

TOWN OF GREENVILLE  
ORDINANCE NO. 2011-WO-044

**ORDINANCE CONCERNING THE FUNDING FOR THE FINANCIAL  
ADVISOR FEES FOR THE ACQUISITION OF THE THIENEMAN  
SEWAGE TREATMENT PLANT AND EXPANSION FOR THE  
GREENVILLE WATER UTILITY OF THE TOWN OF GREENVILLE,  
INDIANA**

WHEREAS, the Town Council and Water Utility Council for the Town of Greenville, Indiana, in the interest of serving the public health, safety and welfare, has deemed it necessary that the Water Council develop a Water Utility Ordinance which provides funding for the Greenville Water Utility Financial Advisor for acquisition of the Thieneman Sewage Treatment Plant and expansion of Sanitary Sewers within Greenville and surrounding areas, thus expanding the operations of the Greenville Water Utility to provide sanitary sewers for the Town of Greenville, Indiana and surrounding areas;

WHEREAS, in an Executive Town and Water Utility Council Meeting held on January 10<sup>th</sup>, 2011 at 6:30 pm the Councils received information from Jacobi, Toombs and Lanz, Inc. concerning the cost for a Greenville Sanitary Sewer Feasibility Study Job. No. [REDACTED] dated January 10<sup>th</sup>, 2011 and;

WHEREAS, step 1 review by IDEM has indicated the expandability of the Heritage Springs Sewer Treatment Plant {see letter to Jacobi, Toombs and Lanz dated April 19<sup>th</sup>, 2011 from IDEM} and;

WHEREAS, Jacobi, Toombs and Lanz submitted to the Greenville Water Utility Council the Sanitary Sewer Feasibility Study Step One Interim Report dated June 7<sup>th</sup>, 2011 at the Council Meeting held on June 13<sup>th</sup> and;

WHEREAS, {1} this report recommended on page 8 to schedule and hold a preliminary meeting with the Town's financial consultants to discuss the Town's Water Utility financial capabilities, funding options, and purchase of the Heritage Springs Treatment Plant. {2} If the financial picture appears to be doable, proceed with Steps 2 to 5 of Jacobi, Toombs and Lanz additional scope of work.

WHEREAS, an Executive Meeting was scheduled for June 22<sup>nd</sup>, 2011 at 3:00 p.m. at the Greenville Town Hall and;

WHEREAS, there was not a quorum present to allow the meeting to be called to order in compliance with Indiana State Law and;

TOWN OF GREENVILLE  
ORDINANCE NO. 2011-WO-044

WHEREAS, all other invited guests were in attendance. A discussion was held on June 22<sup>nd</sup>, 2011 at 3:00 p.m. at the Greenville Town Hall which included Water Council President Talbotte Richardson, Water Council Vice-President Randal Johnes, Water Council Attorney Rick Fox, Water Utility Superintendent Gary Getrost, Water Utility Assistant Superintendent Steven Schmitt, Water Utility Clerk/Treasurer Jack Travillian, Jorge Lanz of Jacobi, Toombs and Lanz and Buss Krohn of O.W. Krohn and Associates. Councilwoman Patti Hayes was not able to attend because of a mechanical malfunction with her vehicle. Councilman Bob Wright did not attend; Councilman Jim Pearce did not attend.

WHEREAS, it was determined by the information received from Mr. Krohn through these discussions that it was a doable financial picture and an Ordinance shall be written for presentation to the Water Utility Council Meeting on July 11<sup>th</sup>, 2011 to appropriate the funds required for O.W. Krohn and Associates fees;

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN AND WATER UTILITY COUNCIL OF THE TOWN OF GREENVILLE, INDIANA, AS FOLLOWS:

1. After passage of this Ordinance O.W. Krohn and Associates shall be authorized to proceed with services as outlined in item 2 of this Ordinance. Item 2 is a letter submitted by O.W. Krohn detailing cost of their services for the Thieneman Sewer Plant acquisition and expansion located within the Corporate Limits of the Town of Greenville, Indiana.

2. June 29, 2011

Mr Gary Getrost, Superintendent  
And Members of the Town Council  
Town of Greenville  
P. O. Box 188  
Greenville, IN 47124

Re: Greenville Municipal Sewage Works – Proposed Project

Pursuant to recent meetings and consultations with Greenville Town Officials, we hereby submit our proposed scope of services and fee estimates relative to the proposed acquisition and construction of wastewater collection and treatment facilities for the Town. For projects such as this, we understand that our firm's role will be to work with the Town's team of professionals to successfully finance this proposed project. In addition to our proposed role as Financial Advisor, the team will include Town Officials, employees, local attorney, bond counsel and consulting engineer. We understand the process and procedures necessary to undertake a project such as this; and, we are confident that choosing the municipal sewage works, to be owned and operated by the Town, is the best alternative for the residents of the Town and ultimately the ratepayers of Greenville Municipal Sewage Works.

Our services will likely come in three phases:

1. Preliminary feasibility analysis (\$7,500 - \$15,000)

TOWN OF GREENVILLE  
ORDINANCE NO. 2011-WO-044

2. Financing activities (\$7,500 - \$15,000)
3. Start-up & other services: billing, accounting & financial reporting (TBD – hourly)

Phase 1. Preliminary feasibility analysis:

- a. This phase of service will entail preliminary meetings and discussions with the project team relative to determining the initial service area and analysis of the potential initial customer base. We expect that there will be at least 3 meetings in Greenville during this preliminary feasibility phase. Estimated man hours: 20 – 30 hrs.
- b. We will analyze the existing utility's financial and operating reports, including the Thieneman Environmental IURC exhibits from the proceedings whereby the utility established its Certificate of Territorial Authority - CTA. Estimated man hours: 3 – 5 hrs.
- c. We will compare actual results to date with the original CTA projections, as well as assess the reasonableness of the utility plant in service valuation, based upon information to be provided by Thieneman Environmental. Estimated man hours: 2 – 3 hrs.
- d. Based upon the selected service area configuration, our firm will visually validate the customer count on the aerial maps by physically driving the service area and / or verifying that an active water customer account exists in order to confirm that there are occupied homes and businesses where the proposed sewer collection mains will be constructed. Estimated man hours: 10 – 20 hrs.
- e. We will prepare pro forma financial statements for the purpose of evaluating various project configurations and customer base assumptions and work with potential funding agencies to assess the Town's financing options (i.e. Indiana State Revolving Fund – SRF, USDA Rural Development – RD, Indiana Bond Bank - IBB and other potential programs such as Office of Community and Rural Affairs - OCRA). Estimated man hours: 5 – 20 hrs.
- f. We will provide written reports and exhibits relative to the various funding opportunities that might be best suited for the Town. Estimated man hours: 10 – 20 hrs.
- g. We will make appropriate contacts and inquiries with the Indiana Utility Regulatory Commission (IURC) and the Office of Utility Consumer Counselor (OUCC) relative to the regulatory procedures that will be necessary to acquire the utility assets of Thieneman Environmental, LLC. Estimated man hours: 5 – 10 hrs.

Phase 2. Financing Activities:

- a. Validation of final customer base for the final selected service area configuration. Estimated man hours: 5 – 10 hrs.
- b. Work with Town Officials on final operating budget and overhead allocation plan between the Town, the Water Utility and the proposed new Wastewater Utility (Greenville Municipal Sewage Works). Estimated man hours: 5 – 10 hrs.

TOWN OF GREENVILLE  
ORDINANCE NO. 2011-WO-044

- c. Prepare appropriate financial reports for the selected funding agency (i.e. SRF, RD, IBB, OCRA, other). Estimated man hours: 10 – 15 hrs.
- d. Coordination of proposed enabling ordinances with the Town’s local attorney & bond counsel, participation in public meetings relative to the adoption of rate and bond ordinances and assist with the preparation of Public Outreach materials explaining the rationale for the proposed project and the impact on the proposed monthly sewage rates & charges.. Estimated man hours: 10 – 15 hrs.
- e. Provide expert witness testimony, as necessary, on behalf of the Town in support of the acquisition of the existing wastewater utility assets and the proposed provision of wastewater utility service by the Town. Estimated man hours: 10 – 20 hrs.
- f. Preparation of Financial Due Diligence Disclosures for the selected funding agency and / or underwriting requirements. Estimated man hours: 10 – 20 hrs.
- g. Assist with bond sale activities and post-sale reporting matters. Estimated man hours: 10 – 15 hrs.

Phase 3. Start-up and Other Implementation Services:

- a. Preparation of billing charts
- b. Establish accounting & financial reporting systems
- c. Ongoing support services, as needed

Monthly invoices and billings are based upon hourly time charges and out of pocket costs. Our 2011 billing rates fall within a range of \$85 per hour to \$175 per hour, depending upon the level of experience necessary for the various tasks to be performed. We anticipate that the cost of getting through the preliminary planning, design and financing phases of the project will fall with a range of \$15,000 to \$30,000. This fee range assumes that we would participate in 4 to 5 meetings in Greenville over the course of the Preliminary and Financing phases of the project. Should additional meetings become necessary, potential additional time charges could be incurred. However, we will notify the Town if and when we are getting close to the end of our meeting cost allowance. Out of pocket costs might include printing of Official Statements and / or other direct costs that could be billed directly to the Town.

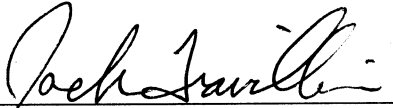
Our financial reports will indicate that we have “compiled” the financial information without audit based upon information provided by Town Officials. Our reports will indicate that there will likely be differences between the projected financial results and actual results, as events and circumstances do not always occur as expected. Such variances may be material. Our reports will also indicate that we have no responsibility to update the projections for events and circumstances occurring after the date of our final report.

Very truly yours,  
O. W. Krohn & Associates, LLP  
Otto W. Krohn, CPA  
Executive Partner

TOWN OF GREENVILLE  
ORDINANCE NO. 2011-WO-044

ADOPTED BY THE TOWN COUNCIL OF GREENVILLE, INDIANA, ON THE 11th DAY  
OF JULY, 2011.

PRESIDENT OF THE TOWN AND WATER  
UTILITY COUNCIL OF THE TOWN OF  
GREENVILLE, INDIANA



JACK TRAVILLIAN,  
CLERK/TREASURER



TALBOTTE RICHARDSON

PREPARED BY: RANDAL JOHNES