

**PERU UTILITIES
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF
JANUARY 18, 2017**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, January 18, 2017. 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, and J. Crawshaw, MD. Absent: J. Edwards. Others present: D. Kern, Esq., Patrick Roberts, Esq., J. Pandey, L. Starkey, B. Tillett, J. Chance, J. Beisiegel, and A. Lombardi-Peru Tribune.

1.) APPROVAL OF BOARD MINUTES OF JANUARY 4, 2017:

Mr. Ward made a motion to accept the Board minutes of January 4, 2017, as mailed. The motion was seconded by Dr. Crawshaw and carried by unanimous vote.

2.) PAYMENT OF CLAIMS:

A motion was made by Dr. Crawshaw 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, February 1, 2017, at 4:00 p.m. in the Utility Service Boardroom.

4.) OLD BUSINESS: None

5.) NEW BUSINESS:

A.) APPROVAL OF BOARD RESOLUTION #3-2017, HONORING PATRICK J. ROBERTS FOR 29 YEARS OF EXEMPLARY SERVICE WITH PERU UTILITIES:

Mr. Pandey read aloud the many accomplishments that Attorney Roberts had during his 29-year career with Peru Utilities and expressed appreciation for his contributions to the Peru Utility Service Board. The Board presented Attorney Roberts with a plaque commemorative to his 29 years of service.

Dr. Crawshaw made a motion to adopt Resolution #3-2017, Honoring Patrick J. Roberts for 29 Years of Exemplary Service with Peru Utilities. Ms. Costin seconded the motion. The motion carried unanimously.

B.) APPROVAL OF POLICY #1-2017, ESTABLISHING PURCHASING AUTHORITY LEVELS FOR SENIOR STAFF MEMBERS:

Mr. Pandey requested Board approval of Policy #1-2017, which allows department heads authority within their department to sign purchase orders for goods or services up to and including \$5,000. He noted that the funding is already included in the current budget to cover these purchases; Mr. Pandey will sign purchase orders over \$5,000. He stated he has empowered the managers to approach this as if they were spending money that was their own; along with a spirit of ownership, being good stewards of utility assets they need to be trusted to make approvals that are within their duties.

Dr. Crawshaw made a motion to approve Policy #1-2017, Establishing Purchasing Authority Levels for Senior Staff Members. Mr. Ward seconded the motion. The motion carried.

C.) APPROVAL OF BAD DEBT WRITE-OFFS JULY 1, 2016 – SEPTEMBER 30, 2016:

The total bad debt write-offs July 1, 2016, through September 30, 2016, for Peru is \$18,878.27 and for Grissom is \$2,169.75; together both write-offs total \$21,048.02. Mr. Pandy requested permission to write-off the delinquent accounts. We continue debt collection actions after write-off; collected \$27,991.00 in payments for 2016.

A motion was made by Dr. Crawshaw to grant permission to write-off the delinquent accounts July through September 2016, for \$21,048.02, and was seconded by Ms. Costin. The motion carried unanimously.

D.) AUTHORIZE HIRING OF CORNERSTONE GRANTS MANAGEMENT FOR THE STATE REVOLVING FUND (SRF) LOAN APPLICATION PROCESS:

Mr. Pandy reported by hiring Cornerstone Grants Management for the State Revolving Loan Application process would assist us with the Community Focus Fund Grant application Office of Community and Rural Affairs (Federal Housing and Urban Development Grant Funds), which is available to each state. It aims to benefit low-income persons, residential customers. Amy Miller, grant administrator who owns Cornerstone Management comes highly recommended by Wessler Engineering. Mr. Pandy and several of Peru Utilities staff had met with her and Wessler Engineering recently and were impressed with her knowledge of processing and securing state revolving loan and grant funds. Ms. Miller is optimistic that we will be eligible for grant funds. Since it is a competitive grant, there is no guarantee; other communities apply for the same grant. They have only so many millions of dollars to award. The competition is based upon the merits of your projects and income levels within your community. In addition, there is a point scoring system; the OCRA, Office of Community Rural Affairs Grant may be in the range of \$500,000 - \$700,000. Grant writers are paid on a contingency basis (typically, 8% of the grant amount, if the grant is funded, the consultant is paid). If we receive \$500,000 in grant money, our cost would be \$40,000. We feel we have a good chance of obtaining the grant because of the merits of our project and the incomes levels of Peru residents.

Mr. Ward made the motion to hire Cornerstone Grants Management for the State Revolving Fund (SRF) Loan Application and OCRA Process. Dr. Crawshaw seconded the motion. The motion passed.

E.) AUTHORIZE HIRING NV GRANT SERVICES, LLC:

Mr. Pandy reported that NV Grant Services LLC is a subcontractor of Cornerstone Grants Management recommended to conduct the Income Survey. Nannette Van De Voorde the owner specializes in soliciting Income Surveys. The survey study will help to determine the percentage of residents of our service area that are low and

moderate incomes. HUD's regulatory requirements for conducting a survey for prospective grantees to use requires a random sample of 500 people, not every customer will receive one. It will be noticed to all of our customers in the IMPA newsletter. NV Grant Services fee is approximately \$9,000 to mail the survey, tabulate and make a report to HUD. If customers do not respond to the first survey, there are two repeat attempts made every two weeks.

Ms. Costin made the motion to authorize the hiring of NV Grant Services, LLC. Dr. Crawshaw seconded the motion, the motion passed.

F.) SET A PUBLIC HEARING ON THE OCRA GRANT APPLICATION PROCESS:

It is a requirement by the Office of Community Rural Affairs that a Public Hearing date notice be published at least 10 days prior to the Public Hearing. A Public Hearing notice was advertised in the Peru Tribune Tuesday, January 17, 2017. Mr. Pandy asked the Board to set a Public Hearing on the OCRA, Office of Rural Community Affairs Grant Application Process to be held at 5:00 p.m. on Wednesday, February 1, 2017, at Peru Utilities Administration Office, 335 East Canal St., Peru, Indiana.

Ms. Costin moved to set the Public Hearing date for February 1, 2017, at 5:00 at the Peru Utilities Administrative Office, 335 East Canal St, Peru, Indiana. Mr. Ward seconded the motion, the motion carried.

G.) ADOPT THE NEW AMERICAN PUBLIC POWER ASSOCIATION BRAND:

American Public Power Association has a new brand logo to raise the awareness of Public Power as a brand. Public Power is in 2000 communities in American serving 49 million Americans. The new logo will be added to our newsletters and publications.

Dr. Crawshaw made the motion to adopt the new American Public Power Association Brand logo. Ms. Costin seconded the motion and the motion carried.

H.) AUTHORIZE THE GENERAL MANAGER TO ATTEND THE APPA WINTER EDUCATION INSTITUTE COURSE:

Mr. Pandy asked for Board authorization to attend the APPA Winter Education Institute Course: "Cost of Service and Retail Design" on January 31 – February 1, 2017. Mr. Chance will conduct the February 1st Board meeting during Mr. Pandy's absence. Mr. Pandy said that when Umbaugh performs cost of service studies for us they use the APPA Cost of Service Model. Money could be saved by performing this work in house. Mr. Pandy recently spoke with the City Council President who felt it made sense and felt it would gain support from other council members as well. The Cost of Service Model is a computer model that we could load our data into and the system calculates what our rates should be for our residential, commercial and industrial customers. City Council President Krauskopf stated that if we run the calculations and the council is not happy with the results, they could suggest that we

take it to a financial adviser. Also, the council could have the adviser audit our work. Mr. Pandy recited *Ordinance 9, 2011*, passed May 2011,: an independent firm having experience in the preparation of the applicable utility rates and other related services shall develop rates and charges for water and electric utilities. The Council President stated the current language of this ordinance could be modified. There was a lengthy discussion about performing rate studies in-house. Mr. Pandy felt that he and Kevin Shive’s have enough experience to perform rate analysis in-house, plus the trust factor that had been established with the City Council.

Dr. Crawshaw made the motion to authorize the General Manager to attend the APPA Winter Education Institute Course January 31 – February 1. Ms. Costin seconded the motion. The motion carried.

6.) CITY ADMINISTRATION UPDATE: None

7.) CITY ATTORNEY’S UPDATE:

The city has formally hired a new Attorney, Dustin Kern who is an employee of Roberts Law Firm, to fill Attorney Roberts vacancy. Mr. Pandy welcomed Attorney Dustin Kern and shared his resume with the Board.

8.) MANAGER’S REPORT:

PERU WATER INFRASTRUCTURE:

Mr. Pandy thanked Mr. Kline publicly for finding the 1980 soil boring records for the high school site when the gymnasium was constructed. The soil borings indicate that there is not the magnitude of rock, which was initially thought; the rock is north of the gym site. We passed the pertinent information on to Wessler Engineering. There was a lengthy discussion and a map was referenced, of soil borings that were performed to determine what the soil conditions were then. Mr. Beisiegel said additional borings will still be performed, but this newfound information could save us a lot of money.

UMBAUGH WATER RATE STUDY:

Mr. Pandy referenced Umbaugh’s Comparative Rate Study of the average rates and charges in 2015. It denotes that we provide 20% more water than the average utility in our billing and our rates are 25% – 39% lower than the average utilities in Indiana. Even with our 2017 rate increase, effective January, Peru is 25-39% lower than the rates other utilities were charging in 2015.

PERU WATER INFRASTRUCTURE:

Mr. Pandy referenced the Draft Time Tables for the State Revolving Loan Fund, which is color coded to show the PUBS activities. It noted complexity in the State Revolving Loan process, not easy, but low interest rate money to borrow.

CITY OF PERU – HIGH-SPEED BROADBAND:

Mr. Pandy said he is in the process of researching high-speed broadband with the Mayor and our Technology staff; he found that Peru Utilities has a fiber optic cable (FOC) loop in place providing SCADA for our substations. The main cable loop is 144 fibers connected to our poles in the telecom space. He explained the fiber optic functions and capacities. He shared information showing it to be a backbone for automated metering and infrastructure. Also, he explained that this is a long-term project of design and construction encompassing 3-5 years. There was a discussion about Consumer Broadband Wireless Networks, Control and Monitoring Networks, Fixed Networks, and Mesh Networks. Peru Utilities FOC could be utilized for High Speed Broadband for consumers; such a network would be different than the utilities network.

2015 VS 2016 IMPA POWER BILL:

Our IMPA power bill for 2016 increased \$1 million because our demand increased by 5 ½%, the energy increased only by 1.2%. Our rate to IMPA increased by 3.86% from \$75.10 per megawatt hour to \$78.00 per mega-watt hour. Mr. Bankston has manually adjusted the load tap changers at the substations to reduce the voltage, which will help to reduce the demand but not the energy; this should improve our load factor.

ECONOMIC DEVELOPMENT/POTENTIAL PROJECTS:

Mr. Pandy outlined three new economic development projects noting that Project JAVA is in the food processing business and needs rail cars. The Grissom site that was available has no railway nearby. Research is still ongoing for the other two potential projects. Mr. Pandy shared the bad news of the reduction in forces for Schneider Electric of 70 employees. He noted some new businesses are needed to offset what is happening around us.

Dr. Crawshaw inquired if there were funds available for Continuing Education in the Budget for the General Manager and manager of each of the divisions. Mrs. Starkey reported we have money included in the budget for Continuing Education for each of the superintendents, plus any of their employees; it is allocated amounts for each separate utility. Mr. Pandy noted that we also have an employee policy in place allowing Training Education for Full-Time Employees, which has tuition reimbursement depending on grade. Mr. Pandy explained that for conferences such as APPA, the money is allocated in the budget. Mr. Pandy approves all employee conferences; he will bring any conferences/seminars that he wants to attend to the Board for approval.

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The Board inquired an update for the power plant demolition. Mr. Chance stated that the contractor is disposing of the asbestos in accordance with IDEM regulations.

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.

Geoff Ward, Secretary Peru Utilities Service Board