

REPORT TO CSL OF THE CSL INCORPORATION STUDY GROUP

The Incorporation Study Group is a special committee appointed by the CSL Board of Directors for the purpose of bringing together the widely divergent factions contesting the issue of incorporation -vs- association as a form of governing structure for the future of Country Squire Lakes. The Study Group consisted of ten persons, three representatives of the Lighthouse Foundation - Andy Eder, Wendell Geurkink and Mary Scroggins (favoring incorporation), three members of the Association - Don Riddle, Wilma Thomas and Cadie Mathis (favoring continuing the Association without incorporation), three ex-officio members representing the County Commissioners (Richard Schneider), County Sheriff (Steve Hoppock), Jennings Northwest Regional Utilities (Jeff Fish) and David Maynard, CSL Community Manager as Professional Staff. Due to a change in his working schedule, Don Riddle was unable to attend other than the first meeting and was replaced by David Maynard as an Association representative. David Maynard was unanimously chosen as the Chairperson of the Incorporation Study Group.

The Study Group held a total of six meetings. Two meetings were held to discuss the general issues regarding the present condition and future circumstances of Country Squire Lakes. During the first meeting, the focus was on the strong differences, disagreements, distrusts and fears of each faction toward the other. During the second meeting, the focus was on all of the many areas in which there were shared concerns, goals, hopes and needs.

The next three meetings each began with a general discussion update of current conditions and progress in regard to previously identified challenges to be addressed and/or overcome during the process. The primary focus of these three meetings were 3) the case for incorporation, 4) the case for association and 5) the case for a blended incorporation with association.

Throughout all of these meetings, there was substantial input from County Commissioner Richard Schneider, Sheriff Steve Hoppock and JNRU Manager Jeff Fish. At the outset, it quickly became clear that everyone at the table had a significant stake in the outcome of this process, and that we had to find a way to make peace, craft a mutually acceptable compromise and to find true common cause to meet the future needs of our community. At the first meeting, each group sought to force its will upon the others, but in turn was blocked by each of the others. At the second meeting, recognizing that the first meeting had produced a no-win scenario, we sought instead to begin to seek those things that we had in common, understanding that through that recognition, we would find an acceptable solution.

For the next two meetings, we went back to a presentation of each of the hard positions with all others challenging the validity of each point made in that position. The result was that we soon found that each hard position could not stand on its own. At the next meeting, we looked at what worked best from each position, recognized that together we shared common strengths that overcame our separate weaknesses. In doing so, we forged a common cause based upon a period of continued Association, leading to a period of Association while Incorporating and building a municipal government, and finally phasing out the Association well into the future.

The end result of the Incorporation Study Groups' effort was to recognize that while we differ widely in our opinions as to what governing structure best serves our community, we all recognize that our community does need to be redeveloped, does need to change to meet the challenges of future growth and development, and does need to find a way to bring all of our residents and members through this transition together – not divided into warring factions.

With this said, we have as a group brought to the membership the following recommendations:

1. We need to work together to support the redevelopment of our community and the encouragement of future quality growth that will rapidly increase our property values.
2. We need to recognize that as an Association, we have a single tier dues structure that spreads all of the costs of our Association equally across all of our lots (with the exception of double-lot and multi-lot agreement holders).
3. We need to understand that a single tier dues structure does not have a built-in mechanism to increase revenues without raising everyone's dues and assessments.
4. We need to recognize that an unusually large percentage of our residents and property owners are on fixed incomes and cannot continue here if our dues and assessments rise above \$ 400 per lot per year.
5. We need to recognize that we will hit a level of dues and assessments of \$ 400 per lot per year within five to seven years at most.
6. We need to recognize Incorporation offers a reasonable alternative means of raising revenues that can provide relief to many of those who need it most, but that it cannot do so at the present level of Aggregate Assessed Property Value in Country Squire Lakes at this time (approximately \$ 48 million).
7. We need to recognize that Incorporation cannot support itself without the Association until property values reach at least \$ 75 million and comfortably not until property values reach at least \$ 100 million.
8. We need to recognize that it will take at least two years, and perhaps as many as five years, for an Incorporated Municipality to reach a point where it has completed building its required infrastructure.

9. We need to continue to maintain an active dialogue as we build a common cause in addressing our common needs. Through this common cause we will build the bonds of trust and cooperation that have to become the basis for working together to forge a common future.
10. We need to recognize that the County and JNRU both have a very large vested interest in what we do, how we do it and when we do it. We must work together with them to help us be successful. We often share the same needs and desires, and there is ample opportunity to work together for the benefit of all.
11. We need to recognize that Country Squire Lakes must begin to view itself as a part of the brotherhood of communities in Jennings County and to act accordingly, with the reasonable expectation of receiving improved services in response.
12. We need to come together in true agreement and mutual commitment to the following goals:
 - A. Approve and carry out the proposed Redevelopment Plan.
 - B. Approve the \$ 50 per lot per year Dedicated Assessment that will pay for the Redevelopment Plan, and encourage all of our members to pay it in a timely manner.
 - C. Do everything in our common powers to encourage and support increasing property values in Country Squire Lakes.
 - D. File a common cause petition for Incorporation with the Jennings County Commissioners in 2008 for incorporation to become effective January 2, 2010 (by State Statute, no Incorporation can become effective during 2009 due to the pending Federal Census Count).
 - E. Establish a planned Municipal Incorporation Boundary that considers both the current community area and room for future expansion, particularly including at least commercial and business areas.
 - F. Establish a CSL Community Foundation to hold those assets in behalf of the community such that we can preserve the benefits of a private community while enjoying the benefits of incorporation.
 - G. Through the Association, begin the planning process to prepare the way for our community to become a fully mature Incorporated Municipality as soon as possible after Incorporation becomes effective.
 - H. Through a joint committee process, begin a leadership training program in advance of Incorporation that will assure effective, well trained leadership at the time of Incorporation.
 - I. Develop and establish a mirrored governmental structure that will consist of both the Incorporated Municipality and the Association working together to fairly meet the needs of all our residents.
 - J. Develop a true respect for the opinions of others in our community, recognizing that through a process of communication, discussion and debate we resolve our differences and develop stronger solutions that benefit a greater share of our residents.

- K. Continue to break down the barriers to community that have existed in the past, continue to exist today or that may be thrown up in the future. We need to continue to keep our meetings open and to encourage participation.
- L. Collect our revenues, both current and delinquent, in a humane but aggressive manner to assure that funding necessary to redevelop our community will be available to fund those projects that are not already contained in the proposed Redevelopment Plan.
- M. Continue to take strong measures to re-establish the financial integrity of our Association and the financial integrity of our community.
- N. Begin the task of integrating the proponents of Incorporation with the proponents of Association into the current Association governmental structure so that we begin actively working together across the many challenges currently facing our community.
- O. Work in concert with JNRU to seek ways to obtain the necessary funding to complete badly needed system improvements that can lower water and sewer rates within CSL.
- P. Work in concert with Jennings County Sheriff Steve Hoppock to establish a true law enforcement presence in CSL through the proper law enforcement training of CSL personnel to attain the status of Special Deputies to serve our community.
- Q. Work in concert with the Jennings County Board of Commissioners to obtain the substantial grant funding necessary to assist us in resolving those infrastructure challenges that we cannot fund ourselves alone.
- R. Work in concert with the Jennings County Board of Commissioners to improve our access points and intersections with County Roads and State Highways. Our safety and the safety of other County Residents passing through these intersections is of equal importance to the County Commissioners.
- S. Establish and maintain an ongoing communication with the County Commissioners, County Sheriff and JNRU for the benefit of all Jennings County Residents, including those who live in CSL.

The two groups of representatives from our community, the Incorporation side and the Association side, each prepared a summary of its Case for Incorporation or Case for Association, respectively. The final published report will contain each of these summaries, along with a summary of the Case for a Blended Incorporation with Association.

In closing, I would like to thank all of the members of the Incorporation Study Group for their time, their patience and their willingness to rise above the temptation to champion their own causes and interests without regard to all of the others. Each member of the Study Group is a strong personality in his or her own right and it would have been very easy for this process to have failed. The fact we were able to overcome our differences, seek our common needs and desires, and establish a reasonable compromise to report back to our members and residents should serve as a guiding light to all that we can do

this together in a way that makes sense and considers the needs of all. As a group, we thank you for the opportunity you gave us to serve all of our community and we ask that you consider our report.

Respectfully submitted to the Residents of Country Squire Lakes, and the Members of the CSL Community Association at their Annual Members Meeting, this 7th day of April, 2007 by the Members of the CSL Incorporation Study Group:

David A. Maynard, Chairman

Andrew Eder

Wilma Thomas

Wendell Geurkink

Cadie Mathis

Mary Scroggins

Donald Riddle, CSL Board Member

Richard Schneider, County Commissioner

Steve Hoppock, County Sheriff

Jeff Fish, JNRU General Manager