are vacant properties that are not connected to utilities do eventually develop and connect to utilities then we probably need to update the schedule to allocate credits to them which means everyone else gets a smaller piece. Now this is probably the fairest way I can think of to do it because right now if you were to allocate to everyone the city is not going to take applied credits for those not connected to utilities. They only want to offer utility credits, water/sewer credits, and so what we have to figure out or Shaw can present this to Nick and the City, is, is this going to be acceptable either the 10-year or 15-year method.

Shaw Friedman: I'm willing to pitch both. I mean you've worked mightily to come up with something that's equitable, that's fair, and consistent with the agreement and we're recommending approval to the board.

Ed Arnold: I think we have to be specific that an annual property review would be made, so we don't have to keep tweaking this thing and any new buyers or new hook ups would be adjusted at that time.

Karl: Is that what you're saying that we would want to include that in the agreement.

Ed Arnold: Once a year we should revisit this and apply new utility hookups, not every month...(agreement from the board in side comments)

Shaw Friedman: In any motion we should make that clear. So that would be a provision we're going to state, and we want in the agreement.

Karl Cender: And if you notice, I have the annual amount and a monthly amount, because I believe they are going to want to apply it monthly. The question will be,

there's approximately 70 or so hook ups the city will have to go in individually and apply a different credit amount to each and everyone. Now that may initially seem burdensome but I'm hoping once it's in place it's in place

Ed Arnold: What if the credit exceeds water usage?

Shaw Friedman: Then it shows as a credit on the bill.

Ed Arnold: I just want to make sure they're not lost; I don't want things going into oblivion. It's a purchase of a system and that's the price.

Shaw Friedman: Well absolutely, but what would be wrong with a credit continuing to grow on an individual...

Ed Arnold: Well, that's fine as long as it's not lost.

Shaw: It may take a lot longer than the 10 or 15 years to get your repayment then.

Ed Arnold: Right, I do have a request we use larger paper on the next report.

President Childress: Well, I would agree too, I don't want to say its 15 years and then whatever is left we just leave behind. I would like it to get it, we asked for 2 million and somehow, we should be able to get that. I suggested several times we look at another way that they can pay us, and that seems to be very difficult so I will stop pushing. But at this point the only method to pay us back is with these credits.

Karl Cender: So, these are the credits and so if it takes longer, it takes longer, but its based on a 15 or 10 year repayment schedule.

Shaw: We can perhaps indicate in your motion that if it takes longer for an individual freeholder then that credit continues. I'd prefer a 10 if we can do it, but we'll pitch both and maybe in whatever motion that if there's a credit done at that expiration of that period then that credit continues to go on that freeholder's bill, I think that's only fair. Because you're right you don't want to lose it because that was the purchase price.

Ed Arnold: - Motion to approve 10-year amortization which is only a suggested period as any future credits that remain will continue to be utilized by the parcel

Shaw: Can you forward both though? I mean are you comfortable with that? I mean I'm telling you we may be hung up.

Childress – Let's forward both. Because I still want the option. I want to really look at it close to see.

Shaw – I mean you remember we went to the table we were all there at the City's attorney's office, and we had to work to get the 15 they were originally talking you know 25.

Ed Arnold - Amend motion to secondary 15-year amortization

Shaw- I will indicate the 10-year schedule is preferred.

Ed – Under no circumstances are credits to be lost, they shall continue to infinity and beyond.

Cheryl – Added Ed should add annual review of utility hookups will be reviewed by the board and adjustments made to motion

Ed – An annual review of utility hookups shall be reviewed by the board and adjustments made. And that's the motion.

Motion Voted – 1st Cheryl, 2nd Ed, All Voting in Favor

Ed – could you test some of the credits based on an average. Like for example my bill is \$200 a month, could you tell what the credit would be on the 10 year and 15-year schedule?

Karl Cender - We should be able to look. On the 15 year – about \$163/month and on the 10 year about \$245/month. Probably because the assessments and acreage fees are higher than others.

Shaw – Thinks shareholders will like seeing those credits. I think it's really going to help.

Childress –I'm nervous as the credits being applied to our bills in the district and as you move closer into the city water/sewer bills declines quite a bit. The difference between our rate and the city's rates so were calculating our numbers based on what our basic water bill is. When the city takes it over it's going to be calculated on what that water bill would be?

Shaw – Who knows what some of the infrastructure will be affecting water/sewer users throughout the city. Who knows what it'll ultimately be. I'm not sure it's going to be that much of a reduction, all I know is my in-town water rate continues to go up.

Theres no question. For the buildings we have in town here the water sewer portion is getting to be the smaller number, it's the other stuff that's in there. So, if you're only subtracting \$60 dollars each month for the credits.

Shaw – Paying more in terms of the fire, recycling etc.

Cender – It may make the 15-year more palatable so those credits aren't as large but I don't know

Pres. Childress – Well I guess these are the things that we'll have to open the door and hammer out. I mean there's questions on our mind there has to be questions on there's.

Karl Gender report completed

Gary – We started to put bacteria in the line from the lift station on 39 to the toll road. Ed has been there; we had a meeting with the 3 of us before that. We have seen a small change in grease in the lift station already. We just started so it will be quite a few months from now before we get it done and tested. I keep Jerry Jackson fully informed with this. He's very pessimistic about this process and stuff. I have used this in a lagoon project, and it worked very well so we'll see. So once all the product is gone then we will be doing testing of it and will come back with proposal from Ferguson to do the testing. Also, the second item is that when you hired my company one of the agreements was I could not work with the city. I will be working with Bella Largo which is a private company not with the city but I'm intermixing with the city. I just want to inform everybody that I'm doing this and Shaw, so there is no issue. The last item I had was a proof of the annex/taking over of shady Grove project to dollar general we received requests to get record drawings from the project and we delivered those out too. Small items, but just an update.

Shaw – Things with Bella Largo moving forward – yes.

Pres. Childress- Circling back to selection of financial clerk. As you know Over the last several months, we advertised to fill that position which has proved to be extremely difficult with the exception of one person who has stuck with us, Erica Arnold, who is with us today taking care of our minutes for us. Last month we made a motion that we would take one more shot to publicly advertise that position. Should we not find a suitable applicant other than Erica we would consider hiring her for that position moving forward. She has worked with Sue several times this past week, and she's been with us today setting up the room. And she worked extremely well with Ed acquiring the information for the packets we put together for the financials credits. I would see no reason at this point not to consider Erica for the position of financial clerk. President Childress asked the board to consider making a motion to hire Erica Arnold for financial clerk position.

Motion to Approve – 1st Cheryl, 2nd Ed, All Voting in Favor

Shaw – State procedure does provide a way that waivers are executed. A waiver of a conflict or potential conflict. This of course going back 25 years when Sue Knoll was hired as the financial clerk for John Knoll. There is a Way to provide a written waiver provided by the State Board of accounts and signed by Erica and then approved by this Board so there's full disclosure. It did not prove to be a problem with Sue and John as long as there is full disclosure and transparency which there is today.

Childress - Any other business – next meeting May 3rd

Shaw Friedman: Suggested a note to be entered in the minutes of today's meeting that one of the district founders John Knoll has passed away. The district was started with a group of five, Bob Hall, William (Bill) Lang, Carman Arnold, (one other name will be inserted here) and former district President John Knoll. John was instrumental in the creation of the conservancy district and was the guiding force for Districts success. At its inception, the area that would be known as the Thirty-nine North Conservancy district had an assessed valuation of just over 2 million dollars. With the water and sewer services that the district provided to the area created an opportunity to grow to an assessed valuation of over 40 million dollars as of today. Shaw continued to describe that John Knoll represented the very best in what a public servant should be. John was a former teacher as was his wife, Sue Knoll. John and Sue moved here in the early 80's to run a very successful family owned construction company and became deeply rooted in our area. John and Sue donated the district's office space in their commercial building for most of the district's 27 years and ran the day to day from that office without fault. There is no doubt, without the sacrifices made by John and Sue Knoll to support the Thirty-Nine North Conservancy District the area that is known as 39 North would look very different than it does today.

Continued conversation was held by all in attendance reflecting on the significance and remembrance of John's lifelong contributions.

Motion to Adjourn – Meeting Adjourned

