

**PERU UTILITIES  
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF  
DECEMBER 28, 2016**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, December 28, 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, J. Crawshaw, MD and J. Edwards. Others present: L. Starkey, B. Tillett, L. France, and J. Beisiegel.

**1.) APPROVAL OF BOARD MINUTES OF DECEMBER 14, 2016:**

*On a motion from Dr. Crawshaw, seconded by Mr. Ward the minutes from December 14, 2016, were approved. The motion carried unanimously.*

**2.) PAYMENT OF CLAIMS:**

*A motion was made by Ms. Costin to approve the claims as presented. Mr. Ward seconded the motion and the motion carried.*

**3.) NEXT REGULAR MEETING:**

The next regular meeting will be held Wednesday, January 4, 2017, at 4:00 p.m. in the Utility Service Boardroom; an Executive Session is scheduled for 3:00 p.m. prior to the regularly scheduled meeting.

**4.) OLD BUSINESS: None**

**5.) NEW BUSINESS:**

**A.) CONSIDERATION OF 2017 MIAMI COUNTY ECONOMIC DEVELOPMENT AUTHORITY (MCEDA) ANNUAL DUES:**

Mrs. Starkey referenced a report concerning dues that other utilities within our community are paying the Miami County Economic Development Authority (MCEDA). It was noted that the City of Peru pays \$35,000 annually. Included in the 2017 Budget is \$1,400 for the Miami County Economic Development Authority (MCEDA) annual dues. Mrs. Starkey stated that if the Board agrees to participate with the Miami County Economic Development Authority (MCEDA) today, Mr. Pandy will procure an invoice from them which will be presented to the Board for approval.

*Mr. Ward made a motion to allow \$1,400 for dues for the Miami County Economic Development Authority (MCEDA) in the 2017 Budget. The motion was seconded by Dr. Crawshaw and carried 4-1 with Ms. Costin opposed.*

**B.) APPROVAL OF 2017 BUDGET:**

Mrs. Starkey described the budget development process and referred to the budget narrative. The 2017 Budget includes wage increases in the 2017 Union Contract and allows for a 3% increase for non-union employees.

Administrative and General expense is projected to be up just 1.2% compared to the 2016 Budget. The increase resulting from hiring one full-time and two part-time Kelly agency workers was offset by reduced communications expense and favorable projections in health expenses.

Anticipated contributions to the City remain the same, budgeted at \$1.5 million, of which \$775,073 is Payment in Lieu of Tax (PILT) and Return on Investment (ROI), and \$732,000 represents collections Peru Utilities handles for the City’s trash pick-up services.

Mrs. Starkey stated that weather has the greatest impact on the Utility’s actual expenses. When there are power failures due to high winds, the Electric workers do whatever is necessary to promptly restore power. When there is a water main break or major rainfall event, the Water Management crews must respond. Such events are frequently on overtime. Mrs. Starkey explained fluctuations in the payroll expenses for Water Management, which is attributed to staff cross-over as needed. All Water Management employees are cross-trained to function efficiently in any Peru or Grissom Water, Wastewater or Stormwater capacity and are used wherever needed.

All of the net margin projections are positive in the 2017 Budget. Since the principal on loans is not reflected on the Income Statement, the actual cash flow is not always a positive number.

As Mrs. Starkey was answering board members’ questions about the 2017 Budget and confirmed that Chamber of Commerce and Miami County Economic Development Authority (MCEDA) dues were allowed for in the budget, Mr. Akers asked if those invoices would be presented as board agenda items. Mr. Ward felt that if those amounts are in the approved budget, they would not necessarily have to be brought up again. Mrs. Starkey noted that the dues would always be included in the payables for board approval. Mr. Akers asked that Chamber and Miami County Economic Development Authority (MCEDA) invoices be presented as agenda items when due.

Dr. Crawshaw felt that infrastructure failures are a major consideration with each budget as well as how Peru Utilities will adapt and evolve in the future because of the transformational challenges we will have to confront concerning the utility industry. He felt the need to protect our skilled employees with competitive compensation in order to protect our future.

Mr. Akers asked Mrs. Starkey to explain the assumption that there will be a loan from Peru Electric to Grissom Water. She responded that the budget assumes that mid-year in 2017, Grissom Water Utility will borrow \$1 million from Peru Electric. If we borrow from a bank, the million is tied up as collateral in a CD for five years. If we borrow internally, we have access to our money as it is repaid throughout the five-year period until it is paid in full and we gain from more interest than we would investing it in a CD.

This is possible by developing the rate for Grissom Water in such a way to allow for the payment of principal and interest as well as the infrastructure improvements.

Mr. Akers inquired about the \$1,500 collected per month for Peru Utilities billing, collecting and accounting for trash pickup services provided by the City. Mrs. Starkey stated that was the agreed upon amount initially and has never been increased. Dr. Crawshaw suggested it could be time for an increase. Mrs. Starkey will keep this in mind for the next year’s budget.

*Dr. Crawshaw made a motion to approve the 2017 Budget as presented and the schedule for salary and wage increases for union and non-union employees. Mr. Ward seconded the motion, and it passed 4-1 with Ms. Costin being the dissenting vote. Ms. Costin stated she was very much in favor of the wage increases and other aspects of the budget; however, she opposed involvement with the Miami County Chamber of Commerce and the Miami County Economic Development Authority (MCEDA).*

6.) **CITY ADMINISTRATION UPDATE:** None

7.) **CITY ATTORNEY’S UPDATE:** None

8.) **MANAGER’S REPORT:**

Mr. Akers asked if Board members had any questions about Mr. Pandey’s Manager’s Report. There were no questions.

Mrs. Starkey shared the November 2016 Financial Report noting that all of the Utilities had favorable net margins for the month of November.

Mrs. Starkey commented that preparation for board meetings often requires a great deal of time and effort for board members, Mrs. Starkey thanked them and expressed appreciation on behalf of the Utility. The Board was complimentary to the first class operation that Peru Utilities represents, with a strong management team, dedicated employees and skilled workers.

9.) **ADJOURNMENT:**

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

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Geoff Ward, Secretary Peru Utilities Service Board