

**LOGANSPORT MUNICIPAL UTILITIES
UTILITY SERVICE BOARD
AGENDA
7:00 PM – JUNE 28, 2016**

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. ROLL CALL
 - JAY KING
 - MIKE MEAGHER
 - MARTY MONAHAN
 - DAN SLUSSER
 - DON STRASSER
4. USB MISSION STATEMENT
5. APPROVAL OF MINUTES
6. APPROVAL OF CLAIMS - \$3,125,123.58
7. VISITOR COMMENTS
8. NEW BUSINESS/SPECIFIC ISSUES
 - a. LMU Wholesale Power Proposals
- Lewis & Kappes
9. SUPERINTENDENT'S REPORT
 - a. Financial Update
 - b. Update – LMU Generating Plant
10. OLD OR UNFINISHED BUSINESS
 - a. Resolution 2016-07 - Ethics Policy
11. BOARD MEMBER COMMENTS
12. BOARD MEMBER SIGNATURES
13. ADJOURNMENT

UTILITY SERVICE BOARD
MAY 24, 2016
MINUTES OF THE MEETING

Chairman Dan Slusser called the meeting to order at 7:05 p.m. with the Pledge of Allegiance. All members were present, as were Mayor Dave Kitchell, Deputy Mayor Mercedes Brugh, and Utility Attorney Jim Brugh. Others at the meeting included Mr. Mitchell Kirk of THE PHAROS TRIBUNE, several City Council members, LMU Managers and employees, and many visitors.

Chairman Slusser thanked the Mayor and City Council members for being in attendance and for their continued efforts. He also thanked the LMU employees for coming to the meeting.

Under **Approval of Minutes** Mr. Don Strasser moved to approve the minutes as presented, and Mr. Marty Monahan seconded his motion. The minutes were approved by a 5-0 vote.

A motion for **Approval of Claims** was made by Mr. Monahan. Claims presented totaled \$2,837,706.46 as noted by Chairman Slusser. The motion was seconded by Mr. Mike Meagher and passed unanimously.

There were no **Visitor Comments**.

Under **Superintendent's Report**, Mr. Paul Hartman provided a brief financial summary and referred to last month's *Revenue/Expense Graph* which showed a \$1.3 million loss in the Electric Department. He explained that this was due to the disbursement of approximately \$1.2 million in severance packages for the Generating Plant employees, and the current negative Electric Fuel Cost Adjustment. He added that revenues are expected to even out as the year progresses and although operating costs will be affected, capital outlay expenditures will not.

The Superintendent then updated the Board on the development of an Ethics Policy, stating that the rough draft will be reviewed by LMU management, with a resolution to formally adopt the policy presented at the July meeting.

As for the electronic storage of USB records, Mr. Hartman said that he is leaning toward *Google Drive* and briefly discussed the subject. He went on to say that he will keep the Board apprised on this issue.

At that time Mr. Meagher noted that financial data for the Water and Wastewater Departments appears positive and Mr. Hartman added that those departments typically show more revenue this time of the year; as salaries for elected and appointed officials, and insurance transfers are taken out during the first quarter of the year.

The first item under **Old or Unfinished Business** was an update on the Generating Plant. Superintendent Hartman apprised the Board that the facility evaluation by *Randall Miller & Associates* is approximately 90% complete. The next phase will be to determine if any rehabilitation or reuse opportunities are feasible. He will present more information as it becomes available.

The next topic was an update on the Wholesale Power Proposals, and Mr. Hartman stated that representatives from the law firm of *Lewis & Kappes* presented their report at the joint executive session held earlier in the evening. He added that he anticipated further joint meetings will be held between the USB, City Council and Mayor Kitchell.

The first item under **New Business/Specific Issues** was 2016 Electric Rate Comparisons. Mr. Hartman explained that, as predicted, LMU's electric rates have dropped by 30% due to the Generating Plant's closure and resulting fuel cost reduction. The third and fourth quarter may see a 1% increase; however, rates should then stabilize for the next couple of years as *Duke Energy Indiana* will simply pass their fuel costs from MISO onto us. During further discussion, members pointed out that LMU essentially provides the lowest industrial rates in the area.

As for 2016 Water and Sewer Rate Comparisons, the Superintendent shared that Mr. Jim Jackson provided an excellent study of rates from 356 communities which showed LMU being well below the state average. Mr. Hartman explained that the loss of the Generating Plant actually offset last year's 15% increase in water rates and 15% sewer rate increase, as the Generating Plant was our second largest water and sewer customer. However, the scheduled 7% increase in June should provide some revenue relief needed in these departments. Mr. King pointed out that Mr. Jackson should be commended as he consistently does a phenomenal job operating the Water, Wastewater and Stormwater utilities.

The meeting progressed to **Board Member Comments**, and all members commended the management and employees for the positive rate information and expressed their hopefulness that these low utility costs may foster local economic development. They also complimented LMU staff for maintaining excellent safety records. In addition, Mr. Slusser relayed his encouragement with the progress on the wholesale power selection process and commended the city administration, Council and Board Members on their efforts to secure the best power solution for our customers.

As there were no further comments, Chairman Slusser adjourned the meeting at 7:25 p.m.