

LEBANON UTILITY SERVICE BOARD
Lebanon, Indiana

November 19, 2008

Utility Conference Center

4:00 P.M.

Present:

Board:

Allen Milburn, Chairman
Gary Ladd, Vice Chairman
Tom Temple, Secretary
Dan Lamar, Member
Jim Urban, Member

Staff:

Michael Martin
Sandra Morgan
Randy Parsons
Linda Ridgway

Guests:

Ray Kirtley, Attorney

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 November 5th, 2008 minutes. Hearing no comments Vice Chairman Ladd made a motion to approve. Member Lamar seconded the motion. Motion carried.

3. General Manager Martin complimented his staff on their work preparing the 2009 Operating and Capital Budget and introduced Finance Manager Sandra Morgan to report on the Budget. Finance Manager Morgan presented a power point presentation with an overview of the budget in comparison with the 2008 budget. The Electric Department budget in 2009 involves an increase of nearly 20% over last year's budget mainly due to purchased power costs. No discretionary dollars are involved in the increase in purchase power costs. General Manager Martin stated IMPA will give a presentation to the City Council meeting on December 8th to help inform the community of the rate increases involved with purchased power. The water department has a projected loss for 2009. The budget reflects a need to increase water rates by 4%, and wastewater by 3% each year over a period of 4 years starting in 2010. With the recommended rate increases the electric and water utilities appear healthy through 2014. The budget reflects the Telecommunication Division's cash flow steadily decreasing thru 2014. General Manager Martin stated other options are being pursued for this Division. Member Urban made a motion to approve the 2009 Operating and Capital Budget as presented. Member Lamar seconded the motion. Motion carried.

4. General Manager Martin asked Finance Manager Sandra Morgan to report on the personnel committee meeting held prior to the Board meeting regarding Employee Health Benefits. Finance Manager Morgan reported on the new quote from our current carrier, United Health Care, which reflects no major changes in coverage but is a 56% increase in

annual premiums. Due to the company's risk factors no other carrier was willing to give us a quote. Upon much discussion, clarification and looking at the coverage requirements for next year the Board accepted the United Health Care's quote with the 56% increase, with 90% paid by the company and 10% by the employee. Finance Manager Morgan also presented Dental, STD, LTD, Life and Vision. Member Lamar made the motion to accept the benefits package as presented. Secretary Temple seconded the motion. Motion carried.

5. IT and Telecommunications Manager Randy Parsons provided a Broadband update. General Manager Martin updated the Board on the broadband subcommittee meetings with a private vendor. He discussed briefly some financial analysis that the subcommittee has received from that vendor. Mr. Martin reviewed the objectives of these talks is to determine whether private capital and intellectual capability could be joined with the Lebanon Utilities to extend advanced telecommunications technology to the community via fiber to the home. General Manager Martin suggested a trip by a few members of the Utility Board, City Council and the Mayor to several cities that are currently experiencing fiber optic service with the combination of voice, video and data brought about by their joint efforts with the private vendor.

6. Vice Chairman Ladd made a motion to pay the claims dated November 19, 2008 in the amount of \$1,571,228.34. Secretary Temple seconded the motion. Motion carried.

7. Chairman Milburn asked those present if they had any further business to bring before the Board. Finance Manager Sandra Morgan asked the Board to approve an additional paragraph added to Policy No. 810 of the Employee Handbook. This additional verbiage allows a Manager to reassign job duties due to unforeseen circumstances without having to post as a new position. The Manager will be required to gain approval from The Utilities General Manager before reassignment of duties. Attorney Kirtley commented the amendment as presented is legally sound. Member Lamar made a motion to accept this addition to the Policy Handbook. Member Urban seconded. Motion carried.

Finance Manager Morgan reported to the Board the findings of the State Board of Accounts examination. Although the examination produces the same report as an audit, in order to save the Utilities time and money, an examination rather than an audit was conducted. The report from the State Board of Accounts was very clean with no irregular findings. The opinion will have a clause stating a going concern for the Telecommunications Division.

General Manager Martin presented a request from Mayor Lasley for the Board to consider a discount or deferred payment plan on availability fees to businesses in the I-65 Project. The general consensus of the Board was unfavorable to such a request but it would be considered for further discussion.

Vice Chairman Ladd brought up the issue of cell phone usage and IRS compliancy. Finance Manager Morgan stated that if company cell phones are used for personal calls a log needs to be kept of all calls and taxes need to be paid. The Human Resource/Finance

Department will proceed to provide a policy regarding proper cell phone usage and reporting.

8. Hearing no further business before the Board a motion was made to adjourn the meeting by Secretary Temple. Vice Chairman Ladd seconded the motion and the motion carried. Meeting was adjourned at 6:25 PM.

APPROVED THIS 3rd DAY OF Dec., 2008

Allen W. Wilburn
CHAIRMAN OF THE BOARD

ATTEST:

Linda Ridgway
CLERK OF THE BOARD

Board Minutes 11-24-08