

UTILITIES SERVICE BOARD MEETING

February 9th, 2015

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 Vice President Roberts 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 Administrative Building in Bloomington, Indiana.

Board members present: Julie Roberts, Jim Sims, Sam Frank, Jeff Ehman, Jason Banach, and Tim Mayer, Ex-Officio. Staff members present: Mike Bengston, Tom Axsom, Jon Callahan, Efrat Feferman, John Langley, Nolan Hendon, Missy Waldon, Patrick Murphy, Jane Fleig, and Kim Alexander.

Other: Greg Small

MINUTES

Board Member Ehman moved and Board Member Frank seconded the motion to approve the minutes of the January 26th meeting. Motion carried, 5 ayes, 1 member absent, (Swafford).

CLAIMS

Board Member Ehman moved and Board Member Frank seconded the motion to approve the claims as follows:

Vendor invoices that were submitted to the Controller's Office on February 4th included \$486,358.10 from the Water Utility; \$779,037.71 from the Wastewater Utility; and \$62,121.80 from the Stormwater Utility. Total Claims approved, \$1,327,517.61.

Motion carried, 5 ayes, 1 member absent, (Swafford).

Board Member Ehman asked questions about the two Gripp Inc. charges (\$63,172.08 and \$12,540.00). Mike Bengston, Assistant Director of Engineering, explained these charges. Mr. Ehman also had a question about one of the State of Indiana charges (\$24,160.40). John Langley, Deputy Director, explained that the State charges us \$1.00 per water system connection charge (total number of connections x \$1.00). This is an annual charge that every water utility in Indiana is charged.

Board Member Banach asked a question about the charge for having the grass cut at the dam at Griffy Lake in January (Robert Thrasher). Mr. Bengston stated that the dam was being inspected, and there were some monitoring wells that could not be found. The mowing was needed in order to find the wells.

Board Member Ehman moved and Board Member Frank seconded the motion to approve the claims as follows:

Utility Bill invoices submitted to the Controller's Office on February 4th included \$102,130.31 from the Water Utility; \$92,094.77 from the Wastewater Utility; and \$0.00 from the Stormwater Utility. Total Claims approved, \$194,225.08.

Motion carried, 5 ayes, 1 member absent, (Swafford).

Customer refunds submitted to the Controller's Office on February 4th included \$9.98 from the Water Utility; \$54.36 from the Wastewater Utility; and \$0.00 from the Stormwater Utility.

Board Member Ehman moved and Board Member Frank seconded the motion to approve the customer refunds in the amount of \$64.34.

Motion carried, 5 ayes, 1 member absent, (Swafford).

REQUEST FOR APPROVAL OF RESOLUTION 2015-01 BOND REFUNDING PROGRAM

Board Member Sims moved and Board Member Frank seconded the motion to approve Resolution 2015-01 Bond Refunding Program.

Motion carried, 5 ayes, 1 member absent, (Swafford).

Greg Small, Assistant City Attorney, brought Resolution 2015-01 to the Board for approval. Mr. Small summarized the Refunding Program of the 2006 Sewer Bonds and the 2006 Water Bonds under the Indiana Bond Bank. Due to low interest rates, the Bond Bank has the opportunity to refund its bonds, which savings will be passed along to the city. The savings on the sewage works bonds will be approximately \$700,000, and the savings on the water works bonds will be about \$480,000. The bond maturity date does not change for any of the bonds, which are set to mature in 2027. This is not a full fledged refunding where typically new bonds are issued; instead, the existing bonds are simply going to be amended, and what will be amended is the call date. The call date will be pushed back to 2025, which is typical when there is a reissue of bonds because investors want to know that the bonds will not be called for a ten year period. This is standard practice. In this particular case, the net present value savings is about 9.91%, which is really high; the rule of thumb is to refund if the net present value is north of 5% or better. All of the savings will be net of cost since it is done at the Bond Bank level.

Assistant Director of Finance Efrat Feferman spoke to a question posed by Board Member Sims regarding the credit we will receive. Crowe Horvath advised, and CBU concurs, that the savings should be taken over time. We should receive approximately \$100,000 per year with this method that would revert to the operating budget. She also pointed out a couple of other opportunities over the last few years where bonds were refunded for substantial savings to rate-payers; including the current one, we are looking at over \$3.3 million that we will be reducing from our debt service payment. The Board approved to refund 2012 A Sewer Bonds (\$786,000 net present value savings); in 2013 four bond issues were refunded (\$1.2 million net present value savings) and now the current one. Total savings on the 2015 refunding will be \$519,000 (net present value on the sewer side; total savings \$703,462.14). It is 9.91%, and on the water series the savings will be \$486,588.85 at 9.89%.

OLD BUSINESS:

N/A

NEW BUSINESS:

N/A

SUBCOMMITTEE REPORTS:

N/A

STAFF REPORTS:

Assistant Director of Finance Efrat Feferman shared some updates with the Board. The books were closed on 2014 on Friday, February 6. She noted that this is much earlier than previous years, despite personnel transitions in the purchasing and accounting departments. She credited accounting manager, Michelle Waldon, for expediting this accomplishment, as well as praised staff from the purchasing department, accounts payable and billing and collections departments for stepping up to get things done in a timely manner. Financial statements will be available at the next meeting.

Ms. Feferman has received the 2014 inter-departmental agreement from the Controller's office. This will be reviewed in a finance subcommittee meeting at a later date before bringing it to the full Board.

Nolan Hendon, Conservation and Energy Resource Manager, gave an update on the Georgetown University Energy Prize. The competition is open to any community between 5,000 - 250,000 people. We have entered as the Monroe County Energy Challenge. It is a two-year long energy reduction campaign, with the winner receiving a \$5,000,000 prize to reinvest in energy conservation projects. CBU has entered in partnership with Monroe County, City of Bloomington, both towns of Ellettsville and Stinesville, Monroe County and Bean Blossom Community School Corporations, and several other local organizations. The plan has been submitted to Georgetown University and it is posted on our website and on the City's website.

Mr. Hendon stated that in December motion sensors were installed around the building and in the restrooms. Conservatively, it looks like a two-and-a-half year pay-back for that project. Board Member Sims asked about water conservation; Mr. Hendon responded that the actual challenge is only for electricity and natural gas. Mr. Sims also asked what savings we might expect in light of the challenge; Mr. Hendon responded each entity involved in the challenge estimated an average savings of approximately 10%. Board Member Roberts asked if we have any means of making the large pumping machines more efficient, since they require so much energy. Mr. Hendon explained some of the options. Board Member Ehman asked about the importance of having household participation in the challenge. Mr. Hendon responded that the reviewers focus on youth/school outreach.

PETITIONS AND COMMUNICATIONS:

Board Member Ehman had one question regarding Resolution 2015-01 for the amended bonds. He asked to clarify whether or not we formally recommended to the Council that it adopt a form of bond ordinance through the Resolution. The other Board members affirmed that by approving the Resolution this was implicitly covered.

ADJOURNMENT:

The meeting was adjourned at 5:22 p.m.

Julie Roberts, Vice President