

**PERU UTILITIES
MINUTES OF THE PERU UTILITIES SERVICE BOARD MEETING OF
NOVEMBER 15, 2017**

The Peru Utilities Service Board held a meeting at the Peru office at 335 East Canal Street, Peru, Indiana, on Wednesday, November 15, 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 Attorney D. Kern, J. Chance, L. Starkey, B. Tillett, N. Parkman, A. Sitka-Wessler Engineering, J. Beisiegel, R. Kline, B. Zartman and C. Eggers-Peru Tribune.

1.) APPROVAL OF BOARD MINUTES OF NOVEMBER 1, 2017:

Mr. Ward moved that the minutes of November 1, 2017, be approved. Ms. Costin seconded the motion. The motion passed.

2.) PAYMENT OF CLAIMS:

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

3.) NEXT REGULAR MEETING:

The next regular meeting will be held Wednesday, December 6, 2017, at 4:00 p.m. in the Utility Service Boardroom.

Mr. Akers stated that former Peru Utility Service Board member George Denny had recently passed away. On behalf of the Board, Mr. Akers extended condolences to his family.

4.) PUBLIC COMMENT: None

5.) OLD BUSINESS:

SUBSTATION VANDALISM:

Mr. Burnell inquired if the substation vandalism claim has been settled. Mr. Chance reported that the matter is still pending; Mr. Chance, Attorney Dustin Kern and Mike Saine-Saine Summers Insurance had met to review the insurance contract language. Attorney Kern is getting ready to submit a rebuttal letter to the insurance company to defend our argument that it cost Peru Utilities extra expenses.

6.) AMEND THE AGENDA:

Mr. Chance asked Board approval to amend the agenda and add Item "G", Approve Placement Agent Fee, which is for approval of payment to Stifel for the AMI leasing placement to Signature Bank.

Mr. Ward made the motion to amend the agenda and add Item "G", Approve Placement Agent Fee. The motion was seconded by Mr. Burnell. The motion carried.

7.) NEW BUSINESS:

A.) APPROVE 1st QUARTER ELECTRIC RATES – TRACKER ADJUSTMENT:

The 1st Quarter 2018 filing will be on the City Council’s December agenda for their approval. For the first quarter 2018, the tracker decreases an average of -0.000054 per kWh. The average customer bill using 750 kWh of electricity will decrease by about four cents.

A motion was made by Mrs. Edwards to approve the 1st Quarter 2018 Electric Rates Tracker Adjustment. Ms. Costin seconded the motion. The motion carried.

B.) CONSIDER BID RECOMMENDATION FOR LIFT STATION 802 UPGRADES:

Mr. Chance stated recently, we solicited quotes for the purchase and installation of two new pumps and equipment to upgrade Lift Station 802 at the Grissom wastewater department. Mr. Beisiegel recommends Quality Repair Service for the amount of \$52,113.80.

Bid amounts submitted by the three vendors:

Quality Repair Service	\$52,113.80
BBC Pump & Equipment	\$67,663.11
Dilling Environmental Equipment	\$80,732.40

The 2017 capital budget for Grissom Wastewater has a line item for Lift Station 802 upgrades of \$45,000 for 2017 and \$20,000 for 2018. The equipment will be purchased this year for the amount of \$40,648.80 and will be installed in 2018 for the amount of \$11,465.00. It was noted that any additional money left from the 2017 budget for the Grissom wastewater upgrades will be included in the 2018 budget for future Grissom lift station upgrades.

Ms. Costin made a motion to approve the recommendation for the purchase of equipment for the amount of \$40,648.80 in 2017 and for the installation for the amount of \$11,465.00 in 2018. Mr. Burnell seconded the motion and the motion carried.

C.) CONSIDER BID RECOMMENDATION FOR GRISSOM OPERATIONS 2017 SEWER LINING PROJECT:

Mr. Chance stated that the clay sewage pipes at Grissom are old, which results in a lot intrusion of groundwater into the sewage plant. There is \$125,000 budgeted for this work in 2017.

Bid amounts submitted by the three vendors:

Insituform Technologies	\$63,222.00
Layne Inliner, LLC	\$74,520.00
Leak Eliminators	\$80,832.00

Mr. Parkman has recommended hiring Insituform Technologies for the amount of \$63,222.00 for the Grissom sewer lining project.

Mrs. Edwards made the motion to contract with Insituform Technologies for construction services for the Grissom sewer lining project for the amount of \$63,222.00. Mr. Burnell seconded the motion. The motion carried.

D.) WESSLER ENGINEERING PRESENTATION/BID RECOMMENDATION FOR WATER PROJECTS “A” and “B”:

Mr. Chance introduced Adam Sitka from Wessler Engineering to explain the process and to answer any of their questions about the project or bids. Mr. Akers inquired if Wessler had ever worked with the two companies being recommended for the bids. Mr. Sitka said that he never personally worked with Deichman Excavating, but others in his office had commented that they are a reputable construction company. Mr. Sitka has worked with Kokosing Industrial and has never had any issues and felt that they too are a reputable firm. Kokosing Industrial is based out of Westerville, Ohio. Mr. Burnell asked why there is such a big discrepancy in dollar amounts between the contractor’s bids. Mr. Sitka explained that it is quite common especially for bigger projects to see spans in contractor quotes.

E.) APPROVE NOTICE OF AWARD FOR WATER PROJECT CONTRACTS “A” and “B” SUBJECT TO SRF APPROVAL:

Mr. Chance asked the Board to approve the Notice of Award with water project contracts “A” and “B”, subject to the State Revolving Fund financing. He said that when we receive the financing from the SRF, the Notice to Proceed will be announced. Wessler and Peru Utilities would like to award contract “A” to Kokosing Industrial for the amount of \$2,732,670.00 and to award contract “B” to Deichman Excavating Co., Inc. for the amount of \$4,376,980.00. Mr. Chance said that both contract amounts fit within our funding structure.

Mr. Burnell a motion to award contract “A” to Kokosing Industrial, for the amount of \$2,732,670.00 and award contract “B” to Deichman Excavating Co., Inc., for the amount of \$4,376,980.00. Mrs. Edwards seconded the motion. The motion passed.

F.) APPROVE CONSTRUCTION OVERSIGHT AGREEMENT WITH WESSLER ENGINEERING:

Mr. Chance explained that the engineering fee estimate was received today, which outlines the scope of services and Wessler’s estimated 2018 hourly rates. All expenses total will not exceed \$175,050.00. These are engineering and project

overseeing services that Peru Utilities cannot provide. This scope of services is necessary to complete the construction services for both the contractor and the engineers. Wessler will keep checking with the contractors to ensure that the new construction works properly. They will oversee the contractor’s activity as the construction proceeds. Contract “A” – is structural changes to the water filtration plant, including the installation of the new SCADA System. Peru Utilities will perform the oversight services for Contract “B”, which includes mains and services. Mr. Sitka explained the inspection of the water plant doesn’t have to be on a full-time basis like the water mains. Peru Utilities staff will observe the water main construction at all times because the installation is buried. Wessler will coordinate all the paperwork for pre-conference and monthly progress meetings and will manage the meetings with Jamin and Randy. They will handle the SRF paperwork for both contracts “A” and “B” and coordinate with Amy Miller Cornerstone Grants Mgmt. and the Office of Community Rural Affairs (OCRA) to ensure that all contractors are paid accordingly. Peru Utilities will inspect the water mains. Contract “A” is a lump sum contract, contract “B” is the unit price. Mr. Chance said it is felt the Construction Oversight Agreement is money well spent. Mr. Burnell asked who is responsible for the paperwork and administration and if after final completion if the contractor will be held responsible for corrections. Mr. Chance explained that the administration is a collaboration between Peru Utilities, Amy Miller, and Wessler Engineering. The liability with the SRF and the bond is with Lisa Lee, Ice Miller. Mr. Sitka said that the warranty process will extend out to one year and any corrections necessary will be made within the warranty period. Mrs. Edwards asked if there was a procedure in place for payment to the contractors; it was noted that there are multiple levels of approval within the structure of the payment process. The Board will approve invoices as they are submitted.

Mr. Ward made a motion to approve the Construction Oversight Agreement not to exceed \$175,050.00. The motion was seconded by Mr. Burnell and the motion carried.

G.) APPROVE PLACEMENT AGENT FEE:

Mr. Chance said that the Board had approved an engagement letter at the July 26, 2017, board meeting with Stifel to provide financing for the Advanced Metering Infrastructure (AMI) and to pay them for their services. The amount was not specified at that time in the engagement letter. We just received the invoice from them yesterday for the payment of their services when we close on the lease agreement. The invoice amount is for \$113,724.85 and will not be processed for payment until their services are rendered. After consideration the Board decided to pay the invoice, however, they would appreciate having an itemized breakdown of the total expenses. Mr. Chance said that he will provide the Board with an itemized breakdown of the fees.

Mr. Ward made the motion to approve the invoice for the amount of \$113,724.85 as presented and that the Board will receive an itemized breakdown of the total expenses. Mrs. Edwards seconded the motion and the motion passed.

8.) CITY ATTORNEY’S UPDATE:

Attorney Dustin Kern reported that the SBA water tower lease has been completed and Peru Utilities will receive a check for the amount of \$333,436.02. He stated the SRF pre-closing is this week along with the AMI closing.

9.) MANAGER’S REPORT:

PERU UTILITY SERVICE BOARD RE-APPOINTMENT:

Mr. Chance announced that Mr. Akers was reappointed by the city council for another 4-year term on the Peru Utility Service Board.

PRE-CLOSING SRF LOAN:

Mr. Chance reported that today he had a lengthy phone conversation with Ice Miller, Umbaugh and the Indiana Financing Authority in order to complete the procedure for the pre-closing for the SRF Loan, it is planned to close the loan November 29, with zero percent interest confirmed. We are in the process of closing the AMI loan this Friday. Mr. Chance said we are the first customer to take advantage of the SRF rate reduction because of lead and galvanized replacement. He felt that Peru Utilities has a positive relationship with the SRF.

ELECTRONIC DEVICES FOR BOARD BUSINESS:

Mr. Chance asked for the Board members to think about utilizing electronic devices such as tablets for Board business, switching from paper to tablets. This process will make it easy for the Peru Utilities to conduct business and share information with Board members. Peru Utilities will provide and maintain the devices.

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