

**PERU UTILITIES  
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF  
APRIL 19, 2017**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, April 19, 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. Pandy, B. Tillett, L. Starkey, J. Beisiegel, S. Hines and A. Lombardi, Peru Tribune.

**1.) APPROVAL OF BOARD MINUTES OF APRIL 5, 2017:**

*Dr. Crawshaw made a motion to accept the Board minutes of April 5, 2017, as mailed. Ms. Ward seconded the motion. Mrs. Edwards abstained from voting since she was not present at that meeting. The motion passed with 4 votes in favor, and 1 abstention.*

**2.) PAYMENT OF CLAIMS:**

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

**3.) NEXT REGULAR MEETING:**

The next regular meeting will be held Wednesday, May 3, 2017, at 4:00 p.m. in the Utility Service Boardroom.

**4.) PUBLIC COMMENT:** No public comments were made.

**5.) OLD BUSINESS:** None

**6.) NEW BUSINESS:**

**A.) APPROVAL OF BAD DEBT WRITE-OFFS OCTOBER 1, 2016 THROUGH DECEMBER 31, 2016:**

The bad debt write-offs October 1, 2016 – December 30, 2016, were reviewed; there are 108 accounts totaling \$25,588.01, 0.33% of the operating revenue for that period, excluding wastewater and stormwater.

*A motion was made by Mr. Ward to grant permission to write-off the delinquent accounts October 1, 2016, through December 31, 2016, for \$25,588.01. Ms. Costin seconded the motion. The motion carried unanimously.*

**B.) APPROVAL OF TRUCK PURCHASE FOR THE DIVISION OF WATER MANAGEMENT:**

Mr. Pandy reviewed Randy Kline's memo for the replacement of Truck #454. Grissom Water had budgeted \$36,000.00, for the replacement of this truck. The 2017 Dodge Truck will be used in the Grissom Water Division. The following quotes were obtained.

Bob Schwartz Ford	2017 F Ford F150 4 x 4 Regular Cab	Fleet Price \$27,116.25 Trade In (\$1,000.00) Total \$26,116.25
Paul Richards GM Center	2017 Chevy 1500 HD 4WD Regular Cab Work Truck	Fleet Price \$26,185.23 Trade In (\$1,800.00) \$24,385.23
Bob Schwartz Chrysler	2017 1500 Dodge Truck	Fleet Price \$23,223.00 Trade In (\$1,800.00) \$21,423.00

It is Mr. Kline’s recommendation to accept the low bid from Bob Schwartz Chrysler, for the amount of \$23,223.00 allowing a trade-in allowance of \$1,800.00 for the old truck, making the final cost of the new vehicle \$21,423.00.

*Dr. Crawshaw made a motion to accept the bid of \$23,223.00, from Bob Schwartz Ford for 2017, 1500 Dodge Truck, with a trade-in allowance of \$1,800.00, for a final cost of \$21,423.00. Mrs. Edwards seconded the motion and the motion carried.*

**C.) APPROVAL OF EMPLOY POLICY #6-2017, ESTABLISHING PROBATIONARY PERIOD FOR PROSPECTIVE AND EXISTING EMPLOYEES OF PERU UTILITIES:**

Mr. Pandy said the policy is a six-month probationary period (120 working days). During the probationary period, Peru Utilities can terminate the employment of the new recruit if they are not performing to the required standard. He said the policy is an attempt to document our termination procedures. Mrs. Edwards felt the Probationary Period Policy and Probation Review Form be amended to include the following changes:

- Include the six-month probationary timeline in the Policy to be consistent with the Review Form
- Under Section “Probationary Review” of the policy, strike out verbiage (or possibly before that)
- Both documents should note reason(s) that there could be a probationary period extension

The amended document will be presented to the Board for review at the next meeting.

*Dr. Crawshaw made a motion to approve amended Policy #6-2017, Establishing Probationary Period for Prospective and Existing Employees of Peru Utilities with the amendments as stated, Mrs. Edwards seconded the motion. The motion passed.*

**D.) APPROVAL OF POLICY #7-2017, ESTABLISHING VACATION LEAVE, AND CARRY-OVER OF UNUSED VACATION:**

Mr. Pandy gave an update on Policy #7-2017, which provides employees with paid vacation from work based on years of service and is consistent with past practice and the Union Agreement with AFSCME. It covers all employees and allows carryover of 80 hours vacation per year with supervisory approval.

*Dr. Crawshaw made a motion to approve Policy #7-2017, Establishing Vacation Leave and Carryover of Unused Vacation Leave. Mr. Ward seconded the motion and the motion carried.*

**E.) RECOMMEND TO PERU COMMON COUNCIL THAT ORDINANCE 12, 2011, FOR THE PURPOSE OF PROMOTING ECONOMIC DEVELOPMENT BE REPEALED COMPLETELY:**

Mr. Pandey discussed Ordinance 12, 2011, Economic Development Rider. It states Peru Utilities will sell electricity at our cost; no new or existing customer in the past 6 years has applied for this incentive. We will recommend that Peru Common Council repeal Ordinance 12, 2011, at their May 1 meeting. Mr. Pandey gave an update on IMPA's new Economic Development Policy. It is a 5-year discount on the member utility IMPA Bill, over a 5-year period (20%-15%-15%-10%-5%). Mr. Pandey's report to the Peru Common Council will be that we would consider IMPA's new Economic Development rate in our next Cost of Service Study.

*Mr. Ward made the motion to recommend to the Peru Common Council that Ordinance 12, 2011, be repealed and that Mr. Pandey advise to the Peru Common Council, of IMPA's, new Economic Development Rate. Ms. Costin seconded the motion, the motion carried unanimously.*

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

**8.) CITY ATTORNEY'S UPDATE:**

**A.) RAILROAD CROSSING FEES:**

Attorney Dustin Kern's research indicates that the company that manages Norfolk and Southern's service contract has the authority to increase the crossing fees. We have sent Norfolk & Southern a good faith payment of \$495 for one crossing, as discussions are continuing, which has been our past practice. Mr. Pandey advised the Board that our next Cost of Service Study would include a special rate class for all railroad crossings.

**B.) FEES FOR SRF FINANCING/PROJECTS AND TOWER BUY-OUTS:**

Attorney Dustin Kerns inquired the Board's preference as to how to invoice for his work connected with the SBA Cell Tower Leases, a flat fee of \$5,000 (for two) or an hourly fee of \$150. The Board agreed to rate of \$150/hour as per the Agreement for legal services.

*Ms. Costin made the motion for Attorney Dustin Kerns to bill an hourly rate of \$150/hour for work associated with the SBA Cell Tower Lease Buy-outs. Mrs. Edwards seconded the motion and the motion carried.*

Umbaugh projected \$105,000 for the cost of the Bond Issuance, \$35,000 for Umbaugh & Associates, \$26,000 for Ice Miller. Mr. Pandey and Attorney Dustin Kerns agreed upon the balance of \$52,045 for Attorney Kern's fees; the legal work

will extend far beyond the issuance of the bond. The amount being proposed is within the allocated funds of the Cost of Service Study that Umbaugh had prepared for the Bond Issuance.

*Dr. Crawshaw moved to accept Attorney Dustin Kern's fee of \$52,045 for work performed for the Bond Issuance, Mr. Ward seconded the motion. The motion carried.*

Mr. Pandey updated the Board that recently a customer was billed incorrectly for the past several years due to the fact; Peru Utilities did not use the meter multiplier of 40 x. The customer inquired how we could justify billing him for the previous year since this was Peru Utilities error. Mr. Pandey explained to the customer that we are allowed to recoup our money 12 months back; after talking with the customer, we offered him to consider payments for the next 24 months. In two years, the customer will have paid for 12 months of electricity that he was not bill for correctly.

**9.) MANAGER'S REPORT:**

**A.) IMPA WHOLESALE POWER COST:**

Mr. Pandey referenced the IMPA Wholesale Power Cost attachments noting that he and Mr. Chance met with IMPA staff last Thursday regarding IMPA's Wholesale Power Cost. The attachment noted the 6 alternatives that Mr. Pandey had proposed to IMPA, along with IMPA's responses. IMPA agreed that we could reduce our voltage, which we have already started doing in January 2017.

**B.) IMPA 2016 ANNUAL REPORT:**

Mr. Pandey updated that in 2016, IMPA refunded \$429 M of bonds to get better interest rates; saving \$88 M over the next 30 years. In 2016, IMPA had \$453 M worth of business and a net income of \$28.3 M; their profit margin is 6.25% of their revenue. The utility is worth \$1.2 B; IMPA owns \$300 M, which is 17% equity.

**C.) CDBG GRANT APPLICATION:**

Mr. Pandey referenced the CDBG Grant Application. We are right on schedule, we turned in our application April 7; 10% of the engineering design for the projects is complete, and 30% will be completed in May. The State Revolving Fund has approved the Preliminary Engineering Report and has told us that Peru would be funded because we have rates in place and our engineering design is to be done by July. They told us more than half of the utilities applying for money would drop out because they are not ready to close on a loan.

**D.) IMPA MARCH POWER BILL:**

Mr. Pandy gave an update noting the IMPA March power bill is \$13,957 higher than the same month last year; the reason is our demand and energy charges had both increased. 1<sup>st</sup> Quarter (YTD) 2017, is \$185,588 lower than 2016.

**E.) INSURANCE CLAIMS:**

Mr. Pandy updated the Board that Mr. Bankston is doing a good job billing insurance claims for our electric poles, or damages to our facilities. We have increased our overhead multiplier; so far, we have collected \$11,000 in paid claims, \$10,000 more has been billed and \$44,000 for line extensions has been collected.

**F.) DETRASH THE WABASH:**

Riverbank Cleanup is Saturday, April 22, 9:00 am – 12:00 pm, everyone is invited to attend.

**G.) APPA NATIONAL CONFERENCE:**

Mr. Akers is unable to attend the ceremony on June 20, 2017, during the APPA National Conference in Orlando, Florida, to receive his Spence Vanderlinden Public Service Award; they will ship directly to Peru Utilities.

**H.) 2014 MUNICIPAL SMART GRID SUMMIT:**

Mr. Pandy summarized that he has been invited to attend the 2017 Municipal Smart Grid Summit, June 25-27 in Tampa, Florida. There are 100 Utility Executives invited to attend; the vendors pay your roundtrip airfare, hotel, and meals. He explained that it focuses on Automated Metering Infrastructure; sometime, during June, competitive proposals and a recommendation for AMI will be presented for the Board's approval. He mentioned that there are three serious bidders; one vendor will finance AMI for ten years. A local bank has offered to purchase the equipment for us and lease it to us for seven years at an attractive interest rate. It was PUSB consensus that Mr. Pandy should attend the Smart Grid Summit.

**10.) ADJOURNMENT:**

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

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Geoff Ward, Secretary Peru Utilities Service Board