

**PERU UTILITIES  
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF  
SEPTEMBER 20, 2017**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, September 20, 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. Edwards and M. Burnell. Others present L. Starkey, B. Tillett, D. Woessner, S. Hines, R. Kline, and N. Parkman.

**1.) APPROVAL OF BOARD MINUTES OF SEPTEMBER 6, 2017:**

*Mr. Ward moved that the minutes of September 6, 2017, be approved. Mr. Burnell seconded the motion and the motion passed.*

**2.) PAYMENT OF CLAIMS:**

*Mrs. Edwards moved to approve the claims as presented. Ms. Costin seconded the motion. The motion passed.*

**3.) NEXT REGULAR MEETING:**

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

*A motion was made by Mr. Ward to amend the Agenda and add Item C-II, to consider approving large power transformer bid for Substation #2. Ms. Costin seconded the motion. The motion passed.*

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

**5.) OLD BUSINESS:** None

**6.) NEW BUSINESS:**

**A.) CONSIDER RESCINDING BOARD POLICY 1-2017, ESTABLISHING BID OPENING PROCEDURES:**

Mr. Chance explained his reasoning for rescinding Policy 1-2017 and returning to the prior method, which is in agreement with I.C. 36-1-12. He felt it a more efficient use of time for both staff and Board members. We will inform Board members of any future bid opening and they are welcome to attend. Mr. Chance explained the process of soliciting and opening bids. Requests are solicited for bids and a legal ad is published in the newspaper according to Indiana Code. Bids are submitted in accordance with all requirements of Peru Utilities. Standard practice is to have a due date for submittal and an opening date set by Peru Utilities, contractors are invited to attend the meeting if they wish.

*Mr. Ward made a motion to rescind Policy 1-2017, Establishing Bid Opening Procedures. Ms. Costin seconded the motion and the motion passed.*

Ms. Costin asked that after the 4:00 p.m. October 4<sup>th</sup> bid opening that the bids be made available to the Board for inspection. Mr. Chance concurred.

**B.) CONSIDER BID RECOMMENDATION FOR UNDERGROUND ELECTRIC LOCATING SERVICES:**

The Request for Proposals for Underground Electric Locating Services as prepared by Mr. Walsh were reviewed. RFP's were sent to three contractors for electrical locating services: USIC, Northern Lights Locating and Utiliquest Locating. Quotes were received from USIC for \$13.00/paintable locate and Northern Lights Locating for \$18.00/paintable locate. Mr. Chance recommended entering into the contract with USIC for five (5) years for locating services.

*Mr. Ward made a motion to accept the bid from USIC for the amount of \$13.00/paintable locate for the next five years for underground services. Mrs. Edwards seconded the motion and the motion passed.*

**C.) CONSIDER BID RECOMMENDATION FOR HUNTINGTON STREET SEWER LINING PROJECT PHASE I & II:**

The Request for Proposals for Huntington Street Sewer Lining Project as prepared by Mr. Parkman were reviewed. Four bids were received from the following vendors:

<b>Contractor</b>	<b>Submitted Bid Price</b>
<b>Insituform</b>	Phase I - \$68,821.50 Phase II - \$83,351.50
<b>Layne Inliner, LLC</b>	Phase I - \$66,421.00 Phase II - \$80,073.50
<b>MG Underground</b>	Phase I & II - \$228,393.00
<b>SAK Construction</b>	Phase I - \$74,527.50 Phase II - \$99,303.75

Mr. Parkman summarized the Cured in Place (CIPP) sewer lining method which is used to repair existing pipelines. CIPP is used to rehabilitate old pipes, it has been around for a long time, and is a cost-effective way to rehabilitate old sewers. The low bidder is Layne Inliner, LLC, Phase I - \$66,421.00, Phase II - \$80,073.50 for the total amount of \$146,494.00. Phase I will be completed this year, and Phase II in 2018.

*Mrs. Edwards made the motion to accept Layne Inliner, LLC bid for the total amount of \$146,494.00 for both Phases I and II. Mr. Ward seconded the motion and the motion passed.*

Mr. Parkman has been with Peru Utilities 14 years and began work at the Power Plant. In 2004 he became a Journeyman Operator. He has worked in Customer Service and

transferred to the Water Department. When the Stormwater Coordinator position became vacant he applied for it and was awarded the position.

**C-II.) CONSIDER BID RECOMMENDATION FOR SUBSTATION #2 – LARGE POWER TRANSFORMER:**

The Request for Proposals for Substation #2 – Large Power Transformer as prepared by Mr. Woessner were reviewed. Four bids were received from the following vendors:

<b>Contractor</b>	<b>Submitted Bid Price</b>
<b>ABB</b>	\$634,500.00
<b>Delta Star - Virginia</b>	\$560,071.00
<b>Delta Star - Quebec</b>	\$548,086.00
<b>Niagara Transformer</b>	\$507,357.00

The low bidder is Niagara Transformer for the total amount of \$507,357.00. We have worked with them before and they are satisfactory.

*Ms. Costin moved to accept the bid from Niagara Transformer for the total amount of \$507,357.00. Mr. Burnell seconded the motion. The motion passed.*

**D.) APPROVAL OF AMENDMENT TO THE 4<sup>TH</sup> QUARTER 2017 ELECTRIC RATES TRACKER ADJUSTMENT:**

The 4<sup>th</sup> Quarter Tracker was to be approved by the Peru Common Council at their September meeting. Mr. Chance felt it best to recalculate the 4<sup>th</sup> Quarter Tracker to make it fair and equitable for both the ratepayer and the utility. We removed the 3¢ from the base rate and calculated the tracker same as in the past; the previous calculation method made it appear to be a rate increase. Mrs. Edwards inquired about the time frame of the tracker. Mr. Chance stated the recalculation does not affect the time frame. Mr. Akers inquired how IMPA will be compatible with AMI. Mr. Chance stated that AMI should not have problems with the way we deal with IMPA. He said that the customer data from AMI will correctly charge a customer based on their exposure and their purchases. We will address customer classes when data from AMI is available.

*Mr. Burnell made a motion to approve the 4<sup>th</sup> quarter Tracker 2017, as recalculated and forward to the Peru Common Council for approval. Mrs. Edwards seconded the motion. The motion passed.*

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

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

Attorney Dustin Kern reported at a previous meeting he had inquired as to the Board's preference as to how to invoice for his legal work for the SBA Cell Tower Leases. The Board voted unanimously to an hourly rate of \$150/hour for legal services instead of a flat fee of \$5,000 for work for both towers. His recent invoice for \$1,500 reflected 10 hours of work. He continues to work with SBA and the PMFC (Peru Utilities Municipal Facilities Corporation) in regards to the new agreement. Peru Utilities, SBA Communications, and the PFMC are all subject to the lease and easement agreements. Revenues will remain with Peru Utilities.

During the April 19, 2017, Board meeting the Board passed a .7% fee structure for Attorney Dustin Kern's legal fees based on a \$7 million bond issuance cost. Since the bond issuance has the potential to increase, the Board agreed his fee will remain at .7% for legal work for the SRF bond issuance, but will be adjusted to reflect any increased cost.

*Ms. Costin made a motion to accept Attorney Dustin Kern's fee of .7% for the overall financed amount for the SRF Bond Issuance rather than the prior amount as stated on April 19, 2017. Mrs. Edwards seconded the motion and the motion passed.*

Lisa Lee, bond counsel for Ice Miller will perform the tax opinion for the AMI Lease. Because the lease for AMI impacts Peru Wastewater and Grissom Wastewater SRF Loans, SRF has to ensure that we have the capability that we can repay the loan. Umbaugh and Associates will assist us with the financials and the SRF will review the information and make a decision. Mr. Chance said that he wants to go forward carefully with the SRF Loan process and AMI to make sure the process is accomplished in the right way. Ms. Costin inquired if this would change the timeline for the Water System Improvements. Mr. Chance reported bids will be opened on October 4, 2017, at 4:00 p.m. same time as the Board meeting. The pre-bid meeting is scheduled Monday, September 25, the SRF Closing has been moved to November 8. Mr. Burnell inquired if the agreement with SRF will affect the funding for the AMI. Mr. Chance said it would be the other way around, if we have to choose between the two, SRF will be first and AMI later.

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

Mr. Chance said in the past last year and this year's revenues were compared. He referenced a graph for the 2016 and 2017 Demand noting a small difference and explained that we are a month behind on our revenue through the billing process. Our gross revenue is lower than last year. He summarized the energy charges noting that this year we have a negative Tracker through IMPA because they charged us more than the previous year. There is an \$800,000.00 difference between the first 8 months of this year. Our IMPA bills are lower because we have purchased less power, part of it is due to the Conservation Voltage Reduction (CVR). Mr. Chance said that CVR and weather

factors help but can also hurt us. There is a point where CVR lowers our revenue where we can't-do what is needed.

He summarized the projected Electric Cash Balances. Beginning year Cash Balances were \$11.4 million. The Capital Budget and the Targeted Operating Fund Balance for the year is \$11.3 million. The highest capital for the current 3-year plan for our Depreciation Fund this year is at \$5.3 M, which is the entirety of our Depreciation Fund. Our targeted balances total \$16.4 million over the next 12 months for the whole utility; we are at \$6.6 million, which includes the restricted funds. This year we project to end the year with \$16.6 million in total funds.

This year we have budgeted \$5.2 million in the Electric Capital Improvements Fund. Year-to-date we have spent \$7 million in Electric. There is \$2 million yet to be paid for the power plant demolition and \$500,000 for a new transformer (\$250,000 will be paid this year and the balance in 2018). At year end we will have \$3.7 million, we budgeted \$5.2 million, we will end the year with \$3 million after we collect our funds through the Depreciation Rate. We are in good shape with everything else. We plan to spend \$1 million in water for engineering fees, which will be recouped through the SRF Loan. We will work on funding for Grissom water during 2018 and address it in January 2019. Next year we will put together a long-term plan how to fund Grissom Water. Money for AMI will be recouped through the AMI process. It is felt that we should not embark on any major expenditures because we have committed a lot of funds to the Power Plant Demolition, Wessler Projects, and AMI. Ms. Costin inquired if there is a contingency fund in case of a disaster. Mr. Chance stated we have \$6 million in the Electric Operations Fund, plus insurance if needed. There is \$150,000 for anything unforeseeable for water.

**10.) ADJOURNMENT:**

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

---

Geoff Ward, Secretary Peru Utilities Service Board