

**PERU UTILITIES
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF
MARCH 1, 2017**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, March 1, 2017. Mr. Akers called the meeting to order 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: D. Kern, Esq., J. Pandey, B. Tillett, L. Starkey, J. Chance, J. Beisiegel, and J. Languell, City Council Liaison.

1.) APPROVAL OF BOARD MINUTES OF FEBRUARY 15, 2017:

Mr. Ward made a motion to accept the Board minutes of February 15, 2017, as mailed. Mrs. Edwards seconded the motion and the motion passed.

2.) PAYMENT OF CLAIMS:

A motion was made by Ms. Costin to approve the claims as presented. Dr. Crawshaw seconded the motion. The motion passed.

3.) NEXT REGULAR MEETING:

The next regular meeting will be held Wednesday, March 15, 2017, at 4:00 p.m. in the Utility Service Boardroom.

4.) PUBLIC COMMENT: None

5.) OLD BUSINESS: None

6.) NEW BUSINESS:

A.) APPROVAL OF RECOMMENDATION FOR CASH FARM RENT LEASE:

The bid was awarded to Ladd Farms, Inc., for crop years 2017-2018-2019 for \$186/acre for 35.5 acres, annual rent \$6,603/year. We have done business with them in the past and it was satisfactory.

Ms. Costin moved to approve that the bid for the Cash Farm Rent Lease for crop years 2017-2018-2019 be awarded to Ladd Farms, Inc., for \$186/acre, annual lease \$6,603/year. Mr. Ward seconded the motion. Dr. Crawshaw had to abstain on a vote due to a conflict of interest. The motion passed with 4 votes in favor and 1 abstention.

B.) APPROVAL OF RESOLUTION #4-2017, AND ORDINANCE FOR WATERWORKS REVENUE BONDS:

Mr. Pandey provided the Board with a short summary of the Peru Waterworks resolution and bond ordinance. He explained a bond is a debt in which an investor loans money to an entity, which borrows the funds for a period-of-time. Municipalities finance projects with bonds, due to the lower interest rates. He summarized the schedule of estimated project costs and funding for the Peru Water Projects. He noted the total estimated constructions costs are \$7,200,000, non-construction costs (consultants, attorneys) total \$900,000, for a total estimated project

cost of \$8,100,000. He also referenced Item 2-State Revolving Fund (SRF)/Indiana Finance Authority (IFA) and Item 3-The Bonds. Mr. Pandy said we have received 542 income surveys, 11 more than is needed to qualify. The ratio of low to moderate income is 53.4%; the requirement is 51%. We are well positioned to receive a grant from the Office of Community Rural Affairs (OCRA). We plan to close in August and bid the projects in the fall. We plan to start the high school project in March of 2018.

Ms. Costin made a motion to approve Resolution #4-2017, and Ordinance for Waterworks and Revenue Bonds, Mrs. Edwards seconded the motion. The motion passed.

C.) APPROVAL OF 2ND QUARTER ELECTRIC RATES – TRACKER ADJUSTMENT:

Mr. Pandy stated that for the 2nd Quarter 2017, the average residential customer using 750 KWH will see an increase of \$5.44/month, industrial customers would also see increases.

Dr. Crawshaw moved to approve the 2nd Quarter Electric Rates – Tracker Adjustment and seconded by Mr. Ward. The motion passed.

7.) CITY ADMINISTRATION UPDATE: None

8.) CITY ATTORNEY’S UPDATE:

City Attorney Dustin Kerns reported that some time back Pat Roberts, then City Attorney, requested the Surety money from the bid bond submitted by Dore & Associates Contracting Services due to the withdrawal of their bid. After Dore’s bid was retracted, the contract was awarded to National Salvage & Services who were the next lowest bid received. He stated that Peru Utilities did not have much of a legal standing to pursue the Surety Bond, and that Dore was not easy to negotiate with; the cost of litigation would be substantial. He felt it not reasonable. City Attorney Dustin Kerns advised that whenever we receive a large bid amount, the bid should be opened and accepted during a Board meeting, a recommendation be made after bids are evaluated. This will put us on stronger ground legally if we perform this function in an official acceptance of bids during a Board meeting.

9.) MANAGER’S REPORT:

NEW BUSINESS – INDIANA PACKERS:

Indiana Packers is going to construct a new feed mill at the North Miami Industrial Park; they have communicated that they want to start discussing the facility requirements for utilities. They have asked to meet with our staff on-site March 16, 2017, at 10:30 a.m. at the North Miami Industrial Park. They plan to employ 14 full-time workers and contract with 20 local truckers.

QUARTERLY BREAKFAST:

Peru Utilities 1st Quarterly Breakfast is Tuesday, March 14 at 7:30 a.m.

Dr. Crawshaw complimented Mr. Chance on his interaction with the local press regarding the article published in the Peru Tribune, February 28.

WESSLER PRELIMINARY ENGINEERING REPORT:

Mr. Pandy referenced the Preliminary Engineering Report (PER) received today. It will be presented to the Peru Common Council March 6. On March 10 a Public Hearing is scheduled for Wessler to present the Preliminary Engineering Report (PER) to the public. Wessler has prepared a revised version for the Office of Community Rural Affairs (OCRA) application. Five days are allowed for the public to comment, after that the Board will approve the PER at the March 15 Board meeting. The Preliminary Engineering Report (PER) is available for review at the Mayor’s office or at the Peru Utility office.

POWER PLANT DEMOLITION PROGRESS:

Mr. Chance stated National Salvage has submitted a new project schedule; they are 19 days ahead of schedule. Asbestos abatement is 60% complete; 100 tons of asbestos have been removed. All asbestos removal should be complete by April 7; mobilization will begin May 1. Mr. Chance said that National Salvage is really doing a good job with safety and adhering to their contract. Mr. Pandy stated the total cost of asbestos removal would be close to \$600,000; total project cost is \$2.2 M.

RULE 5 - STORM WATER PREVENTION PLAN:

Mr. Chance reported that ATC has completed our Rule 5 Storm Water Prevention Plan. Mr. Beisiegel felt it one of the best plans he has reviewed.

IMPA:

AUTOMATIC METERING INFRASTRUCTURE:

There was a lengthy discussion and Mr. Pandy said that IMPA in regards to Automatic Metering Infrastructure (AMI) was negative; IMPA members Richmond, Crawfordsville and Tell City had gone their own way, independently and have (AMI) in place. Mr. Pandy stated that in order to be financially stable it should be a group effort by all IMPA members. Mr. Pandy said that we would try to establish our (AMI) as a service plan in order to save money.

IMPA POWER BILL:

There was a discussion and Mr. Pandy stated that when he first came on the job he was alarmed about our load factor cost. Repeatedly he expressed his concern to IMPA. He just recently found out that shortly before he was hired, IMPA had increased our power

rates by 6%; an analysis of IMPA’s 2015/2016 charges indicated that increase. Mr. Pandy’s comparisons did not include that factor; he was disappointed that no one at IMPA bothered to tell him after repeated discussions. Mr. Chance said IMPA’s charges had increased 5% for 2017. January’s demand bill increased compared to last year’s bill; IMPA had expressed to us earlier that their rates would be similar to last years’. Mr. Pandy said IMPA’s rate is 30% higher than the average Joint Action Agency reported by APPA.

Mr. Pandy asked IMPA to inform us of increases in our power bill in the future, and will review our power bill to see if there are any viable options to decrease our bill. Mr. Chance performed a study to see if it is viable to use our peaking units to help lower our load factor; IMPA’s contract and our EPA Permit does not allow us to operate small generator units.

SOLAR COSTS:

Mr. Pandy reported all the megawatt hours produced by all of IMPA’s generators averages \$59/MWH. The solar cost is s \$77/MWH. Solar has no fuel cost, no operating cost. He said that everybody thinks it is free, but there is the capital investment cost. Mr. Pandy explained that the engineering costs are hidden; not within the \$77/MWH. He said that all costs should be included in solar projects as in other projects.

10.) 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