

LEBANON UTILITY SERVICE BOARD
Lebanon, Indiana

July 8, 2009

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
Bob Waples
Mike Adams
Linda Ridgway

Guests:

Dax Norton

Larry Giddings, Legal Counsel

1. Chairman Allen 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 June 3, 2009 minutes. Hearing no comments Vice President Gary Ladd made a motion to approve the minutes as written. Member Dan Lamar seconded the motion. Motion carried.
3. General Manager Mike Martin introduced Dax Norton, Executive Director of the Boone County Economic Development Corporation. Mr. Norton updated the Board on the progress throughout the past year. Mr. Norton stated 4 phases of the overall Strategic Plan intended to promote Lebanon as a business friendly city: 1) Business Retention and Expansion; 2) Business Attraction; 3) Economic Gardening; and 4) People Attraction. He commented that the typical EDC has a per capita of \$9.00 per citizen which for Boone County would be \$550,000. The Boone County EDC is working from a \$250,000 budget. Mr. Norton thanked the Board for their long time support and asked for their continued financial support. Vice Chairman Gary Ladd made a motion to contribute \$6,330.00 to the Boone County Economic Development Corporation. Member Dan Lamar seconded. Motion carried.
4. In the absence of vacationing Finance Manager Sandra Morgan, General Manager Martin addressed the Board requesting approval of the May 2009 transfer of funds in the amount of \$64,863.31 to be divided equally between the utilities for the purpose of covering cash shortages in the Telecommunications Utility. This amount includes a transfer in March 2009 of \$62.41, no transfer in April, and \$64, 800.90 in May to cover installation costs for the School Fiber Project which will be repaid from the ERATE program once those funds become available. Secretary Temple made a motion to approve the transfer of \$64,863.31. Vice Chairman Gary Ladd seconded. Motion was approved with the understanding Member Lamar and Member Urban would go on record as to assume funds will be returned to the separate accounts they were borrowed from once the ERATE money becomes available.
5. General Manager Martin discussed with the Board the staff's analysis of alternatives for the North Street Infrastructure Project given the bids that were received for the work. Four possible

options were discussed (see attached). When combined, the Lafayette Storm Project and the North Street Infrastructure Project exceeds the Master Plan Budget for 2009 and in any event results in a draw on cash for the water utility which is currently operating at a loss. General Manager Martin and Water/Wastewater Manager Bob Waples recommend Alternative C, which would be to postpone both projects until a water rate adjustment can be examined. Mr. Temple commented that the Storm Water management Board has already agreed to postpone the Lafayette Avenue Project until 2010 since its work would need to be coordinated with the water and sewer infrastructure for the Utilities. Member Urban asked whether it might be prudent to line the sewer infrastructure under the ARC building so as to manage the risk of failure in the interim. Mr. Waples indicated that he would determine what the cost might be. Discussions then centered around whether if this lining were done and the North Street Project proceeded next year would it be the best use of funds as the lines would be removed if the North Street Project were completed. It was agreed to discuss it further after the cost for lining is determined. Member Lamar made a motion to reject the bids received for the North Street Infrastructure Project. Vice Chairman Gary Ladd seconded. Motion carried.

6. Electrical Engineering Manager Mike Adams requested approval from the Board to purchase a new 69-kv SF6 gas circuit breaker for the West Substation. Siemens is willing to sell the breaker to Lebanon Utilities at the 2007 quoted price of \$37,333. The new circuit breaker would replace oil filled circuit breaker #6904 at the West Substation. Member Urban made a motion to purchase the SF6 gas circuit breaker from Siemens for the 2007 price of \$37,333.00. Member Lamar seconded. Motion carried.

7. General Manager Martin asked the Board for their approval to proceed with submitting a request to the City Council to adopt a Net Metering Ordinance for the City. Member Lamar made a motion for General Manager Martin to present to the City Council a request to adopt a Net Metering Ordinance for Lebanon. Secretary Temple seconded. Motion carried.

8. Manager Martin reviewed the IT and Telecommunication Department's Monthly Broadband Report in the absence of vacationing Manager Randy Parsons. The School Fiber Project is complete. Seven miles of new fiber connecting four schools, the Administration Building, and the Bus Garage has been installed. Configurations and installations of all equipment at each location to allow communication at gigabit speed have also been consummated. This project represents 96 equivalent customers and pays for the 7 mile addition to our backbone. Work continues in transferring equipment from the old Advance water tower to their new tower. Chairman Milburn asked whether the new location might yield more new customers. General Manager Martin said he would pursue the answer to that question.

General Manager Martin thanked Dan Lamar for his support at the recent City Council meeting in explaining the Board-Council Task Force work as it regards the fiber-to-the home project. Member Lamar said that City Council was encouraged and recognizes the value of having fiber to commercial businesses and residential homes in Lebanon.

9. Member Urban made a motion to pay the claims dated June 30, 2009 for \$1,813,357.08 and July 8, 2009 for \$358,219.04. Secretary Temple seconded. Motion carried.

10. Chairman Milburn asked for any other business that should be brought before the Board.

General Manager Martin reminded the board of their request at the last meeting to check into the public works laws pertaining to the Equalization Basin bids. General Manager Martin asked Attorney Giddings to present his suggestions based on his own research and Finance Manager Sandra Morgan's comments from Charlie Pride of the State Board of Accounts. Given the change in the law with new House Bill #1514, Attorney Giddings recommended that the Board

reject the bids in question and resubmit at a later date. Attorney Giddings explained the guidelines for bidding public works projects under the new and existing Indiana law (see attached).

The Board authorized Attorney Giddings to proceed with preparing a purchase agreement for the Livestock Property.

Chairman Milburn brought to the Board's attention a letter from Attorney Giddings regarding a notice intended for insertion in billings from our Customer Service Department regarding our intent to adhere to mandated federal and state laws to decline to give any account information to anyone other than the account holder who will be asked to provide appropriate identification. Member Lamar made a motion to approve this Privacy Act Policy. Member Urban seconded. Motion carried.

Attorney Giddings offered his opinion that Utility Board claims need not be presented to and signed by the City's Board of Works. Sharing the claims for informational purposes is likely a courtesy we may want to continue but Attorney Giddings stated that the Board of Works has no authority over the claims paid by the Utility Board. The question arose from a recent seminar attended by utility staff wherein State Board of Accounts indicated Utility Board claims do not require Board of Works approval. Also, even other utilities in attendance at the seminar indicated that they do not bring Utility Board claims to the Board of Works.

Chairman Milburn stated the APPA Conference was as usual very worthwhile. Chairman Milburn has a notebook from the conference that he offered to share with other members. Chairman Milburn felt the session on renewable resources was very informative but is concerned that the country is moving too fast and not giving enough attention to the transmission facilities required to transmit power from these renewable resources. General Manager Martin discussed the session he attended on financial planning and among other things sees the need for changes in rate design to accommodate energy efficiency. Next year's conference will be held in Orlando, Florida.

Member Lamar apologized for not being able to attend the APPA Conference last month and wanted to be sure all Lebanon Utilities expenses were covered.

The next Utility Board Meeting will be Wednesday, July 22, 2009 at 4:00pm.

11. Hearing no further business before the Board, a motion was made to adjourn the meeting by Member Urban. Secretary Temple seconded. Meeting was adjourned at 5:45pm.

APPROVED THIS ____ DAY OF _____, 2009

CHAIRMAN OF THE BOARD

ATTEST:

CLERK OF THE BOARD