

LEBANON UTILITY SERVICE BOARD

Lebanon, Indiana

December 18, 2024

Council Chambers

5:00 P.M.

Board:

Neil Taylor, Chairman
Bill Stoner, Vice Chairman
Tim Hudson, Secretary
Aaron Smith, Member
Anne Patterson, Member (Absent)

Staff:

Ed Basquill, General Manager
Jeff Jacob, Legal Counsel
Sandra Morgan, CFO
Danielle Butts, Executive Assistant
Ryan Ottinger, W&WW Manager
Jeff Greeno, Electric Manager

Guests:

Todd Lehman, Kokosing
John Lightner, BF&S

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1. Chairman Taylor called the December 18, 2024, meeting of the Lebanon Utility Service Board to order at 4:00 P.M.
 2. Pledge of Allegiance to the American Flag was observed.
 3. Chairman Taylor opened the floor for public comment. No comment received.
 4. Secretary Hudson made a motion to approve December 4, 2024 minutes. Vice Chairman Stoner seconded the motion. Motion carried.
 5. Secretary Hudson made a motion to approve the 2025 Lebanon Utilities Board Meeting dates as presented. Vice Chairman Stoner seconded the motion. Motion carried.
 6. Board Chairman Neil Taylor asked the Board to approve the officers for 2025. Member Smith made the motion, seconded by Secretary Hudson; motion carried to approve the following slate of officers for the Utility Board for 2025:
 - Chairman Neil Taylor
 - Vice Chairman Bill Stoner
 - Secretary Time Hudson

Member Smith made the motion, Secretary Hudson seconded, and the motion carried to approve the following Board Liaison's:

- Electric Utility Tim Hudson
- Wastewater Utility Aaron Smith
- Water Utility Bill Stoner
- ILines Anne Patterson
- Administration Neil Taylor

Vice Chairman Stoner made the motion, Member Smith seconded, and the motion carried to approve the Personnel Committee members: Tim Huson & Bill Stoner.

Vice Chairman Stoner made the motion, Secretary Hudson seconded, and the motion carried to approve the Finance Committee members: Aaron Smith & Neil Taylor.

7. Chief Financial Officer, Sandra Morgan informed the Board of the Lebanon Utilities contribution to the 2025 City Salaries.

8. Chief Financial Officer, Sandra Morgan requested the Board approve the 2025 Salaries & Wages. Vice Chairman Stoner made a motion to approve the 2025 Lebanon Utility Employee Advancement Program as presented and allow General Manager to work within the program throughout the year. Secretary Hudson seconded the motion. Motion carried.

9. Chief Financial Officer, Sandra Morgan presented the 2025 Budget. Vice Chairman Stoner made a motion to approve the 2025 as presented. Secretary Hudson seconded the motion. Motion carried. Member Smith stated the Indiana Code mandates that Lebanon Utilities must compute each year the property tax that it would pay to the City if it were privately owned, and this payment in lieu of taxes – or PILOT must be included in the expenses that are covered by the utility rates used to compute the month bill paid by all Lebanon Utility customers. In other words, Lebanon Utilities ratepayers must pay the property tax equivalent PILOT as part of their monthly bill. Our Lebanon City Council, with the approval of our Mayor, has the option whether or not to require all or a portion of the PILOT payments for any one year to be transferred to the City’s General Fund. If the City declines to accept any portion of the PILOT payments, then these PILOT amounts could become a revenue source, without utility rate increases, to meet the capital project needs of our wastewater, electric, water and telecommunications departments. However, the City of Lebanon chose to automatically accept every year the maximum allowed PILOT from Lebanon Utilities when our Lebanon City Council and Mayor on December 13, 2010, approved Resolution No. 2010-07. The net utility plant value which is the total utility plant in service plus construction in progress less depreciation is multiplied by the City’s property tax rate to calculate PILOT payments. Our water utility in 2023 had \$30.1 million in net plant value, which resulted in \$232,677 PILOT payments to the City. Our 2025 budget estimates \$250,336 in water utility PILOT payments, meaning that our water utility net plant value today remains about \$30 million. However, our 2025 budget includes water capital projects to serve the LEAP District that will increase our water utility net plant value by \$224.8 million before 2031. Not including non-LEAP capital projects, water utility PILOT payments will increase from \$250,000 in 2025 to about \$2.1 million in 2031. Our wastewater utility in 2023 had \$35 million in net plant value, which resulted in \$270,507 PILOT payments to the City. Our 2025 budget estimates \$295,102 in wastewater utility PILOT payments, meaning that our wastewater utility net plant value today remains about \$35 million. However, our 2025 budget includes wastewater capital projects to serve the LEAP District that will increase our wastewater utility net plant value by \$202.4 million before 2031, not including non-LEAP capital projects wastewater utility PILOT payments will increase from \$295,000 in 2025 to about \$2 million in 2031. Section 3.02(x) of the Financial Assistance Agreement between the Indiana Finance Authority and the City of Lebanon reads as follows: Notwithstanding any provision of the Authorization Instrument to the contrary, not make any payment in lieu of property taxes from any account of the Drinking Water System (i) if the Finance Authority provides notice to the Participant that the Finance Authority has determined in its reasonable discretion that such a transfer adversely affects the Finance Authority and (ii) more frequently than semiannually if the Authority provides notice to the Participant so requiring such a limitation on frequency. It is apparent to him that the Indiana Finance Authority does not intend to allow any of its LEAP bond proceeds or revenues to be applied to any water and wastewater PILOT payments. Unless changes are made, the upcoming water and wastewater capital projects to serve the LEAP District will result an unacceptably large portion of the utility bills paid by our ratepayers going to PILOT payments, it is not good public policy for the City to collect exorbitant PILOT payments that could be best spent to maintain and improve our utility infrastructure. Member Smith requested that our Lebanon Utility managers begin not to inform our Mayor and City Council that they must repeal their Resolution No. 2010-07 allowing the City to automatically collect the maximum in PILOT payments. At a minimum, the PILOT payments collected by the City should be frozen at the current levels or the amount of PILOT payments collected each year be negotiated.

10. Sandra Morgan, CFO requested the Board approve the Legal Fees from Dinsmore & Shohl. Secretary Hudson made a motion to approve that the Utility pay 50% of the legal fees incurred by the City related to the Reality Link, LLC and in Lebanon John Shaw, LLC litigation. Member Smith seconded the motion.

11. Jeff Jacob, Legal Counsel read Resolution 2024-13. Secretary Hudson made a motion to approve Resolution 2024-13 Modifying the Water and Wastewater Utility Construction Standards. Member Smith seconded the motion. Motion carried.
12. Jeff Jacob, Legal Counsel read Resolution 2024-14. Secretary Hudson made a motion to approve Resolution 2024-14 Establishing the Electric Utility construction Standards. Member Smith seconded the motion. Motion carried.
13. Jeff Jacob, Legal Counsel presented the Board to approve the 2025 Engagement Letter Hackman Hullet LLP. Secretary Hudson made a motion to approve the engagement letter for legal services of Hackman Hulett for 2025. Member Smith seconded the motion. Motion carried.
14. Ed Basquill, General Manager requested the Board approve the new Policy for Large BOT. Secretary Hudson approve the City of Lebanon Utilities Service Board Policy on the Project Scoring Committees as presented. Member Smith seconded the motion. Motion carried.
15. Jeff Greeno, Electric Operations Manager, asked the Board to approve the 2025 Electric GIS Assistance. Secretary Hudson made a motion to approve Butler Fairman & Seufert for the 2025 Electric GIS Assistance with a not to exceed amount of \$45,000 with General Manager, Ed Basquill to sign all documents. Member Smith seconded the motion. Motion carried.
16. Ryan Ottinger, Water & Wastewater Operations Manager, requested the Board to approve the 2025 On-Call Water & Wastewater Project Management Assistance. Secretary Hudson made a motion to approve Butler Fairman & Seufert for the 2025 On-Call Water & Wastewater Project Management Assistance with a not to exceed amount of \$50,000.00. Member Smith seconded the motion. Motion carried.
17. Ryan Ottinger, Water & Wastewater Operations Manager, requested the Board to approve the 2025 On-Call Program Management Assistance LEAP District. Secretary Hudson made a motion to approve Butler Fairman & Seufert for the 2025 On-Call Program Management Assistance for LEAP for an amount not to exceed \$100,000. Member Smith seconded the motion. Motion carried.
18. Ryan Ottinger, Water & Wastewater Operations Manager, requested the Board to approve the 2025 TAC Meeting & Plan Review. Secretary Hudson made a motion to approve Butler Fairman Seufert for the 2025 TAC Meeting and Plan Review Assistance for an amount not to exceed \$40,000. Member Smith seconded the motion. Motion carried.
19. Ryan Ottinger, Water & Wastewater Operations Manager requested the Board to approve the 2025 On-Call Water & Wastewater Construction Inspection. Secretary Hudson made a motion to approve Butler Fairman & Seufert for the 2025 On-Call Water & Wastewater Construction Inspection for an amount not to exceed \$50,000. Member Smith seconded the motion. Motion carried.
20. Secretary Hudson made a motion to approve the claims/payroll/transfers dated December 18, 2024, in the amount of \$3,826,193.84 for claims and payroll and \$5,360.00 for transfers. Member Smith seconded the motion. Motion carried.
21. Chairman Taylor asked for any other business that may be brought before the Board. Ryan Ottinger stated that Kokosing has completed the Business Park project successfully.
22. Chairman Taylor opened the floor for public comment. No public comment received.
17. The next Utility Board meeting will meet as scheduled on Wednesday January 8, 2025, at 5:00pm.

18. Hearing of no further business to be brought before the Board a motion was made to adjourn the meeting by Secretary Hudson. The motion was seconded by Member Smith. Motion carried.

The meeting was adjourned at 6:09 P.M.

APPROVED THIS 8th day OF January 2025

CHAIRMAN OF THE BOARD

ATTEST:

SECRETARY OF THE BOARD