

**PERU UTILITIES
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF
SEPTEMBER 14, 2016**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, September 14, 2016. The meeting was called to order by Mr. Akers at 4:00 p.m. pursuant to notice as required by law. The following Board members were present: S. Akers, M. Costin, G. Ward, Dr. J. Crawshaw and J. Edwards. Others present: P. Roberts-City Attorney, J. Pandey, B. Tillett, L. Starkey, J. Beisiegel, J. Chance, J. Languell and T. Alley-City Council Liaisons, and B. Yankey-Peru Tribune.

Mr. Akers, Board Chairman, welcomed new Board member, Dr. John Crawshaw to the Peru Utility Service Board.

1.) APPROVAL OF BOARD MINUTES OF AUGUST 31, 2016:

Mr. Ward moved to accept the Board minutes of August 31, 2016, meeting as mailed. The motion was seconded by Mrs. Edwards. Dr. Crawshaw abstained from voting on the minutes, since he was not present at the August 31, 2016, meeting. The motion carried.

2.) PAYMENT OF CLAIMS:

A motion was made by Ms. Costin to approve the claims as presented, which will include a breakdown of the outstanding invoices for L. E. Myers at the next meeting, seconded by Mr. Ward. The motion carried.

Dr. Crawshaw inquired about L. E. Myers. It was explained that they are a construction contractor who provided labor, equipment and line personnel to construct our Circuit 69161. Under the Accounts Payable Check Report, Dr. Crawshaw questioned the \$20,000 check paid to the Peru Utilities Health Plan; it is the monthly amount deposited to cover health claims that were processed in August.

3.) NEXT REGULAR MEETING:

The next regular meeting will be held Wednesday, September 28, 2016, at 4:00 p.m. in the Utility Service Boardroom.

AMEND AGENDA TO ADD ITEM "B", CONSIDERATION OF ICE MILLER FOR WATERWORKS REVENUE BOND LEGAL SERVICES:

Mr. Akers requested a change to the agenda, to add item "B", Consideration of Ice Miller for Waterworks Revenue Bond Legal Services.

Mr. Ward made a motion to approve the agenda as amended: ADD: agenda item "B", Consideration of Ice Miller for Waterworks Revenue Bond Legal Services. Mrs. Edwards seconded the motion. The motion carried.

4.) OLD BUSINESS: None

5.) **NEW BUSINESS:**

A.) **CONTRACTOR RECOMMENDATION FOR THE FREMONT STREET SEWER LINING PROJECT:**

Mr. Pandy reported that it was originally thought to do the project in two phases; Phase I in 2016, and Phase II in 2017. There are sufficient funds available in the Capital Improvements Plan to do the work all at one time; we will ask the contractor to do both Phases in 2016. Proposals were solicited from four vendors, which all submitted bids. Mr. Pandy recommended that based on their low bid, Insituform Technologies be awarded the contract for a total of \$144,491.20. We have worked with them in the past; they are a global provider of cured-in-place pipe (CIPP). Mr. Pandy explained the sewer relining process; noting that it was for the combined systems. Mr. Beisiegel has selected jobs that fit within the budget. Relining projects have been completed on Holman Street, Chestnut Street, Wayne Street and Water Street.

Ms. Costin made a motion to approve the Fremont Street Sewer Lining Project contractor recommendation, Insituform Technologies, for the amount of \$144,491.20. Mr. Ward seconded the motion and the motion carried unanimously.

B.) **CONSIDERATION OF ICE MILLER FOR WATERWORKS REVENUE BOND LEGAL SERVICES:**

Mr. Pandy explained Ice Miller's (an Indianapolis-based legal firm) letter of engagement and the basis on which, they will provide us legal services; their bond counsel fee will be in the range of \$22,000 to \$26,000. In addition, Mr. Roberts will also have some fees. Mr. Ward inquired if there were other law firms that could perform similar services for the same cost or less. Mr. Roberts stated that during his 40 years of experience working with Ice Miller; they are the least expensive.

Mr. Pandy inquired if the Board would delegate him the authorization to sign the Ice Miller contract. He is accustomed to being the signatory on documents for the utility; administratively it would make things simpler. In the future, Mr. Pandy will present a policy to the Board for delegation of authority for the General Manager to sign contracts.

Dr. Crawshaw made the motion to accept the Ice Miller contract for the amount of \$22,000 - \$26,000 as delineated and added to authorize Mr. Pandy to sign the contract as General Manager, on behalf of the Peru Utility Service Board. Mrs. Edwards seconded the motion and the motion carried.

C.) **PERU WATER RATE FINANCING:**

Mr. Pandy referenced a proposed timetable that H. J. Umbaugh provided in regards to the State Revolving Fund bond issue. It was prepared on August

26, 2016, and is subject to change. We have missed some of the dates already. Mr. Pandy was successful in Umbaugh reducing their fee of \$10,000 to \$5,000 to update the Cost of Service Study, by not having them attend any meetings of the Board or the Council. He could not get Umbaugh to reduce their fee of \$35,000 for the SRF transaction. Recently, Mr. Pandy and several Board Members and Mayor Greer had met with the Common Council Members, to explain the water rate adjustment; both the Mayor and the Common Council are supportive of the rate adjustment.

Mr. Pandy stated that H. J. Umbaugh are the Cadillac in municipal financial matters and have worked for the City of Peru and Peru Utilities for many years, but he felt that at this point, Peru Utilities is not in a position to hire such expensive assistance. There are risks associated with hiring a local CPA since they may not specialize in rate making they might have some difficulty working with the State Revolving Fund. An additional positive point to be made on this option is the money would be spent locally. He stood ready to take the Board's advice on the matter; he wanted to investigate locally. Mrs. Starkey was in favor of using the services of H. J. Umbaugh. Mr. Pandy wanted to do the Peru Water analysis himself to save Peru Utility money. But, after the counsel of the Board, it was determined that a professional firm should perform the work; Mr. Pandy stated he certainly respected that opinion.

GRISSOM WATER RATE FINANCING:

We recently received a letter from our engineering consultants for Grissom Water outlining major work at Grissom; the SCADA (Supervisory Control and Data Acquisition) technology is outdated and many electrical components need to be replaced. It will involve another financing. Mr. Pandy will contact several CPA's in Miami County that could probably perform the work for us; Rea Logan and Comerford and Company. The work would be standard utility accounting; the effort is knowing how to navigate the state process as to State Revolving Funds.

There was a discussion, Mr. Pandy noted that Umbaugh has always performed quality work for us, but are expensive. He explained that \$35,000 is a small percentage when borrowing \$6 million dollars, but when you add in charges for the bond counsel, and city attorney's work, the cost increases. He noted that it had been 13 years since the Grissom water rate was adjusted; he wants to consider a local CPA firm for the Grissom rate study and have a new rate in effect by 2017. He stated that Grissom did not need a full blown Cost of Service Study; he could perform a managerial analysis of what it takes to set new rates; he has performed multiple Cost of Services Studies over his 40-year career and is experienced with them.

Mr. Pandy asked the Board for authorization to contract with H.J. Umbaugh for the Peru Water Rate; but he would like to consider a local firm to perform

the Grissom rate study. Mr. Pandy has scheduled appointments with local CPA firms for his inquiries and will bring his findings to the Board once he has compiled the data.

Mr. Ward made a motion to engage H. J. Umbaugh to perform the work for the SRF Financing, which includes the Utility Cost of Service Study for the amount of \$5,000, and the State Revolving Fund financing for the amount of \$35,000, total fee for the amount of \$40,000, for the Peru Water Improvement Project. Ms. Costin seconded the motion and the motion carried unanimously.

6.) CITY ADMINISTRATION UPDATE:

Mrs. Languell reported that the 4th Quarter 2016, Electric Rates – Tracker Adjustment was approved by all council members at the City Council's September meeting.

7.) CITY ATTORNEY'S UPDATE:

Mr. Roberts is drafting a three-year contract for his services, and will have it ready for Board consideration soon. He is currently working on several issues; and asked the Board to be thinking about whether or not they want him to perform lobbying services with legislators or regulatory agencies.

8.) MANAGER'S REPORT:

DIVISION OF WATER MANAGEMENT MONTHLY REPORT:

The first monthly report from the Division of Water Management was distributed to the Board. Each manager will be submitting a monthly report; all reports will be forwarded to the Board.

IMPA BILL:

It was noted that new record was set in July as being the hottest month in the history of the world, but a new record has been set August. It was noted that the IMPA wholesale power bill has increased by \$269,846; customer retail power bills will also increase.

QUARTERLY BREAKFAST:

Mr. Pandy invited everyone to the Quarterly Breakfast on Wednesday, September 21, 2016, at 7:00 a.m. in the Team Teaching Room. Debi Wallick, Executive Director, will provide a presentation to kick-off the United Way Campaign; we will introduce our three new employees. Mr. Pandy will present a power point on Electricity 101.

POWER PLANT DEMOLITION:

Mr. Pandy reported we are awaiting final clearance from Mr. Roberts for a request for proposals for the power plant demolition. Mr. Roberts reported that there had been

some changes in the bidding methodology; he is currently checking on the advertisement for bids since municipally owned utilities are exempt from some of the requirements.

NEW BOARD MEMBER ORIENTATION:

Mr. Pandy had included a copy of the Board Policy Statement in the Board's packets for review. He noted that the policy is usually reviewed on an annual basis the first meeting of a new year, but since Dr. Crashaw is a new Board member he had provided him with a copy since it states the Board's responsibilities and functions.

Discussion as Follows:

Ms. Costin asked how the new building at Grissom will affect Peru Utilities; we currently have some temporary services in place for construction while the structural steel is being built. Accuride Company is looking at several Midwest states; they are headquartered in Evansville, Indiana, and are interested in expanding. The new building under construction coincides with their timetable; they want to have their equipment installed in a new building by 2017, and begin producing by 2018. Accuride manufactures and supplies commercial brake-wheel components.

Dr. Crawshaw inquired what presence Peru Utility had with the MCEDA Board. Mr. Pandy noted that Mr. Ward is a member of the MCEDA Board. Mr. Pandy is in regular communication with them; he was invited to the meeting with Accuride. Dr. Crawshaw also inquired the amount of the utility contribution to MCEDA. Mr. Pandy has asked MCEDA to propose an amount to us for consideration; he is a strong advocate in supporting Economic Development and understands the Board may feel differently. He felt it was proper for Peru Utilities, as long as it can be done within Indiana law.

9.) ADJOURNMENT:

There being no further business to bring before the Board, Mr. Ward made a motion to adjourn. Dr. Crawshaw seconded the motion. The meeting adjourned by unanimous consent.

Geoff Ward, Secretary Peru Utilities Service Board