

## Minutes

### Board Meeting of August 14, 2019

THE BOARD OF SANITARY COMMISSIONERS conducted a regularly scheduled meeting in the Auditorium on the first floor of City Hall in Muncie, Indiana.

Board members present were: William Smith, Michael Cline and Joseph Evans.

Department managers and staff present were: Mark McKinney, Legal Counsel; Angie Smith, Billing Manager; Deana Cox, Financial Manager; John Anderson, District Engineer; Phil Reagon, Sanitation Superintendent; Barnell Vance, Sanitation Supervisor; Jason Donati, Recycling/Stormwater Educator; and Megan Huff, Administration Office Manager.

Public: Lezlie McCrory, 124 E 9<sup>th</sup> Street; Debra Simmons, 1618 S Jefferson Street; Kimberly Ferguson, 1806 N Petty Street; Bob Ball, 300 N Madison Street; Aaron Clark, 3101 W Petty Road.

#### *\*Open Public Hearing*

Mr. Smith, Board President, opened the public hearing. He shared with the public that at this time they public would have an opportunity to come forward and voice their comments regarding the financing of the new Bond. He said there will be no questions answered, only comments received. Mr. Smith said in the next portion of our regularly scheduled meeting questions could be asked and would be answered if possible. He said if they could not be answered for some reason then we would do so after the meeting once the information was gathered.

Mr. Dennis Otten, Bose, McKinney & Evans, LLC, gave some background the BAN. He said his firm is acting Bond Counsel for this financing project. Mr. Otten said there is a legal procedure that must be followed when the District goes out to borrow money and part of that requires a public hearing be held. He said during the Board meeting on July 31<sup>st</sup>, there were two Resolutions presented and passed; one being an amendment to the current Bond Resolution to increase the amount being borrowed by 17 million dollars and the other being a Declaratory Resolution. Mr. Otten said today he will be presenting the final Resolution which is the Confirmatory Resolution. He said this process is followed by other Sanitary Districts and has been followed by the Muncie Sanitary District on several of their other similarly financed projects. He said the interest rate for this BAN is 2.58% and it lies with First Merchants Bank at a 5 year term that can be prepaid at any time. Mr. Otten said the MSD and the Bank should be ready to close at the end of the month.

Les Marsh, 1216 N Ridge Road, asked how much money the MSD has outstanding with their Bonds. He also asked if there was land bought on MLK Blvd. Mr. Smith said those questions could be answered at the next meeting if he would like to ask them again. He said this meeting is only for public comments. Mr. Marsh said Mr. Otten stated the Bond was for 17 million, but the handout says 16 million. Mr. Otten interjected and said that the Bond is a not to exceed amount of 17 million dollars. He said there are more funds added in for contingencies. Mr. Otten also shared that the amount of any City or Sanitary District's outstanding debts can be found on the Department of Local Government Finance's website for public access.

Troy Ingram, 2905 W Woodridge, said he does not agree with the Public Hearing being held during the work day only find out he cannot ask questions until the second part of the meeting. He asked why these meetings are scheduled at 11:30 a.m. Mr. Smith said when he came back on the Board in 2013 we had very low attendance at our evening meetings yet we were paying our staff to stick around for those meetings. Mr. Smith said it was decided at that time to move our meeting time during the work day. He said in the future he will make note of holding these type of Public Hearings to the evening so more

citizens can attend. Mr. Ingram stated he does not think that the District should not be spending this amount of money or get any new money when there is a current FBI investigation going on.

Mary Stiltz, Muncie, stated that she does not think there should be any new money given to the District until after the FBI investigation is over. She also does not think this debt should be tacked on the any new Administration next year – democrat or republican. Ms. Stiltz said no matter what is said she knows this will come back to the citizens of Muncie to pay for years to come. She said her sewage bill is over \$65 a month for a \$30 water bill which is ridiculous. Ms. Stiltz said she thinks this is unfair and should be stopped.

Ryan Kramer, 2200 W McGalliard Rd, asked if there have been any feasibility studies done on the current buildings or is this just internal planning. He asked if the District possibly loses the Regional Wastewater money along with the Federal mandated improvements by IDEM – what will that do to the citizens of Muncie and their sewage rates.

Jo Boyce, 4221 W Warren Way, asked if the properties that we are leaving for the new buildings would be sold and the money used to pay off this BAN, or will they be sitting empty as another eyesore for Muncie. Mr. Smith said we can prepay this loan in part or full, so if that is the case then it is an option. She also asked what would cause MSD to make that decision to pay some of the BAN down or to make the regularly scheduled loan payments. Mr. Boyce asked if she would be told to go to a website to see how all the financing will be done or can this be made available to the public in an easier manner. She said many people do not have access to the web or know how to maneuver a website.

Kimberly Ferguson, 1806 N Petty, asked if the Board would state their names. The Board did so. She then said Mr. Smith you were quoted in the document handed out in the meeting that “moving our Sanitation department to a new facility is more cost effective than repairing the current building. So not only will this relocation improve our operations, it will also save us and the taxpayer’s money.” Ms. Ferguson asked if that was quoted correctly. She said this quote alludes to that you would know this figure off the top of your head. Mr. Smith said this can be answered at the next portion of the Board meeting because this is not a question and answer forum as he previously stated.

Leslie McCrory, 124 E 9<sup>th</sup> Street, said she was speaking today as part of a good faith effort. She said she has had good experiences with the District, as a neighborhood leader she was recently told her neighborhood looked clean. She said she was happy to tell others in the community about the partnership MSD has with neighborhoods for the semi-annual cleanups. Ms. McCrory said she is also happy to recognize the ongoing work to separate storm and sanitary sewers; which she understands is costly as well as a free recycling program, environmental education and many other things. She said what brings her here today is the proposed 17 million dollar project for the building on MLK and the offices downtown. This is a big ask from our town at a tender time in government, MSD and community relations. Ms. McCrory said she has several questions about the financial impact of this project about which she knows few details. Some of those questions are; has an extensive cost benefit analysis been done that is available to the public? And at a time where so many government offices are being vacated, is it a good thing for our community to build a new facility for this institution? She said what about the offices being vacated, this does not sound sustainable for our community. Ms. McCrory said her biggest question is about capital. She said this is the capital that is most needed and cannot be obtained thru taxes or loans. She said it builds interest slowly and can be drawn upon any time once it is established and that is trust. There are so many would be elected officials are building campaigns on restoring trust and integrity. She said she thinks this project should be run on that platform as well and only go forward on this project once our trust has been restored. She said she realizes it may be an inconvenience to have MSD offices spread across Muncie, but trust, not money, is what our community needs before taking on this endeavor. Ms. McCrory asked can we wait until we know the FBI is no longer needed here because right now we do not know who we can trust here. She said can we let the dust clear a bit so we can make sure this is a

project done with integrity and is what is best for Muncie, its people, structures, finances and relationships. She wants to be able to trust her local government and to make sacrifices and commitments in good faith – and wants the MSD to do the same. But it would seem we are not there yet and this project brings more concerns than celebrations. Ms. McCrory asked that the Board choose to postpone this project pending the completion of external ethics investigations and consider establishing an external review team to help restore our trust. She said she believes this is in the MSD’s best interest moving forward and to share a comprehensive plan to restore ethics from this committee.

There were no further comments.

***\*Close Public Meeting***

**Consideration of Minutes:** Mr. Evans moved to approve the minutes as submitted for the July 31, 2019 meeting. Mr. Cline seconded the motion. The motion was approved (3-0).

**Consideration of Claims:** Mr. Cline moved to approve the Register of Claims for \$717,172.34. Mr. Evans seconded the motion. The motion was approved (3-0).

**Old Business:** None.

**New Business:**

**1. Confirmatory Resolution 2019-11, a Resolution Confirming the Declaratory Resolution 2019-09. – Dennis Otten, Bose, McKinney & Evans, LLC.** Mr. Otten stated that part of the BAN process is a Declaratory and Confirmatory Resolution. He said the Declaratory Resolution was adopted at the July 31<sup>st</sup> meeting and this is the follow up – a Confirmatory Resolution which confirms what was said in the Declaratory Resolution. Mr. Evans moved to approve Resolution 2019-11, a Resolution Confirming the Declaratory Resolution 2019-09. Mr. Cline seconded the motion. The motion was approved (3-0).

**2. Request of Funding for Operating Software on MSD Servers. – Dan Hilbert, MSD IT.** Mr. Hilbert said this request is in regards to crucial updates needed for our software version update taking us from 2008 to 2019. He said this switch must be completed by the end of this year and it is mandated by Microsoft Windows. The first quote was from PCM for \$54,726.85. The seconded quote was from Alliance Technology for \$67,237.00. The third quote was from Dell for \$53,922.29. Mr. Hilbert said he would recommend this be awarded to Dell since they are the lowest bid and a reliable company. Mr. Hilbert asked if these would be taken under legal advisement and approved upon based on that review. Mr. Evans moved to approve the motion. Mr. Cline seconded the motion. The motion was approved (3-0).

**Public Comments:**

Les Marsh, 1216 N Ridge Road, asked a question regarding numbers 5 and 6 from the previous Board meeting minutes. He said in number 5 there was an \$1100 charge for 10 feet of pipe, but it does not say what size pipe and in number 6 it does not say how much or what size pipe. Mr. Marsh says it takes him back to six years ago when we had some issues on the Highland Street project. Mr. Anderson, District Engineer, said in number 6 it was a 12 inch pipe. He said the Change Order was only \$600 total which included pipe, materials for backfill, asphalt restoration, equipment and labor. Mr. Anderson said number 5 was an 8 inch pipe at 9 feet deep. Mr. Marsh said that price was a little salty for 8 inch pipe. Mr. Anderson said again that price per foot includes pipe, materials, all equipment and labor. Mr. Smith said our policy with Emergency Projects and Change Orders is that our District Engineer or Department Head calls the Board President or the District Administrator when they are out in the field to let them know of the situation and get a verbal approval. He said a picture has to be taken of what is being done and must

be presented at the next Board meeting with the explanation to the rest of the Board members and the public for record. Mr. Marsh said in his past experiences labor and materials are usually billed separately. Mr. Anderson said on the smaller jobs we do a quote job that includes all materials, labor and equipment.

Mr. Smith said we have just finished doing the tax budget for next year and we have requested no increase in our taxes. He said the building on MLK will result in no new taxes. The CNG fuel we are currently using for our Sanitation trucks is costing us around \$0.90 per gallon compared to our old costs of about \$2.70 per gallon for diesel. We have established many customers at the gas station such as the MPD and other big trucking firms. He said the savings and efficiency we had hope to see in converting our vehicles and opening up a gas station has proven to be right. Mr. Smith said currently our Sanitation drivers also have to drive across town to take any vehicle to be serviced. He said having the maintenance facility in the same building will be a savings on fuel and time. Mr. Smith said the current Sanitation building is also in a flood zone and needs a new roof among other updates. Our CNG fueled trucks require certain safety guidelines, including a three alarm system and special venting, to be serviced indoors which our current Sanitation building does not meet. Mr. Smith said in all about 15 million of the money we are receiving through the Bond is going toward the new Sanitation building with no new tax increases. He said we do plan on trying to sell the old buildings and we could potentially use that money to pay the Bond down. He said the new Headquarters building will house our Administration, Sewage Billing, Insurance, IT and Engineering staff and this will be a great energy savings opportunity. Mr. Smith said among many other reasons we are moving to a new Headquarters building is the parking availability for our customers as well as a drive up window to better assist handicapped and elderly customers.

Ryan Kramer, 2200 W McGalliard Rd, said he thinks MSD does a great job picking up the trash and taking care of everything else that is responsible for, but asked if this the right time to be spending this amount of money. He also said if we do not know where we are with IDEM regarding the mandated improvements where will that put the rate for the ratepayers in the future. Mr. Kramer said if we are going to fight IDEM on the mandates then why has MSD been so aggressive in buying so many buildings for the separation projects because that is a lot of money that could have be saved by the District. Mr. Smith said to remember that there will be no new tax increases on the Sanitation building and he believes it will be less than \$0.50 of an increase for the Headquarters building to the ratepayers. Mr. Kramer said in the handout it says the million dollars is equivalent to \$0.23. Mr. Smith said he likes to overestimate on figures; he apologized and said that the \$0.23 is correct. Mr. Kramer asked how 15 million dollars equivalents to \$0.50 if 1 million equivalents to \$0.23. Mr. Smith said to ignore the \$0.50 comment that was an overestimation. He said the 15 million dollars is for the Sanitation building with is on a different budget, it is a tax budget approved by City Council. The Headquarters building would fall under our Revenue Budget which is paid by sewer bills. Mr. Kramer asked if there was a feasibility study done and is it on a website. Mr. Cline said the feasibility study on the Sanitation building was done on setting up a flood wall to protect the current building. He said that is basically adding concrete walls to the height plus 3 feet for the predictable flood to keep the water from getting in. That would include ramps from Centennial to get up to the Sanitation building and we checked with our truck manufacturers and those trucks would not be able to make the drive up that ramp. Mr. Cline said that plus having the creek, train tracks, Highland Avenue and Centennial Avenue all around the building are just too many factors that would not allow a new design or efficient rebuild. He said that information on the existing building site limitations does exist as a study and we would be happy to share that with you at a later time.

Mary Stiltz, Muncie, stated that \$0.23 per customer is a struggle. She said she is 62 years old with two daughters at home and 3 grandchildren. Ms. Stiltz said she retired early to help her learning disabled daughter raise her child and she draws \$705 a month from \$300-\$400 take home a week. She said she took a side job yesterday to have gas money to come to this meeting and she knows the citizens of Muncie cannot afford this increase. She asked who is going to buy the building on Centennial. If it sets empty it is just going to attract things like the proposed Warner Gear site and the GM plant. She said it

will be another black eye against Muncie if it is left sitting empty and will harbor drug users and wild animals. She asked if the Jackson Street building was owned by Muncie. Mr. Smith said we own that building. Ms. Stiltz asked why it was going to be a million dollars if we already own that building. Mr. Smith said the cost of the building is factored into that amount. Ms. Stiltz asked why MSD could not stay in this building and get better handicap access and add some parking lots around the building. Mr. Smith said he understands what she is saying. He said the hardest part of his job, and he means this sincerely, is seeing the stack of shut offs due to customers not paying their sewage bills. Ms. Stiltz said that happened to her because her landlord did not give her the sewage bill. Mr. Smith said when he came back onto the Board there was an Amnesty Program for a limited amount of time which gave customers a 2 year period to get their current bills paid off and would also wipe out all court costs and liens. He said the Board does care about our customers contrary to belief. Mr. Smith said he really wants people to understand though that sewage bills could go up by dollars if we do not work with IDEM to not do a complete sewer separation. He said that is why we have completed our project in McKinley for a holding pond where storm water goes during storms and then feeds back into our system. Mr. Smith said we are doing this to elevate an overflow that we are mandated to fix, which we have found is cheaper. He said we are doing everything we can to save sewer rates on these projects. Ms. Stiltz asked if they could go back to the topic of the Amnesty program. She said she moved into her current home 2 years ago and when she called to get the water turned on – it was turned on, but then 3 days later turned off. She said her landlord had a \$1400 bill on his other properties and she got punished. Mr. Smith said he would have to sit down and review this account to understand this situation. He said that years ago the Landlords were made responsible due to the fact that when a tenant comes in, racks up a bill and leaves there is no way to trace them. He said this was done to help keep rates down by us getting paid for owed sewage bills.


Leslie McCrory, 124 E 9<sup>th</sup> Street, asked if it was true that after these Long Term Control Plan updates are done that our sewage rates will go back down. Mr. Smith said yes after 20 years. Ms. McCrory asked if that would still be true with this new project on top of it. Mr. Smith said there will be no new tax rates on this building. Ms. McCrory asked if the sewage bills would still stay elevated because of this new Headquarters building project. Mr. Cline said it may in a minor amount because there will still be sewer projects that we need to do to meet the Long Term Control Plan. He said we are about half way done with the sewer work mandated by IDEM. Ms. McCrory asked if there was a plan for the buildings and offices that are being vacated. Mr. Cline said one is in the flood plain so it will probably be demolished and turned over to the park at some point. Mr. Smith said the City owns the City Hall offices so they will take those back over and the Kilgore properties we will try to sell. He said the funds for that sale will go towards reducing the net cost of this Bond in one way or another. Ms. McCrory asked if the District has a comprehensive plan on restoring ethics and trust with the citizens because she can see how it is being done in this meeting, but what about after. Mr. Cline said we have not created an ethics panel yet, but we will work on it and it is a great idea.

Regarding the Government investigation Mr. Smith said he thinks all of our employees should be seen innocent until proven guilty. He appreciates all of the professional mannerisms that have been shown in this meeting and he hopes it is noticed that we are trying to do our best give out the information asked in the best way we could. He said we will continue to answer questions of our citizens at our regularly scheduled meetings or in our offices if needed.

Respectfully Submitted,

  
Megan Huff, Administration Office Manager

*Approved by the Board of Sanitary Commissioners  
Muncie Sanitary District*



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William Smith, President



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Joseph Evans, Secretary



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Michael Cline, P.E., Vice President