

LEBANON UTILITY SERVICE BOARD
Lebanon, Indiana

October 08, 2008

Utility Conference Center

4:00 P.M.

Present:	Board:	Staff:
	Allen Milburn, Chairman	Steve Large
	Gary Ladd, Vice Chairman	Michael Martin
	Tom Temple, Secretary	Randy Parsons
	Dan Lamar, Member	Linda Ridgway
	Jim Urban, Member	Kerry Vincent
		Bob Waples
		Mike Adams
		Steve Wilhoite

Guests: Attorney Ray Kirtley

1. Chairman Milburn called the regular meeting of the Lebanon Utility Service Board to order at 4:00 P.M. with full complement of board members present. Confirmation of appropriate notification was acknowledged.
2. Chairman Milburn requested comments on the September 17th, 2008 minutes. Hearing no comments Member Lamar made a motion to approve. Secretary Temple seconded the motion. Motion carried.
3. General Manager Mike Martin requested Kerry Vincent report to the Board his recommendation for implementing the AMI project. Based on his analysis report presented at the last board meeting and his memo contained in the board packet to each member this past week, Mr. Vincent recommended Lebanon Utilities utilize their personnel to self perform the build-out work. Mr. Vincent's main reason for his recommendation is the \$1,500,000 to \$2,000,000 saved compared to the Performance Contracting alternative. Mr. Vincent further recommended that upon completion of the AMI Project and with a possible projected Year 2014 retirement of an existing Meter Department employee, the number of metering department employees be capped at three when that retirement happens and the job description for future positions would be "Meter Technician" as is currently on file with the company HR Department. General Manager Martin explained to the Board that the budget for 2009 allows six years for completion of the project and should require no additional financing although that will be confirmed through cash flow analysis once the budget is completed.. With the state of the current economy, he said we will have the liberty to proceed at a pace suitable to our circumstances rather than be locked into a set time frame as with the Performance Contracting alternative. Engineering Manager Mike Adams stated we also have the cooperation of Hunt and Badger to work with us to obtain different avenues of savings, for example transmitters and In-Home Displays.

Vice Chairman Gary Ladd complimented Mr. Vincent on his research and presentation and made a motion to move forward using Hunt technology and Utility personnel to build out the AMI Project. Motion seconded by Member Jim Urban. Motion carried.

4. General Manager Martin asked Water/Waste Water Manager Bob Waples to report on the bids received for the Sewer Lining Project. Mr. Waples presented the two bids received, one from Insituform at \$293,505 and the other from Reynolds at \$357,690. The budgeted amount for the Sewer Lining Project is \$250,000. Mr. Waples recommended accepting Insituforms bid of \$293, 505 and requested permission of the Board to use a portion of the manhole rehab budget to complete the funding of this project. Vice Chairman Ladd asked for explanation of the lateral cuts. Member Jim Urban made a motion to accept the bid from Insituform and permit the transfer of funds from the manhole rehab budget. Secretary Temple seconded the motion. Motion carried.

5. The Water Treatment Department quotes to apply siding and replace doors were tabled to the next meeting to allow board members the opportunity to review these quotes.

6. General Manager Martin presented to the Board a Rate Study for 2009 by Indiana Municipal Power Agency. Manager Martin reviewed this study with members and all those present. IMPA predicts a 13.6% increase in power costs the first of the year. Some factors contributing to this increase are fuel costs, environmental regulations, and construction costs. To help mitigate these costs IMPA is diversifying its sources of power, forward purchasing to stabilize costs, further acquiring ownership of assets, and adding low/no carbon generating assets to the resource mix. Chairman Milburn asked whether the commission has changed its stance on approving rates. He feels they are behind the curve using test year methodology, which can be bad practice under normal economic conditions. Manager Martin assured the board that if IMPA's rate increase is approved by their Board of Commissioners he will go to the city to have them give the public advance notice of this substantial increase.

7. Manager Martin presented a request from the city for salary increases for the Mayor at 5.6%, Clerk-Treasurer at 5.5% and Deputy-Clerk Treasurer at 6.5%. Manager Martin recommended approval from the Board as these seemed to be reasonable market increases. Chairman Milburn felt these increases historically in line. Vice Chairman Ladd questioned whether the amounts requested represent only the utility portion of their wage and was assured it was. Dan Lamar made a motion to accept the City's request for Lebanon Utility' portion of wages for the Mayor be \$22,750.00, Clerk Treasurer \$12,350.00 and Deputy Clerk-Treasurer \$21,325.00. Motion seconded by Secretary Temple. Motion carried.

8. IT and Telecommunications Manager Randy Parsons presented a Broadband update. Mailings went out September 25th and 26th to rural county residents. The IT office received at least 15 calls the first day following the mailings and at least 25 or more the second day. Installation slots are filled thru next Tuesday, October 15th. Member Lamar suggested a sign be placed on the property when installation is completed.

The department has installed the first 802.11 device on a pole in Northfield Subdivision as a test site. The cost to provide most if not all of Northfield with service using 8 devices would be just under \$1,000.00. The department has signed contracts with Home National Bank and American Ultra Violet. Member Urban suggested the department devise a method of keeping track of expiring contracts.

9. Member Jim Urban questioned a maintenance agreement for engineering being signed by the IT department. After explanation from Mr. Parsons that this agreement was for computer software Member Urban made a motion to pay the claims dated September 30, 2008 in the amount of 342,960.05 and October 08, 2008 in the amount of \$228,252.16. Vice Chairman Ladd seconded the motion. Motion carried.

10. Attorney Ray Kirtley presented a Memorandum of Executive Session form he recommends as a sign off to record those members present and that this form be used for each executive session held. Vice Chairman Ladd made the motion to implement the procedure to record members present at each Executive Session with the recommended Memorandum presented by Attorney Kirtley. Member Dan Lamar seconded. Motion carried.

11. All Board Members were invited to attend the APPA Energy Efficiency Summit to be held November 12-14, 2008 in Indianapolis. Chairman Milburn asked the board to send Manager Martin to the Summit. Secretary Temple made a motion to send Manager Martin. Seconded by Member Lamar. Motion carried.

12. Hearing no further business before the Board a motion was made to adjourn the meeting by Member Urban. Secretary Temple seconded the motion and the motion carried. Meeting was adjourned at 6:00 PM.

APPROVED THIS _____ DAY OF _____, 2008

CHAIRMAN OF THE BOARD

ATTEST:

CLERK OF THE BOARD