

**PERU UTILITIES
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF
MAY 3, 2017**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, May 3, 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, J. Chance, J. Beisiegel, L. Starkey, J. Languell and T. Alley – City Council Liaisons and A. Lombardi, Peru Tribune.

1.) APPROVAL OF BOARD MINUTES OF APRIL 19, 2017:

Mr. Ward made a motion to accept the Board minutes of April 19, 2017, as mailed. Ms. Costin seconded the motion and the motion carried.

2.) PAYMENT OF CLAIMS:

A motion was made by Mrs. Edwards 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 17, 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.) RECOMMENDATION TO COMBINE FUNDS FROM PERU WASTEWATER CONSTRUCTION TO PERU WASTEWATER IMPROVEMENTS:

Mr. Pandy asked to change the wording to Action Item 6-A, replacing the word “combine” with the word “transfer”; “*Recommendation to **Transfer** Funds from Peru Wastewater Construction to Peru Wastewater Improvements*”. He explained that both funds have the same purpose to improve the infrastructure of Peru Wastewater. Mrs. Starkey is recommending to transfer the funds in the Peru Wastewater Construction Fund # 36, currently, \$339,010.85, to the Peru Wastewater Improvements Fund #32 and to close the bank account for Fund #36.

Mrs. Costin made a motion to amend the wording to Action Item 6-A, replacing the word “combine” with the word “transfer” and to move the balance of \$339,010.85 from the Peru Wastewater Construction Fund #36 to Peru Wastewater Improvements Fund #32 and to close the account for the Construction Fund. Dr. Crawshaw seconded the motion and the motion carried.

B.) AUTHORIZED SALE OF TWO POWER TRANSFORMERS:

Mr. Pandy summarized two bids were received for the two power transformers that we plan to liquidate. The transformers are located between the water filtration and the power plant; one is 1958 vintage (60 years old) and the other is a large 1988 transformer.

The following are the respective bid amounts submitted by the two vendors:

Emerald Transformer	\$3,409.54
National Salvage	\$5,000.00

National Salvage offered the best value, had no cost for bushing disposal, and is already on site performing the plant demolition project. Mr. Pandy recommended that Peru Utilities issue a change order to National Salvage (on the power plant demolition project), for the removal and salvage of two power transformers, for a net credit of \$5,000 to Peru Utilities.

Dr. Crawshaw made a motion to sell the two power transformers and to issue a change order to National Salvage for the removal and salvage of two power transformers, for a net credit of \$5,000.00 to Peru Utilities. Mrs. Edwards seconded the motion and the motion carried.

7.) CITY ADMINISTRATION UPDATE:

Mrs. Languell reported two buildings on South Broadway would be demolished by the end of May. Comcast is asking to be paid to remove their lines from poles adjacent to those buildings. Attorney Dustin Kerns is working to resolve those issues. Mr. Pandy pointed out that if Comcast is located on Peru Utility poles there is language included in the Joint Use Agreement with Peru Utilities, which states that if we are relocating or removing a pole Comcast is responsible for removal of their facility. Mr. Pandy noted that is standard practice with any telecommunications facility that rents space on poles. He asked Attorney Dustin Kerns to get in touch with him for some language that buttresses the issue.

8.) CITY ATTORNEY'S UPDATE:

Attorney Dustin Kerns is working to resolve the railroad access agreement. He received an e-mail today from the third party that manages Norfolk's accounts with their recent proposal. He shared the proposal information with the Board noting that the actual CPI adjustment amount for all five agreements is \$2,156.68; their previous amount proposed was \$2,425.00. Their current offer is \$967.46 for one crossing; which is the actual CPI adjusted amount and is twice the original charge. Attorney Dustin Kerns stated that as discussed previously Peru Utilities would have to increase the cost of service to the railroad to recoup the increased charges.

9.) MANAGER'S REPORT:

A.) POWER PLANT:

Mr. Pandy suggested to Mr. Lombardi, of the Peru Tribune, that the Tribune report that the Power Plant would not be imploded as rumors have suggested. It will be demolished in pieces, and explosives will not be used.

B.) BOARD MEMBER, DR. JOHN CRAWSHAW:

Mr. Pandy reported Dr. Crawshaw would be moving on to a position at Penn State University, Hershey, Pennsylvania. He recognized Dr. Crashaw's work in the community noting that he will be missed. Mr. Akers honored Dr. Crawshaw for his time on the Board with a commemorative plaque. Dr. Crawshaw gave his appreciation for his experiences on the Board and expressed his appreciation to the Board, Mr. Pandy and staff for their professionalism.

C.) IMPA:

Mr. Pandy updated the Board that IMPA had calculated the math for all three-rate alternatives that we suggested; all three would save money. IMPA plans to finish their rate making process within a few months. They will present the three alternatives, but will not recommend them; IMPA will keep their traditional methodology. Mr. Pandy noted that with the new rate design, there are more member city winners versus losers. However, we are still up against the fact that IMPA will not receive as much revenue from the member cities.

Mr. Pandy reports that IMPA had reviewed Peru's Joint Transmission credit and had found errors in their computations for projects 2012-2015. IMPA has revised their calculations to show a \$40,000 credit due to Peru. We received a wire transfer of \$40,000 from IMPA on 4/28/17.

Mr. Pandy stated his appreciation for the Council Member support, at the May 1 Peru Common Council meeting. Council members had agreed upon the first reading to repeal the Economic Development Rider Ordinance and to amend Ordinance 9-2011, to empower Peru Utilities Staff to develop rates and charges for water and electric utilities.

Mr. Pandy briefed the Board that he was surprised to find verbiage written in IMPA's new Economic Development Rider that states, "*Before a Member may request this rider the Member must adopt a Local Economic Development rider mirroring the incentives of this Rider, which incentives would be for the benefit of the Qualifying Customer*". Mr. Pandy explained that it was not the Rider that he had approved nor was discussed. He said we could implement the Rider and include language about load factor of the qualifying customer. He asked the Board's advice as to point out that the mandatory pass through of IMPA discount was not considered, or find a way

to avoid it. It will be considered in the cost of service work; the Board agreed that Mr. Pandy should investigate both options.

Mr. Pandy plans to attend IMPA “Boot Camp” for new Commissioners May 11.

D.) POLICY ON PROBATIONARY PERIODS:

As requested by Ms. Costin included in the Board Packet Information is the revised Probationary Periods Policy amended and approved at last month’s meeting.

E.) POWER PLANT DEMOLITION:

We have currently paid National Salvage a total of \$669,934.00; one-fourth of the work is now complete.

F.) CROSSROADS LEASE OFFER:

Mr. Pandy felt that the Crossroads Bank of Peru lease offer is very good in terms of the interest rates and ability to have money for the Automated Metering Infrastructure under a lease arrangement. Other vendors of Automated Metering Infrastructure also have offered their alternatives; a recommendation should be ready soon.

G.) SMART GRID SUMMIT:

Mr. Pandy said the Municipal Smart Grid Summit, organized by the Smart Grid Summits will take place from 25th June to 27th June 2017 at the Saddlebrook Golf Resort in Tampa, Florida, agenda was in Board packet.

H.) UNITED WAY OF MAIMI COUNTY:

Mr. Pandy reported that recently Miami County’s United Way won the highest award in the State of Indiana, the “Community Impact Bright Star”.

I.) JOBS FOR AMERICAN GRADUATES (JAG):

Mr. Pandy made two JAG class presentations last Friday at Peru High School to the juniors and seniors in regards to summer intern work. We hope to have 4-6 summer intern students, which is funded by the federal government by Jobs for American Graduates (JAG). At least two will work in the Division of Water Management and two will work in the office. Mr. Pandy found out today that because it is federally funded the program ends on June 30. He informed the JAG representative that we did not want to train and supervise and engage students for only four weeks of work, we need summer interns for June through August. The JAG representative plans to speak with her supervisor to convince them to carry over funds into the next fiscal year. If we have to pay to employ four interns over the summer, the costs will have been \$25,000 of our funds.

J.) MARCH 2017 FINANCIALS:

Mr. Pandy reported all the divisions financially are in the black; although electric and Grissom Water and Wastewater were in the red for the month of March.

Mrs. Starkey reported the original thought was to obtain a bank loan or to borrow the money from the Electric Division to provide a loan to Grissom Water. She said we should borrow the money from Grissom Wastewater for a loan to Grissom Water because they are both at Grissom ARB. She noted that we might not even have to charge interest on the loan; she is researching as to how long the money can be borrowed.

K.) TEMPORARY ROAD CLOSURE:

Mr. Pandy shared a letter from National Salvage to the Board of Works requesting temporary closure of the east and northbound lanes of Canal and Wayne Street while demolition work is ongoing; Board of Works has approved the request.

L.) GROUND ADJACENT TO SOLAR FARM:

Mr. Pandy shared with the Board information from a local realtor in regards to 18 acres of ground offered for sale, adjacent to the Solar Farm. He referenced a map noting the location of the ground in question. Mr. Pandy felt the Utilities did not have a need for the 18 acres, but he did want to bring it to the Board's attention. Unless directed otherwise Mr. Pandy will let the realtor know that Peru Utilities is not interested in purchasing the 18 acres. There was a discussion and the Board was in agreement with Mr. Pandy.

10.) ADJOURNMENT:

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

Geoff Ward, Secretary Peru Utilities Service Board