

MINUTES

Meeting Date: September 11, 1994 - at 6:10 pm
Location: Town Hall
Attendance: Town Board Members: Harold Hall, Pat Sappinfield, Bob Williams
Water Advisory Committee Members: Bill Fender, Butch Richardson, Janet Riggs, Ervin Rickard, Jim Lemons
Water Company Employees: Gary Getrost, Janice Gibson
Coordinator: Bob Gibson
Legal Council: Virgil Boley, Junie Gesenhaus
CECO: Fred
American-Indiana Water Company: Richard Hargraves, Dan McGill, Eric, Allen

The meeting started with the question; Is \$170,000 for engineering and legal costs built into the \$770,000 cost? Yes it is, AWW could advance payment on this portion of the contract. A breakdown of the costs were discussed and apparently the engineering and legal fees are closer to \$140,000 in lieu of \$170,000. The breakdown was approximately \$632,600. for construction which includes \$21,000 for supervision and contingencies. In regards to the \$140,000., all but about 10% has probably already occurred. It was noted that the Bond Discount of approx. \$18,000. would be saved, but the approx \$15,000 for Bond Count may have some costs involved due to the bonds being so close to being issued.

Bob Gibson noted that the original contract was Null and Void and that he got the contractors to agree that if the following occurred, they would do the work, but this is not in writing. *Lines will be moved off the road onto private property (easier to do because there are fewer existing utilities, driveways, etc to deal with). A rock clause must be inserted into the contract.

There are about 50 parcels of land involved that will require easements. About 40 are private property owners and the easements have been drawn up and Bob has been talking with the property owners. However, due to the talk of the sale, he has stopped because he didn't know what to tell people and could NOT promise that he would be the inspector and make sure their property would be put back to its original condition.

Bob explained that Temple & Temple would be assigned the line portion of the contract and would provide a Performance Bond on that portion of the contract separate from Caldwell Tanks Bond. The rock clause would state that we (the owner) would pay for extra charges for equipment if they run into rock.

The question was raised if there was any concession for profit (that Caldwell would have marked up Temple & Temples quote to them) but it was basically a trade-off with the other changes to the contract.

AWW was asked what their maximum commitment was beyond the project? They advised they couldn't say until the project is completely defined and reviewed.

AWW was also asked what do they want from the town? The response was for the town to move forward on the acquisition. If the acquisition didn't go through, they would want interest on the advanced funds, but don't plan to make any profit.

To clarify, Is just a resolution to appoint appraisers all that's needed? AWW, just a meeting of the minds. What about time? Yes there would be time frames that would need to be met - see Time Line in original proposal.

If the Sale goes through, no interest would be due. If not, interest would be owed from the time of payments.

The newest proposal calls for AWW to include the rate change in the request to purchase the water utility when it goes before the IURC. The rate would be New Albany's rates plus a \$.50 surcharge for running through Floyds Knobs lines.

Virgil Boley presented some worst case scenarios that Buzz (the CPA) had worked up.

- 1) If the rate increase is not put into effect now, and the sale doesn't go through, the water utility could loose as much as \$93,000. per year. This could be as high as \$140,000. if the negotiations go on for 1-1/2 years.
- 2) The appraisals could cost anywhere from \$12-20,000 a piece (worst case scenario) and if the sales didn't go through, this would be money lost.
- 3) Interim Interest Lost could be as high as \$80,000.

It was brought up that we are out of the IURC, but the lady called and didn't like the attitude of Greenville.

AWW gave us the names of 3 appraisers that we could contact.

In order to get things rolling, AWW suggested we enact a resolution to proceed with items #2,3,4 and #5. This would make them the "Construction and Funding Agent".

Bob Gibson explained that if the town can't get the easements, the lines would have to go back out to the road which could increase the cost \$100-200,000 more. He expressed concern that the citizens may not want to give easements if it is a private concern rather than the public water company. It was noted that whoever does the project must follow the easement rules. AWW won't have any more or any less of a problem.

Pat Sappinfield wanted to know if the plans were on paper yet. Bob Gibson advised that they couldn't be finalized yet until they got the easements as it could possibly change the projects if ALL the easements can's be gotten. Bob has currently gotten approximately 1/3 of the land but only about 10% of the property owners.

Junie asked if AWW would still want to be involved if the Town decided to sell the bonds and proceed with the work themselves. Richard of AWW said their involvement would be limited, but would still have their engineers look at the project. If they felt there should be changes that would be more expensive, they would not do them without the town's consent. Butch inquired how long it would take them to review. AWW responded that they could have reviewed by the time a bid was let for the Const. & Funding agent. Junie advised that he didn't think it necessary to bid that.

It was noted that the sale of the Utility would reduce the current rates by 27.93%.

Dan McGill, Legal Council for AWW advised the steps to take would be to Appoint Appraisers; Notice of Hearing on Ordinance of Sale (5% of voters could do a referendum to Vote on it). He advised that they can't go to the IURC without an agreement. It was again noted that we don't have to pay

for the project unless the negotiations are dead.

Minutes - 9/11/94 meeting (prior to regular town board meeting)
Page 3

Junie inquired if with the Rate issue added to the sale, if it will take IURC more time to approve. AWW didn't feel it would appreciably increase the time.

If approval is not given, what is AWW's position on rates. Richard advised that they would work to get the lowest rates.

Per Dan McGill - If IURC doesn't approve lower rates, we can kill the deal. The contract would say the rates need to be acceptable to both parties.

It was mentioned that the rate increase could be put into effect and if the sale consummated, the water customers could be refunded. Pat Sappinfield was very much against putting any increase into effect. AWW said what ever we do with our rates wouldn't affect their proposal.

Citizens were banging at the door due to it being time for the Town Board meeting, so the doors were opened, a short break taken and the Board members met prior to the next meeting starting.

Copies to: Committee Members (5)
 Town Bd. Councilmembers & President (3)
 Gary Getrost & Janice Gibson

LEGAL QUESTIONS



- 1) How can we legally charge a contractor a fee for main line extensions, if the line is not there, or is not big enough to handle the increased demand?
- 2) If a Developer or Business does something to cause a major increase in the amount of water used/needed, how can we assess them for the cost of this increase?
- 3) Is there a State Statute in regards to what we have to provide and how much we have to charge? If so, could we see a copy of the Statute, and if there is a formula, what is it.
- 4) Under IURC, any tariff must be approved. If we opt out, then who sets the guidelines and rates.
- 5) What is allowed by State Statute for Utilities to plan for future growth? Why can't we do more to plan for the future. (Since we can't take the 400 new homes into account with IURC)

WE WOULD LIKE TO HAVE ANSWERS BACK BEFORE OUR ~~JULY 6TH~~ MEETING.

Aug 31st

APPENDIX A
NON-RECURRING CHARGES

Description of Charges	Charge
5/8" or Connection or Tap-on	350.00
1" Connection or Tap-on	350.00
Reconnection Charge	25.00
Special Meter Reading	-0-
Bad Check Charge	5.00
Late Payment Charge	10% of first \$3.00 3% in excess of \$3.00
Deposit	25.00


 Utility's Official's signature, Title

 Date

RECEIVED
 AUG 24 1994
 INDIANA UTILITY REGULATORY COMMISSION
 ENGINEERING DIVISION

ISSUED PURSUANT TO
 ORDER NUMBER
39883
 DATE
 AUG 24 1994
 INDIANA UTILITY REGULATORY COMMISSION

TOWN OF GREENVILLE
SCHEDULE OF WATER RATES AND CHARGES

Page Two of Two

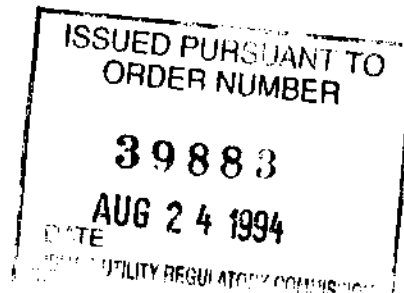
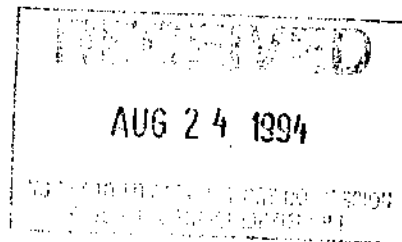
(d) Temporary Users.

Water furnished to temporary users such as contractors, circuses, etc., shall be charged on the basis of the metered gallon rates hereinbefore set forth as estimated and established by the Waterworks Superintendent.

(e) Connection Charge.

Each user, at the time he is connected with the waterworks system, shall pay a charge to cover the costs of tapping the main, furnishing and laying service pipe, corporation and stop cocks, service and meter box and installing the meter. The charge for 5/8 inch meter tap shall be \$350.00. The charge for a tap larger than the 5/8 inch meter tap will be the cost of installation including labor and materials, but not less than \$350.00.

SEE APPENDIX A FOR "NON-RECURRING CHARGES"



TOWN OF GREENVILLE
 Town Hall
 P.O.Box 188
 Greenville, IN 47124

RECEIVED
 AUG 24 1994
 INDIANA DEPARTMENT OF PUBLIC SERVICE
 PUBLIC UTILITY REGULATORY COMMISSION

SCHEDULE OF WATER RATES AND CHARGES

(a) Metered Rates Per Month.

For use of and service rendered by the water works system of the Town, based on the use of water supplied by said waterworks system:

<u>Consumption per month</u>	<u>Rate per 1,000 gallons</u>
First 10,000 gallons	\$ 4.98
Next 20,000 gallons	4.37
Next 30,000 gallons	3.74
Next 40,000 gallons	3.11
Next 100,000 gallons	2.50

(b) Minimum Charge Per Month.

Each user shall pay a minimum charge in accordance with the following applicable size of meter installed, for which the user will be entitled to the quantity of water set out in the above schedule of rates.

<u>Meter Size</u>	<u>Gallonage</u>	<u>Monthly Minimum Charge</u>
5/8 inch meter	2,500	\$ 12.45
3/4 inch meter	2,500	12.45
1 inch meter	10,000	49.80
1 1/2 inch meter	25,000	115.35
2 inch meter	40,000	174.60
3 inch meter	100,000	373.80

(c) Fire Service Per Annum.

Public hydrants, per hydrant	249.19
Private hydrants, per hydrant	249.19

Automatic Sprinklers:

1 inch connection	\$ 6.96
1 1/4 inch connection	10.83
1 1/2 inch connection	15.55
2 inch connection	27.67
3 inch connection	62.30
4 inch connection	110.79
6 inch connection	249.26
8 inch connection	441.78

ISSUED PURSUANT TO
 ORDER NUMBER
 39883
 DATE AUG 24 1994
 INDIANA UTILITY REGULATORY COMMISSION

Aug. 29, 1994

Jack

At last Friday's discussion between Harold Hall, president; Virgil Bolly, legal counsel, and myself we reviewed and discussed your recommendations to the council in your minutes of your Aug. 24th meeting.

Listed below are the disposition, to date, of your recommendations: (refer to each paragraph which we assigned a number, chronologically as they were listed in your minutes.)

1. Legal counsel is determining the legal status of IURC opt-out and will advise his findings.
2. Legal counsel is researching what appraisers are available to make such an appraisal as well as what the approximate cost might be. *
3. A copy of Indiana-American's annual report is attached.
4. Advisory Committee membership list was faxed to Mr. Richard Hargraves immediately after your Aug. 24 meeting.
5. No action taken; thus, no response from council.
6. Legal counsel present offered to take another look at the list of questions previously submitted by your committee. Our council's legal counsel, George Gesenhues, Jr., is being briefed on recent happenings. He has indicated a willingness to be involved in activities regarding a possible sale of utility.
7. We are glad to learn of your intention to invite Mr. Hargraves to your Aug. 31 meeting and Mr. Hall is available to meet with you at this time, too, should you desire it. Low bidder on the project has extended his bid date to Oct. 3 (at his request). All of our bids will expire on Oct. 24.**
8. Mr. Bolly did not hold the same opinion regarding the issuance of tax-exempt bonds prohibiting the utility's sale for five (5) years. This needs to be explored further with attorneys. (Mr. Bolly felt that the money could be put into escrow and pay it off at the end of the five years by what he described as a "five-year call provision.")
9. Mr. Bolly agreed to explore the possibility of not awarding the bonds on the Sept. 1 date that the bids are to be received in Otto (Buzz) Kron's office in Fishers, Indiana. (He is the CPA who testified before the IURC in our recent case to increase the utility's rates.) We agreed not to award any bond issue on Sept. 1, and Mr. Bolly is researching how long we could delay awarding without jeopardizing our bids -- but there will be a few days we can wait it was felt. Too, he is checking into the Sept. bond bids to be handled by the Indiana Bond Bank pool and whether or not this might be an alternative for us at this time.
10. We learned that Mr. Hargraves has people at work drawing up a more formal and detailed proposal for us to consider regarding the possible sale of the water utility. It was hand delivered by Mike Stewart, District Mgr. of Ind-American in our area, at 5 p.m. today and is attached for your review.

Thank you for your quick action and recommendations. Your input is very valuable to the Town Council at this critical time in our proposed expansion project.

*Mr. Hargraves gave us the name of one appraiser who just recently completed appraisal of an Indiana water utility, and suggested we might ^{*obtain*} two more from this appraiser.

**Our current low bidder extended his bid at no cost to us. However, all of the bids we received will increase automatically to their second bid price, including the low bidder whose expires Oct. 3 ^{*on*} Oct. 24, 1994.