

UTILITIES SERVICE BOARD MEETING

October 24, 2011

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 5:00 p.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, John Whikehart, Pedro Roman, Jason Banach, and ex-officio members Tim Mayer and Tom Micuda. Staff members present: Patrick Murphy, John Langley, Michael Horstman, Tom Axsom, Jon Callahan, Phil Peden, and Mike Bengtson. Others present: Sue Mayer.

MINUTES

Board member Roberts moved and Board member Roman seconded the motion to approve the minutes of the October 10th meeting. Motion carried, 5 ayes, 2 members absent, (Ehman and Frank).

CLAIMS

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

Vendor invoices submitted to the controller's Office on October 19th included \$275,376.57 from the Water Utility; \$113,192.96 from the Wastewater Utility; and \$4,303.21 from the Wastewater/Storm water Utility. Total Claims approved, \$52,091.48.

Board President Swafford asked about the claim for Omni-site Net. Assistant Director of Engineering Bengtson explained that all the lift stations used to be monitored by dedicated phone lines. That was changed some years ago to Omni-site which uses the cell phone wireless system. There is a website that accumulates data concerning flows etc. from all of the 44 lift stations. This is much cheaper than the dedicated phone lines.

Board member Banach asked if it was a monthly payment. Mr. Bengtson said it is.

Mr. Swafford asked if Omni-site included emergency notifications. Mr. Bengtson said it does and will follow the rotation of who is on call.

Board President Swafford then asked about the claim for Standard & Poors for the rating of the waterworks bond. Assistant Director of Finance Horstman said there is a requirement to be rated before acquiring bonds. That allows bidders to know what quality of bonds they are bidding on. This is the bill from Standard & Poors for the rating. Mr. Swafford asked what the rating was. Mr. Horstman said he thought it was AA. Utilities Director Murphy said there had been a phone call lasting about an hour with Standard & Poors so they could review the Utility. Crowe Horwath also probably sent them information.

Motion carried, 5 ayes, 2 members absent, (Ehman and Frank).

Wire transfers and fees for the month of August:

Board member Roberts moved and Board member Roman seconded the motion to approve the wire transfers and fees for the month of August in the amount of \$52,091.48.

Motion carried, 5 Ayes, 2 members absent, (Ehman and Frank).

SPECIAL CHECK RUN:

Assistant Director of Finance Horstman explained that on Wednesday the SRF bonds will be closed on. SRF and Bank of New York require that the reserve money be deposited within a day or two of closing. The monthly payments will be \$173,702.00.

Board member Roman asked if this is the payment for the first bond or if it is for the first and second. Mr. Horstman said it accounts for all the interest and principle payments together, for all of the SRF water bonds. Mr. Roman said there are going to be two rate increases, and the bonds won't be available until the second rate increase. Mr. Horstman said the bonds have to be sold first, and then there will be the second rate increase. Utilities Director Murphy said that the advisors, Crowe Horwath, had said to do it this way. Mr. Roman asked if it corresponds to the full project and both rate increases, or if it is just for one rate increase. Mr. Horstman said the bonds must be sold before the rate increase to get the money to pay for the bonds. Mr. Murphy said the second rate increase will pay for the rest of the bonds. Mr. Roman said he had the impression that for the second rate increase the IURC has asked Utilities to come back to them. Mr. Murphy said a true-up report must be filed with the IURC. That true-up will project how much revenue is needed to fund the bonds. Mr. Roman asked if the bonds will be issued after that. He then asked if the money for this will come from the second part of the rate increase. Mr. Murphy said that is correct.

Assistant Director of Finance Horstman said the second item on the Special Check Run for \$480,219 is some money that is currently on deposit to make principal interest payments on the existing SRF water loans. The SRF wants those moneys to be sent in to be put with the other moneys and they will keep it all. Utilities used to pay twice a year but now the SRF wants monthly payments.

The last line for \$3,595,500 is for the debt service reserve. That comes out of the open market bonds being sold. It is the required reserve that must be on deposit to make sure the payments are made.

Board member Roberts moved and board member Roman seconded the motion to approve the Special Check Run Claims.

Board member Roman asked if there is a timeline for the State to say what the rate increase will be. Utilities Director Murphy said the True-up report will be filed on November 28th, and they will respond within 15 days to say what the rate will be. At that time the rate will be established.

Mr. Roman then asked how the \$4,000,000 will be paid before the actual increase takes place. Mr. Horstman said it would be paid out of bond proceeds. He expects about \$35,000,000 in cash on Wednesday.

Motion carried, 5 ayes, 2 members absent, (Ehman and Frank).

OLD BUSINESS:

No old business was presented.

NEW BUSINESS:

Board member Banach asked what Utilities' bond rating was and for a brief history of the past few years. He wanted to know if rating is something that is done annually or semi-annually. He said the information could be supplied to him later. Mr. Horstman said it is part of the City's rating. Mr. Swafford asked that an email be sent to all the USB members.

SUBCOMMITTEE REPORTS:

There were no subcommittee meetings.

STAFF REPORTS:

There were no staff reports.

PETITIONS AND COMMUNICATIONS:

There were no petitions or communications.

ADJOURNMENT:

The meeting was adjourned at 5:12 p.m.

L. Thomas Swafford, President