

**LEBANON UTILITY SERVICE BOARD**  
**Lebanon, Indiana**

December 3, 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  
Kerry Vincent

Guests:

John Wood  
George Garcia

1. Chairman Milburn called the regular meeting of the Lebanon Utility Service Board to order at 4:00 P.M. with a full quorum of members present. Confirmation of appropriate notification was acknowledged.
2. Chairman Milburn requested comments on the November 19th, 2008 minutes. Hearing no comments Member Jim Urban made a motion to approve. Vice Chairman Gary Ladd seconded the motion. Motion carried.
5. General Manager Mike Martin requested Item #5 on the agenda be moved forward to accommodate guests Mr. John Wood of Strategic Planning Group, Inc and Mr. George Garcia of Principal Financial to present and explain changes to the Utility Pension Plan. Mr. Wood suggested only two small changes in investments and that the Board review the investment options semi annually in 2009 due to the rapidly fluctuating market. Mr. Wood was asked to return to our next Board meeting, January 7, 2009 to present his recommendation for investment changes. Finance Manager Sandra Morgan brought to the Board's attention the need for a second Trustee and Signatory for pension documents which will also be brought to the board on January 7, 2008 for approval.
3. General Manager Mike Martin introduced Engineering Manager Mike Adams and Kerry Vincent to present their recommendation for the substation walk-up cabinet. Kerry Vincent introduced the bids received November 20, 2008 from Electrical Power Products, Inc., Keystone Electrical Manufacturing and Harlo Corporation. After discussion regarding the feasibility of the cabinetry being constructed of stainless versus painted steel a motion was made by Vice Chairman Gary Ladd to award Electrical Power Products the bid for painted steel cabinetry at \$62, 434.00 with General Manager Martin signing the contract. Member Dan Lamar seconded. Motion carried.
4. General Manager Martin presented salary and wage recommendations for utility employees for 2009. Manager Martin provided information showing the cost of living increase as 4.44% for the previous 12 months and also shared with the board that like always each department was given .5% discretionary funds to allocate based on

performance. Manager Martin then shared with the board a salary range for each position. Member Urban made the motion to accept the wage increase as presented and to allow Manager Martin the ability to administer salaries within the ranges given during 2009. Secretary Temple seconded the motion. Motion carried.

6. Finance Manager Sandra Morgan addressed the Board asking for a motion by way of IC 36-1-4-16, ratification of actions of officers or employees, approving the creation of a Cash loan fund in the Electric, Water and Wastewater Utilities in March 2009 and approving the transfer of \$1,579,517.31 divided equally between the utilities to be loaned to the Telecommunications Division for a period not to exceed 5 years for the purpose of paying off the Telecommunications loan and to cover cash needs. Manager Morgan reminded the board that this is a book entry only. The initial transaction was in March 2009 and the remainder was to cover on-going cash needs. Mrs. Morgan stated that she has been in contact with the State Board of Accounts and they are in agreement with the proposed accounting action. She also stated that this amount represents the total loan as of September 2009. Manager Morgan stated that she will need to transfer funds at the end of each month when a need exists and that she would need to get the Board's approval after the transfer. Chairman Milburn, Members Lamar and Urban expressed agreement to the transfer of \$1,579,517.31 to be divided equally among the Electric, Water & Wastewater Utilities. They also expressed that they would like to approve additional transfers on the first board meeting after the transfer takes place. Member Urban made this a motion, which was seconded by Member Lamar. Motion carried.

7. IT and Telecommunications Manager Randy Parsons provided the Board with explanation of the ILines report. Member Urban asked how far west on State Road 32 the wireless reached. Manager Parsons stated the wireless would extend to Advance approximately 10 miles.

Chairman Milburn asked Manager Parsons what his prognosis for the wireless succeeding? Manager Parsons said that he was encouraged with this months report and without the overhead of the utilities that are placed on the division it would be profitable.

General Manager Martin updated the Board on the broadband subcommittee meetings with a private vendor. On December 16<sup>th</sup> meetings will be conducted with local bank representatives and the private vendor 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 and to inform them of the possibilities this venture will provide.

Chairman Milburn applauded the committee for their diligence and work.

8. Member Lamar made a motion to pay the claims dated November 30, 2008 in the amount of \$274,537.07 and December 3, 2008 in the amount of \$338,962.36. Secretary Temple seconded the motion. Motion carried.

9. Chairman Milburn asked for open discussion of other business. General Manager Martin and Engineering Manager Adams updated the Board on the reason to file a joint petition with the IURC and Boone County REMC for boundary changes. After discussion and based upon General Manager Martin and Manager Adams recommendation, Vice

Chairman Ladd made a motion to approve the acquisition of facilities and the customer severance payments to Boone County REMC, and the associated boundary changes in an amount of \$42,686.44 for the facility purchases and severance compensation at \$269,774.19. Motion seconded by Member Lamar. Motion carried.

Chairman Milburn suggested a joint letter from Lebanon Utilities and Boone County REMC be sent to the affected customers.

General Manager Martin asked the Board's approval for him and the Mayor to attend the 2009 APPA Legislative Rally held in Washington DC in February 2009. Member Urban made motion to send Mayor Lasley and General Manager Martin to the Rally. Secretary Temple seconded the motion. Motion carried.

General Manager Martin informed the Board of an IMPA presentation to be given to City Council on Monday, December 8<sup>th</sup> regarding the rate increase. Council and Board Members are invited to dinner by Gayle Mayo of IMPA prior to the Council meeting.

10. Chairman Milburn requested a five-minute recess before entering into Executive Session to discuss personnel matters. During the Executive Session only personnel matters were discussed and no action was taken.

11. Chairman Milburn reconvened the Board into regular session. General Manager Martin presented to the Board a contract for legal services with the firm of Giddings, Whitsitt, and Williams and recommended that it be approved so that Larry Giddings could assume the position of legal counsel for the Board replacing Ray Kirtley. Member Urban made a motion to approve the recommendation. Secretary Temple seconded the motion. Motion carried.

Hearing no further business before the Board a motion was made to adjourn the meeting by Member Urban. Vice Chairman Ladd seconded. Meeting was adjourned at 6:35 PM.

APPROVED THIS \_\_\_\_ DAY OF \_\_\_\_, 2009

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CHAIRMAN OF THE BOARD

ATTEST:

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CLERK OF THE BOARD