

MINUTES
HAMMOND SANITARY DISTRICT
BOARD OF COMMISSISONERS MEETING
MARCH 29, 2022
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The Board of Sanitary Commissioners of the Sanitary District of Hammond, Lake County, Indiana held a regular meeting at 4:33 p.m. in the Conference Room of the Administration Building located at 5143 Columbia Avenue, Hammond, Indiana.

President Dimopoulos called the meeting to order at 4:33 p.m. He stated that the Board held an Executive Session prior to the meeting to discuss personnel and litigation matters in accordance with Indiana Codes.

Commissioners Present: Dimopoulos, Hawkins, Rubio

Commissioners Absent: Dye, Miller

District Personnel Present: Marty Wielgos, Chief Executive Officer
Matthew Muta, Deputy District Manager
Joseph Allegretti, HSD Attorney
Jeffrey Massey, HSD
Dan Zander, HSD
Robert Szczudlo, HSD
Jack Smith, Sewer Department
Kaleigh Boyle, HSD
Jessie Amezcua, HSD

Others Present: Natalie Cook, Donohue

Others Present Remotely: Mike Hickey, MJHY, LLC

The meeting started with the Pledge of Allegiance.

President Dimopoulos stated that the first order of business is the consideration of the March 15, 2022 Board Meeting Minutes.

Hawkins **moved** and Rubio **seconded** to approve the March 15, 2022 Board Meeting Minutes.

Ayes: Dimopoulos, Hawkins, Rubio

Nays: None

Motion **carried** 3-0.

Chief Executive Officer's Report

Chief Executive Officer, Marty Wielgos, stated that last week they had a very good meeting with Leopardo. They are looking at different possibilities of upgrading equipment, cost savings, and getting them where they need to be. They had a presentation last week that lasted about three and a half hours- it was phenomenal. He thinks his staff, including himself, Attorney Allegretti, all left after that saying this is good stuff. Next week, they will be presenting to the Board the first phase

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of what they would like to do and hopefully get the Board's blessing and start that process. Other than that, that is all he has to report.

President Dimopoulos commented that it is a very exciting time and he thinks everyone is going to be very excited to see what they came up with. Great job.

PERSONNEL REPORT

There was no Personnel Report.

CONSULTANT REPORTS

MJHY, LLC

Mike Hickey stated that he is not aware if the Board could hear him, but he cannot hear the meeting. He explained that he is working with Karl Cender on the FCA. He has all of the information that he needs. That is all he has to report now. He kind of feels like the movie Coda right now.

RESOLUTIONS

The Board considered Resolution No. 12-2022: RE: A Resolution of the Board of Sanitary Commissioners of the Sanitary District of Hammond, Lake County, Indiana Conveying Real Estate to and Accepting the Conveyance of Real Estate from the Hammond Redevelopment Commission.

Rubio **moved** and Hawkins **seconded** to approve Resolution No. 12-2022.

Ayes: Dimopoulos, Hawkins, Rubio

Nays: None

Motion **carried** 3-0.

The Board considered the Claims Approval Docket 03-29-22.

Hawkins **moved** and Rubio **seconded** for the approval of the Claims Approval Docket 03-29-22.

Ayes: Dimopoulos, Hawkins, Rubio

Nays: None

Motion **carried** 3-0.

President Dimopoulos called for Old Business

There was no old business to discuss.

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President Dimopoulos called for New Business

The Board considered Resolution No. 13-2022: RE: A Resolution of the Board of Sanitary Commissioners of the Sanitary District of Hammond, Lake County, Indiana Fixing the Payment in Lieu of Taxes (PILOT) and Establishing a Five Year Phase in Schedule

Marty stated that also in the packet, but not on the agenda is an Interlocal Agreement between the Hammond Sanitary District and the City of Hammond By and Through Its Redevelopment Commission

Attorney Allegretti explained that the City of Hammond and the Department of Redevelopment are comfortable with the practice of having an interlocal agreement accompany this Resolution establishing terms and conditions for conveyance or transfer of property between agencies. He does not do it, but they do it, so if the Board would be so kind to consider a motion to also authorizes the President's execution of the Interlocal Agreement. It is part of the Resolution, but taken up as a second matter. Thank you.

Hawkins **moved** and Rubio **seconded** to approve and allow the signature of President Dimopoulos of the Interlocal Governmental Agreement between the Hammond Sanitary District and the City of Hammond by and through its Redevelopment Commission that correlates with Resolution No. 12-2022.

Commissioner Rubio corrected the motion stating that it is Resolution No. 13-2022.

Marty explained that it is Resolution No. 12-2022.

Ayes: Dimopoulos, Hawkins, Rubio

Nays: None

Motion **carried** 3-0.

Commissioner Hawkins said that there has been discussion with Mr. Allegretti and the Chief Executive Officer there seems to be a potential issue or question with the PILOT calculation methodology that is built in to the information with the cost-of-service study that New Gen did and in order to resolve this, he suggests that the Board table this until a discussion can be held and figure that out.

Marty replied that Commissioner Hawkins had brought up an agreement that he believes was signed in 1996 determining—

Commissioner Hawkins interjected saying he believes it was 1998 that makes the PILOT calculation. There are two methodologies discussed in the past and there is a methodology here that the PILOT be calculated based on revenue or based on asset. This one mentioned in the Resolution through the New Gen information is based on asset. There seems to be in 1998 an

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agreement between the District and the Town of Munster that it be based on revenue. There seems to be a question here of which one is it.

Marty responded that they are vaguely aware of this agreement and he does not know anything since it was so far back. He did not know anything until today, but some of it sounds a little familiar. One thing he will point out is that they wanted to approve this Resolution today for two things. One, the cost-of-service study is complete and has been passed out to all of the members who needed to receive it. In the cost-of-service study based on standards and ways that things are done with wastewater treatment plants. When it comes to in lieu of taxes since it is always based on assessed value because of the fact that is what taxes are usually based on. If this agreement exists and he is not questioning if it does or does not, but he guesses they were all kind of bound by accepting the cost-of-service study results which included the Town of Munster and the Hammond Sanitary District. At the end of the day, it actually gives the Town of Munster more money so it is not giving them any less, but is actually giving them more than the current rate-based formula from his understanding.

Commissioner Hawkins said that he does not know if they know that. When you look at revenue based and he kind of played around with it very quickly, there could be a difference and they are not going to know that in this room. It is going to be others such as New Gen, Karl Cender.

Attorney Allegretti stated that with PILOT of course payment as the names suggests payment in lieu of taxes is a calculation of what the obligation would be for nontaxable properties if it were in fact, taxable. The calculation made by New Gen, the vendor of the cost-of-service study vendor was based off of the theoretical assessed value of the property for calculating this payment in lieu of taxes since it is nontaxable since it is governmental. That was the system they used in calculating it and he supposes what concerns Commissioner Hawkins is that virtually all of the properties, the nontaxable properties that are being assessed hypothetically lies within the City of Hammond and not in the Town of Munster. There are some there. This Resolution does not purport to—it just calculates the total payment in lieu of taxes. It does not do the calculation for actual payment of the money to the municipalities based on any form. It just kind of acknowledges what was done in the cost-of-service study, accepts it and acknowledges it. That is what is done here. Based on—there are some reasons on why historically things were done in the past and it was based upon Munster's relatively high assessed value in terms of calculating payment on tax backed debt. He thinks at the time Munster had 40% of the total assessed value of the District. Hammond even though it was larger and had more population and produced more revenue, it had only 60% of the assessed value. There was some accommodation made historically giving more money to Munster because theoretically they were fortunate enough to be the owners of taxable property that had greater value-their houses were more valuable and they had some other valuable capital assets that they contributed to the tax base, but they do not pay bond debt that way anymore. This is the methodology adopted by the vendor and all this Resolution does is just acknowledge that and that calculation. If they are going to have a disagreement with the Town, he supposes they are, but that is all this Resolution is designed to do. Sorry for the long-winded response.

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President Dimopoulos commented that he needed that. It was all good information. He thinks they should go ahead with it since it is not binding them to any amount.

Attorney Allegretti answered that it calculates the gross payment in lieu of taxes and unlike past practice, the customer cities under this methodology are contributing to the payment in lieu of taxes which is going to be divided between the two municipalities. Historically, they have not done that and the CEO insisted and the vendor agreed that they do make that contribution. The Resolution accepts the calculation and the phase-in period.

Commissioner Rubio asked Commissioner Hawkins if he is saying that in 1998 it was a different way of calculating.

Commissioner Hawkins replied that there was an agreement that was ratified by the Town of Munster after being agreed to by the District. That said that payment in lieu of taxes would be paid based on an asset-based calculation methodology.

Commissioners Hawkins and Rubio were asked to speak up for the minutes as they were having side conversation that could not be picked up by microphone.

Commissioner Rubio repeated that she asked what the calculation was previously.

Commissioner Hawkins answered that he has seen it, but he does not have it with him. He can certainly shoot everyone a copy. There was an agreement made by the Hammond Sanitary District via a Resolution and then ratified by the Town of Munster sometime in 1998 that said the PILOT or tax in lieu of would be calculated on a revenue-based methodology versus the calculation of an asset-based calculation. The cost-of-service study methodology which there is no copy of, but he has one because he looked it up today, so the question is if this is a part of the cost-of-service study which it is, it doesn't effect the cost-of-service study because the big thing with the cost-of-service study is more of a fair revenue base from the customer communities which it does, but this question is how the PILOT will be calculated with the Town of Munster. He thinks he made a motion to table this and work it out and see what the proper end result should be.

Hawkins **moved** to table Resolution No. 13-2022

There was no second on the motion.

Attorney Allegretti said that he is not trying to play with the point, but forgive him doing it. Apologizing before he does it. The statute prescribes the methodology for calculating PILOT and it is based on assessed value or assumed assessed value or hypothetical assessed value or what the assessed value would be if the nontaxable property were taxable. It is not based on revenue. That does not comply with the statute. He is just saying what the statute says and the whole point of PILOT is theoretically since the property lies within the borders of the particular municipality,

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that it is getting a free ride and the services of the municipality are being provided and theoretically not being paid for as far as any contribution from that property, so that is what it is. Applying that theory, the payment of in lieu of taxes should be based upon the theoretical assessed value not some other criteria that really has nothing to do with PILOT, but that is their position. He is not saying reasonable people cannot disagree. He is saying that is what the stature contemplates and that is the purpose of paying in lieu of taxes.

Rubio **moved** and Dimopoulos **seconded** to approve Resolution No. 13-2022.

Ayes: Dimopoulos, Rubio

Nays: Hawkins

Motion **carried** 2-1.

President Dimopoulos called for Reports from Commissioners

Commissioner Hawkins wanted everyone to know that Councilman Schoon from Munster who usually sits right there as a faithful attendee- his wife passed away on Saturday and that is why he is not here today. He sends his regrets. He sent the Commissioner an email, but his wife passed away. Commissioner Hawkins hopes everyone will keep him and his family in their prayers and thoughts. Thank you.

President Dimopoulos thanked him for letting them know.

President Dimopoulos called for Public Expression

There was not any public expression.

President Dimopoulos called for a motion to adjourn the meeting

Rubio **moved** and Hawkins **seconded** for adjournment.

Ayes: Dimopoulos, Hawkins, Rubio

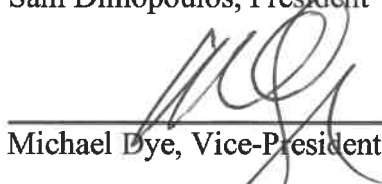
Nays: None

Motion **carried** 3-0. The meeting was adjourned at 4:56 p.m.

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Sam Dimopoulos, President



Michael Dye, Vice-President



Michael Hawkins, Sr., Member

Owana Miller, Member



Monica Rubio, Member

ATTEST:



Rachel Montes, Secretary

Kaleigh Boyle, Assistant Secretary

Board Minutes Prepared By: Kaleigh Boyle