

UTILITIES SERVICE BOARD MEETING

February 25, 2013

Utilities Service Board meetings are recorded electronically or stenographically and are available during regular business hours in the office of the Director of Utilities.

Board President Swafford called the regular meeting of the Utilities Service Board to order at 5:00p.m. The meeting was held in the Utilities Service Board room at the City of Bloomington Utilities Department Administrative Building in Bloomington, Indiana.

Board members present: Tom Swafford, Julie Roberts, Pedro Roman, Sam Frank, Jeff Ehman, and Jason Banach. Staff members present: Patrick Murphy, Vickie Renfrow, Michael Horstman, Tom Axsom, Tamara Ratliff-Roberts, John Langley, Mike Hicks, Jon Callahan, Jane Fleig, Mike Bengston, Phil Peden, and Jason Cox. Others present: Angie Steeno and Andrew Perry representing Crowe Horwath, Dennis Otten representing Bose McKinney, and Dave Wimmer representing Hilliard Lyons.

MINUTES

Board Member Ehman moved and Board member Roman seconded the motion to approve the minutes of the February 11th meeting, with one noted correction on P3, where stated "...1.2 million in net price value..." was corrected to "...1.2 million in net present value..." . Motion carried, 5 ayes, 2 members absent, (Whikehart, Roberts).

CLAIMS

Board Member Roman moved and Board Member Ehman seconded the motion to approve the ACH payments as follows:

Vendor invoices that will be submitted to the controller's Office on February 25, 2013 included \$221,327.51 from the Water Utility; \$19,669.00 from the Wastewater Utility; and 0.00 from the Wastewater/Storm water Utility. Total Claims approved, \$240,996.51.

Motion carried, 5 ayes, 2 members absent, (Whikehart, Roberts).

Board member Ehman moved and Board member Roman seconded the motion to approve the claims as follows:

Vendor invoices submitted to the controller's Office on March 1, 2013 included \$1,066,123.66 from the Water Utility; \$101,518.09 from the Wastewater Utility; and \$3,947.23 from the Wastewater/Storm water Utility. Total Claims approved, \$1,171,588.98.

Motion carried, 6 ayes, 1 member absent, (Whikehart).

REQUEST FOR APPROVAL OF INDUSTRIAL WASTE PRETREATMENT PERMIT FOR INDIANA METAL CRAFT:

Pretreatment Coordinator Ratliff-Roberts stated that this is the final permit that we're required to change for our series of ordinance updates and local limits. Indiana Metal Craft is a metal finisher with some copper-forming practices. Included is a compliance schedule on p7 following some EPA guidance for copper-forming regulations that outline record keeping requirements. We're also requiring them to submit a baseline monitoring report within 90 days as they have yet to do that. They

were previously a zero discharger and are now discharging categorical waste, so we are changing the permit for those. They have one location for the categorical standards and one location for the new local limits. Those are the main changes for the permit we are recommending approval for.

Board Member Roman moved, and Board Member Ehman seconded the motion to approve the Indiana Metal Craft permit. Motion carried, 6 ayes, 1 member absent, (Whikehart).

REQUEST FOR APPROVAL OF A RESOLUTION FOR THE ISSUANCE OF SEWAGE WORKS REFUNDING REVENUE BONDS:

Utilities Director Murphy recapped information shared by Angie Steeno from Crowe Horwath in prior meeting. Resolution for refund and timeline are both before board tonight. Angie Steeno from Crowe Horwath and Dennis Otten from Bose McKinney Evans, our bond council, and David Wimmer from Hilliard & Lyons are here. If we approve the resolution tonight, it goes to Council to pass the ordinance. In discussion is over \$1.2 million in value that we'll gain over ten years. We're not extending the life of the bonds. We're also including in that a mechanism to fund up our bond revenue requirements, providing a savings of over \$19,000 a month out of our budget. All in all, with Dennis Otten presenting this to us, and following up with Crowe and Horwath, and also Hilliard & Lyons, it is really an opportunity for us to take advantage of the market and to lighten the load on Utilities \$120,000/year out of the Wastewater fund, something we can use as we move forward on our ever-expanding project list.

USB President Swafford asked Angie Steeno if she could give a brief update.

Ms. Steeno relayed we're looking at refunding four bond issues. Three were originally issued in 2000, the fourth issued in 2003. This refunding is really an opportunity to take advantage of lower interest rates. The average interest rate for those bonds range from 2.90 – 5.00 %. Right now current estimations allow us to refund those bonds at a rate of 1.15-3.55%, resulting in net present value savings over the life of the bonds of \$1.2 million. Around \$788,000 of that is due to interest savings, and the additional \$420,000 comes from the debt service reserve funding. In some of the past deals we had a surety policy issue, and had to issue out some of our outstanding debt service reserve. Currently, Utilities has been making monthly transfers, with five years to get that up to what it needs to be. This will allow us to get that fully funded now, through the bond proceeds, and still pay all the costs of issuance, achieve savings, and then save the Utilities that \$20,000/month they've been having to pay with their own revenues. Ms. Steeno had sent a memo around, and offered to answer any questions the Board might have.

President Swafford asked the Board if there were any questions, and saw none.

Dennis Otten with Bose McKinney & Evans stood up to speak and stated that this is very similar to the process we did last year for the Sewage Works bonds. Before the Board tonight is a resolution that authorizes the refunding, and recommends that the Council proceeds with adoption of a bond ordinance. If approved, from here it goes to the council, with an early May date. Once that's done, Bose McKinney will work with Crowe and Hilliard to get the marketing materials looking for the bonds, in anticipation of an early May closing. They have authorized up to \$22 million, and as the date approaches, will be looking to make sure that every issue which gets refunded does have savings. Mr. Otten pointed out that three of the bond issues that we're looking at are SRF bonds. The initial interest rates were so low, it was unimaginable that we'd be looking at refunding them. A sign of the times!

President Swafford asked if all of our reserves will be covered if this refunding is completed and Mr. Horstman affirmed.

Board Member Banach spoke regarding the savings Utilities will have and inquired how that will be used.

Director Murphy responded that \$120,000/year will go towards equipment purchases this year. We have a new Vactor truck for about \$180,000, and the old one as a back-up for our Stormwater utility, but that truck has broken down. Vehicles need to be attended to this year. We have a vehicle and equipment list that Purchasing Manager Julie Martindale puts together, working with fleet maintenance, prioritizing vehicles. Mr. Murphy would be happy to share that list with the board. With new vehicles, Utilities will see increased fuel mileage and decreased maintenance costs.

Board Member Banach appreciated the response and that some thought has gone into the planning.

Director Murphy added that we have two payments left on our energy savings contract this year, about \$285,000, so that will be an additional \$600,000 we won't be paying out in wastewater. That can go into extensions and replacements. The last few years we have not been able to do some of our pay-as-we-go projects, and Mr. Murphy has been reluctant to spend money. Mr. Murphy commended Assistant Director of Finance Horstman for tightly controlling our spending as well.

Board Member Roberts moved, and Board Member Roman seconded the motion to approve the resolution for the issuance of sewage works refunding revenue bonds. Motion carried, 6 ayes, 1 member absent, (Whikehart).

LABOR MANAGEMENT COMMITTEE ANNUAL REPORT:

Deputy Director Langley presented the 11th annual report to the USB from the Labor Management Committee (LMC). We have a unique management situation at our wastewater treatment plants. We have a committee which co-manages with us. The LMC has members from both management and labor, and we discuss issues, working conditions, and equipment. Mr. Langley is happy to report continuing great success, as communication has never been better and the venture seems fruitful. Mr. Langley introduced Jason Cox, a Class 4 Operator at Blucher Pool Wastewater Plant and a member of the LMC.

One of the best things the LMC does is conduct an ongoing safety and education seminar series each month. Topics this year have included chemical handling, diagnostic procedures for plant and lab operations, block-out and tag-out procedures for electrical equipment, wastewater and microbiology lectures from the Risk Management Division, and comprehensive plant safety. Pretreatment Coordinator Tamara Ratliff-Roberts also presented a session on pretreatment and FOG regulations, and about a dozen attended the annual Indiana Wastewater Environment Association meeting in Indianapolis in January.

Jason Cox's contributions have been very valuable to us lately. We've had some freshman operators who were struggling to get certified. Mr. Cox stepped forward and offered to teach a class on the Level 1 Exam, and that was very helpful to us. Most of them passed the exam, which in turn also saves us some money. Mr. Langley extended a big congratulations to Mr. Cox. This is one example of the kinds of things that can happen when we have this level of communication with our operators.

During the past twelve months, it's also noted that at Dillman Road, extensive work was done on the filter basins. We have two functional bar screens now and are working on plans for a new EQ Basin liner. Engineering Department is heading that project and doing a great job moving it along.

We will also come to you in the next month or two about joining the INWARN system (Indiana Wastewater Agency Response Network), that would allow us to provide help to communities

experiencing emergencies, and likewise if we get in a situation like the tornado last year, or a possible flu epidemic, etc., this system allows us to reach out to other communities and state what help we need and see what is available. When people come to help us, we would pay for that.

The following people passed Level 1 certifications: David Gaither, Curtis Malicoat, Jeff Mitchner, and Wendall Winks.

Board Member Roberts added a comment that as someone who has worked in Spencer, IN for many years, she was thrilled to see that John Hodge will be running their plant.

Mr. Langley replied similarly and praised Mr. Hodge's expertise and decision to move on in his career.

Board Member Banach thanked Mr. Cox for taking the initiative to foster the new operators through the exam process.

President Swafford added that it has been proven year after year that this labor management agreement has been working very well and the Board supports their work, and the employees, and continues to offer its assistance to them. Thank you to the LMC team.

Board member Roberts moved, and board member Roman seconded the motion to accept the annual report of the Labor Management Committee. Motion carried, 6 ayes, 1 member absent, (Whikehart).

OLD BUSINESS:

None.

NEW BUSINESS:

Director Murphy asked the group about the next meeting and whether it would need rescheduled due to spring break. He will be in touch via e-mail to reschedule.

Director introduced Efrat Feferman, who is transferring from Accounting to the Director's Department, and will be taking over the duties of Board coordination.

SUBCOMMITTEE REPORTS:

None

STAFF REPORTS:

Mr. Murphy reported that there remains realigning of the agreed order. Hanson has provided a very competitive quote that is accommodating of two projects in one, with a very good price. We'll be looking at that in the next six weeks.

PETITIONS AND COMMUNICATIONS:

None

ADJOURNMENT:

Utilities Service Board Meeting,
2-25-13

The meeting was adjourned at 5:27 p.m.

L. Thomas Swafford, President