

Board Minutes for the Board of Sanitary Commissioners Meeting of March 24, 2021

THE BOARD OF SANITARY COMMISSIONERS conducted a regularly scheduled meeting.

Board members present; Stephen Brand, Board President; Brian Stephens-Hotopp, Board Vice President, Joseph Evans, Board Secretary; Tonya Brothers-Bridge, Board Member and David Smith, Board Member.

Department managers and staff present; Mark McKinney, Legal Counsel; John Barlow, District Administrator; Deana Cox, Financial/Billing Manager; John Anderson, District Engineer; Harvey Wright, Sewer Maintenance Superintendent; Thom Noble, Sewer Maintenance Working Foreman; Melanie Lanich, Health Administrator; Phil Reagon, Sanitation Superintendent and Megan Huff, Executive Office Manager.

Public present: Ryan Stout, Performance Services; Greg Marts, TM Development; Richard Ivy, Deputy Mayor of Muncie and Dan Ridenour, Mayor of Muncie.

Consideration of Minutes: Mrs. Brothers-Bridge moved to approve the minutes as submitted for the March 10, 2021 meeting. Mr. Smith seconded the motion. The motion was approved (5-0).

Consideration of Claims: Mr. Stephens-Hotopp said he had a few questions on the claims that he received answers to that he would like to share. He said on page 6 there is a claim totaling \$36,420.75 from Specialty Earth Sciences for ground monitoring wells due to contamination at the WPCF required by IDEM. Mr. Stephens-Hotopp said on page 7 there is an invoice dated for October 29th and the delay is due to a turnover on the vendor side, so it was delayed getting to us. He said the claim amount is rather high and that is due to two significant payment to Bowen for Construction. Mrs. Brothers-Bridge pointed out a payment to Shaffer Leadership Academy for \$4,500 and that was for the Department Head Ethics Training and our Sponsorship to them for an amount of \$7,500. She said there are also several purchases for employee clothing allowance as well as some of the required items like safety. Mrs. Brothers-Bridge said she also learned that John Deer Financial Multi that is listed on the claims is actually Rural King purchases so she wanted to share that in case the other members did not know. Mrs. Brothers-Bridge made a motion to approve the proposed claims totaling \$1,774,653.87. Mr. Stephens-Hotopp seconded the motion. The motion was approved (5-0).

Old Business:

1. Levee Mowing Bid Acceptance. – Stephen Brand, Board President. Mr. Brand said a couple meetings ago Mr. Harvey Wright opened Levee Mowing Bids. He said there were three and Hill's Lawncare was the lowest bidder opened that day. Mr. Brand said we moved into our due diligence phase where we consider the statutory factors like the ability and capacity to perform the work. He said the Board's decision is to not move forward with the bid from Hill's Lawncare as they are not the lowest responsive and responsible bidder. Mr. Brand said the Board will accept the next lowest responsive and responsible bid which is Coop's Lawncare. Mr. McKinney said the price per mow of Coop's Lawncare is \$16,000 and \$7,000 for the fall and spring cleanup. He said compared to Hill's Lawncare's bid amount of \$15,900 per mow and \$5,000 for the fall and spring cleanup. Mrs. Brothers-Bridge moved to approve Coops' Lawncare as the provider for Levee Mowing. Mr. Evans seconded the motion. The motion was approved (5-0).

District Administrator Update - John Barlow. Mr. Barlow said there was a good conversation with IDEM yesterday regarding the LTCP and we were able to present our vision going forward to veer away from the current plan of full separation. He said it would have economically been a hardship for us after

this next set of projects. Mr. Barlow said they were very receptive to our new ideas and it was one of the best meetings we have had with them regarding the project. He said the purpose of yesterday's meeting was what they could and could not live with moving forward in the project. Mrs. Brothers-Bridge thanked Mr. Barlow for setting up the discussion and said IDEM seems open to various methodologies as we move forward with our plan. Mr. Stephens-Hotopp said he appreciates John's help in getting that meeting to take place and wanted to reiterate his point that getting to amend this LTCP could save MSD and customers millions of dollars. Mr. Brand said it was a greatly ran call and when you consider the potential of negative impacts of full separation and you consider the affordability index it is in everyone's best interest to work together to amend the current plan. Mr. Barlow said it was helpful that Board members were a part of that call to see a level of interest. He said we also had our Bond sale yesterday and everyone who was a part of it said it went great. Mr. Stephens-Hotopp said the MSD had been in the process of issuing new 2021 Bonds and part of this was to refinance three of our existing Bonds, combining two of our outstanding BANS and to add \$24 million in new money to finance the infrastructure for our next LTCP phase. He said the combined yield was 2.0843% and that ranges over the period of the Bonds in comparison to what we have now of 2.85% and 3.75%. He said due to this new interest rate the net present value of savings to MSD is \$1.3 million. Mr. Stephens-Hotopp said we will be closing on the Bonds on April 1st and another on April 6th. He said part of the success of this is that we have an 'A-' Bond rating through Standard & Poor's and he thanked everyone who has been a part of this Bond process. Mrs. Brothers-Bridge thanked Mr. Stephens-Hotopp for heling take the lead on this endeavor. Mr. Brand said almost 30 people showed interest in bidding on our Bonds, so it speaks to the credibility to the City and MSD. He said he is looking forward to moving forward. Mr. Stephens-Hotopp said and this was all done without creating a rate increase to our customers which is a win.

New Business:

1. Authorization to Sign Agreement with LEAP as IT Support Provider. – John Barlow, District Administrator. Mr. Barlow said he would like to ask the Board for him to authorize an Agreement with LEAP, a local IT Provider. He said they will provide our IT Department with security and oversight of servers. Mr. Barlow said they are very favorable in comparison to what we have been paying and we have had the contract vetted by our Attorney. Mrs. Brothers-Bridge asked if Mr. Stover was fully supportive of this new vendor. Mr. Barlow said yes and before he left for vacation, he was able to discuss programs with the vendor. Mr. Brand asked if this offers the District a cost savings. Mr. Barlow said yes, a substantial cost savings.

2. Opening Quotes for Sharon Drive & Meeker Avenue Storm Sewer Project. – John Anderson, District Engineer. Mr. Anderson said unfortunately we did not receive any quotes for this project. He said at Meeker Avenue near Sharon Drive there is a significant flooding problem during rain events. Mr. Anderson said the project would install storm inlets and run them to the nearest storm sewer at the intersection of Sharon & Sycamore. He said we will eventually put this project back out to quote. Mr. Stephens-Hotopp asked what the estimated cost was for the project. Mr. Anderson said it was around \$75,000. Mr. Stephens-Hotopp asked if we sent this out to our preferred vendor list or if we put it in the paper. Mr. Anderson said the Engineering Department keeps a list of vendors we do business with and every year updated paperwork must be turned in to keep them on the list. He said we sent notices to most vendors on that list unless they are more of a small-scale contractor. Mr. Stephens-Hotopp asked Mr. Anderson to speak to some of the vendors that took bidding documents, but did not quote to see if there was a reason why they chose not to bid. Mr. Brand asked if this was normal to not have anyone submit a quote. Mr. Anderson said he thinks we have had one other project where no one submitted anything, but he believes that was a bid job.

3. Declare Project 11L-21 at 232 N. Monroe Street an Emergency Project. – John Anderson, District Engineer. Mr. Anderson said this project was declared an emergency due to loss of service on a

Friday, midday. He said we had to put the job out quickly once we learned of the issue. Mr. Anderson said on Monroe Street there was work done by Bowen back in September of 2020 where they discovered the lateral was packed full of mud and roots therefore no longer functioning properly. He said they were then called by a homeowner, earlier this month, who was having backups in the basement. This was due to the lateral being compromised and they were without service. Mr. Anderson said it has already been taken care of on March 12th, so this is just an update to the Board. Mr. Stephens-Hotopp asked if the area has been restored for the homeowner. Mr. Anderson said the restoration has been done except for the asphalt on the road which will take place when asphalt plants open back up. Mr. Stephens-Hotopp moved to approve that Project 11L-21 at 232 N. Monroe Street be Declared an Emergency Project. Mr. Smith seconded the motion. The motion was approved (5-0).

4. Declare Project 15E-21 at 12th Street & Batavia Avenue an Emergency Project. – John Anderson, District Engineer. Mr. Anderson said at this project we had an existing manhole where a sinkhole developed. He said it was determined that the manhole needed replaced and approximately 25 ft of pipe coming from the manhole as well which was 16 feet deep. Mrs. Brothers-Bridge asked if any work has been done yet. Mr. Anderson said no, but we will be starting as soon as we can. Mr. Stephens-Hotopp said he is familiar with this area because he had to bring it in front of the Board of Works for a Road Closure Application since the issue is in the middle of the intersection. Mr. Brand said it has been plated in the meantime. Mr. Brand asked how a vendor is determined in an Emergency Project. Mr. Anderson said we put it out to the vendors on our preferred list that we feel can handle the size of the job. Mr. Stephens-Hotopp said we do have an in-house construction crew, but once we get to a certain depth, we outsource the work. Mr. Stephens-Hotopp moved to approve Project 15E-21 at 12th Street and Batavia Avenue an Emergency Project. Mr. Smith seconded the motion. The motion was approved (5-0).

5. Informational Presentation on MSD Solar Energy Projects. – Performance Services. Mr. Ryan Stout is the National Solar Developer with Performance Services. He said his firm was selected to review some of MSD's facilities, so this is an update on the information that was collected. Mr. Stout said our number #1 facility priority is the Water Pollution Control Facility. He said right now it is a 1.3-megawatt system and the big takeaway that is the consumption offset was at 30% but that has dropped down. Mr. Stout said we go out to bid next week for the installation labor on this project and we will be able to have further numbers. He said over the long-term of this project it would save just under \$4 million over a 30-year period. Mr. Brand asked how the grass below the panels would be maintained at low or no maintenance. Mr. Stout said they will put in a low grow type grass or a pollinator field, but we will discuss that with you prior to installation. Mr. Stephens-Hotopp asked about the lifespan of the panels. Mr. Stout said the panels have a 25-year power protection warranty and they are made with a proven technology of crystalline base models. The panels themselves have a 40-50-year life span. He said they panels can be replaced once that timeframe has passed, but you would not have to replace the poles. Mr. Stout said we are looking at the possibility of in-house maintenance. He said there would be a software notification sent out if an inverter is sending out less than 5% of energy. Mr. Stout said at Jake's Creek, we do not have the Civils back yet, but we know there are some red flags so that may take a little longer. He said Jake's Creek is in a flood way, but you had to have been approved for the existing building and fencing so we feel confident you will be approved for the solar panels. Mr. Stout said this would be a much smaller system than the Plant, but it would be offsetting your utilities at almost 100%. He said it would be a cost of about \$661,000 and about \$600,000 to \$650,000 return over a 30-year period. Mr. Stout said this one is not 100% cash flow positive, but from a cumulative savings standpoint in the financing structure you would still be able to keep a positive cash flow. Mr. Stout said directly behind the CNG Station on Centennial is another area we are looking at installing panels. He said this is the only area located outside of the floodway so there would be no problems putting it in there. Mr. Stout said there is a small Levee looking area there we are trying to work around. He said this system would offset about 96% of your kilowatt hour consumption at the CNG Station, so you would still have demand there. Mr. Stout said we are still looking at the impact of the solar there and how it would be compared to your

rate tariffs. He said this system would cost about \$340,000 with about a \$276,000 return over a 30-year period. Mr. Stout said for the system at the new MSD Sanitation Building, we took the consumption at your current location and bumped that up by 150%. He said this area is in a safe zone. Mr. Stout said these panels would take care of 100% of utility bills and it would cost about \$370,000 with a \$367,000 return over a 30-year period. Another location we are looking at is the McCulloch Park Lift Station would have a little bit of a red flag there with the creek being so close. He said these panels would take care of 100% of utility bills with a cost of about \$517,000 with a \$476,000 return over a 30-year period. Mr. Stout said these are just other locations we are looking at for the District and we should have hard numbers back for the WPCF sometime next week. Mr. Stephens-Hotopp said when you talk about the savings, we are additionally paying off the principal and finance payments. Mr. Stout said that is correct we are receiving savings on top of the financing. Mr. Stephens-Hotopp asked what the next steps would be for this project. Mr. Stout said the next steps would be for his team to receive hard bidding and pricing to bring back to the Board to get approval. Mr. Greg Marts, TM Development, said he is working with PSI on this project, specifically on the financing. He said from a legal standpoint there is only one final step that the Board needs to do which would be to hold a Public Hearing with another similar presentation and that does need to be advertised in the newspaper. Mr. Marts said we would like to present this information to the District's Financial Advisors, Baker Tilly, so they could make a recommendation. He said we would need to know if they would like to get an Underwriter involved. Once those conversations are finalized it would be safe to schedule a Public Hearing where you would be voting to move forward with the Project or not. Mr. Marts said the banks are being asked to finance the full amount as if you were to do all of these projects, but to draw a provision so you are only paying interest as you are using the funds. He said this would buy a year to decide if there is one or two of these projects that you do not want to do. Mr. Marts said once the first payment is due the financing would be locked into a dollar amount. He said all these items will be discussed again during a Public Hearing. Mr. Stephens-Hotopp said at this time we do not have a Contract with Performance Services so at the Public Hearing we would hear a final cost of the projects' design, permitting, construction and enter into an Agreement with a not to exceed amount to complete the proposed projects. He said we would then have a year to decide what can be permitted and approved prior to drawing on the financed amount. Mr. Marts said that is correct. He said the Resolution will be worded that you are approving the project up to a certain amount and authorizing someone on the Board to sign them only after the Board's Attorney has reviewed and approved them. Mr. Marts said upon the approval of MSD's Attorney the authorized signatory will be able to sign without holding another Public Hearing. Mrs. Brothers-Bridge asked if this was the same firm working with the City of Muncie. Mr. Stout said yes. Mrs. Brothers-Bridge asked where the City was in their project's process. Mr. Stout said they are a little bit behind because it is a bigger project. He said they are maybe a month behind on their process before they will be ready to move forward like we are currently doing with the District. Mrs. Brothers-Bridge asked if we are storing any of the power or is it used at the time it is produced. Mr. Stout said it will be used as it is produced. He said we do design all systems to be able to incorporate energy storage in the future, but right now it is a little expensive. Mr. Stout said he believes over time, with new technology, it will become more accessible and cost friendly. Mr. Brand asked if any of the information shown today is interdependent on what the City is doing or decides to do. Mr. Stout said no this project for MSD is stand alone. Mr. Brand said AEP is our current utility provider, so will you be working with them. Mr. Stout said yes. Mr. Brand said he knows the more energy you use you can move up to different tariff rates so has that been considered as an offset. Mr. Stout said not for the WPCF or the Lift Stations because MSD falls under a wastewater tariff rate. He said the CNG Station and the Sanitation Department have demand so those are the two we would be looking to swap tariffs. Mr. Stout said when we look closely at the offsets of the solar, we will look at shifting those rates to see what the best potential savings is for MSD. Mr. Brand asked if it is recommended to use power factor correction in conjunction with project such as this. Mr. Stout said it does help, but a lot of times the solar helps with the power factors because it is cleaner. He said we usually like to have a 3-month conditioning phase where our Engineers monitor the output and the production. During this time, we may see if the power factor correction is something we need to do or if

things are working as is. Mr. Brand asked if there are any other water treatment plants operating with solar power in the state. Mr. Stout said not in Indiana, but in Texas we have one. He said especially in smaller cities and towns this is a great way to save money on energy usage. Mrs. Brothers-Bridge asked what power factor correction means because she is not familiar with that term. Mr. Brand said power factor correction has to do with your peak and off-peak demands. He said when you are using more power in a high electrical usage like the water treatment plant you get your tariff rate assigned by time of the day you use your power and how much power is used. This is when a capacitor bank is installed, which stores energy and levels out the demand for the utility provider. The power factor correction is an element of the calculation that determines your utility rate. He said the more level your power factor correction the better rate you receive. Mrs. Brothers-Bridge thanked him for the explanation. There were no further questions.

Additional Board Topics: Mr. Stephens-Hotopp wanted to thank John for the work he has been doing for new bid packets. He said we have been doing a lot of in-house construction work and as part of trying to apply with the City's new restoration standards the District has been putting together a bid packet for on-call for paving and concrete restoration. This will improve the areas we are doing work in-house, so they are looking good when we leave the site. Mr. Brand said he thinks that is very important to leave a site better than how we found it to be a good community steward. There were no other comments.

Public Comments: There were no public comments.

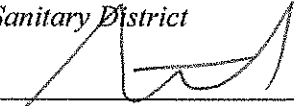
Adjourn: Mr. Brand said the next Board meeting will take place on April 7, 2021. Mrs. Brothers-Bridge moved to adjourn the meeting. Mr. Stephens-Hotopp seconded the motion. The motion was approved (5-0).

Respectfully Submitted,

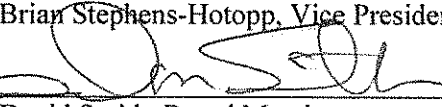


Megan Huff, Executive Office Manager

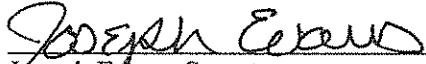
*Approved by the Board of Sanitary Commissioners
Muncie Sanitary District*



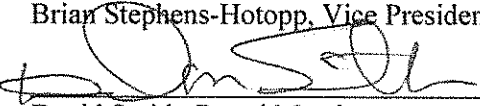
Stephen Brand, President



Brian Stephens-Hotopp, Vice President



Joseph Evans, Secretary



David Smith, Board Member



Tonya Brothers-Bridge, Board Member