

MINUTES OF THE MEETING
OF THE
BOARD OF MUNICIPAL UTILITIES
OF THE
CITY OF SIKESTON, MISSOURI
HELD ON THE ELEVENTH DAY OF APRIL, 2017

On the eleventh day of April, 2017 the Board of Municipal Utilities met in Regular Session at 4:00 P.M. in the Board Room at the Utility office. The following members of the body were present:

Messrs: Alan Keenan, Brian Menz, Tim Merideth

Absent: Jeff Sutton

Also Present: Steven Burch, Mayor; Ryan Merideth, City Council Member; Joe Blanton, Board Attorney; Rick Landers, Utility Manager; Jeff Winders, Marcia Witt, Don Miller, Doug Shaw, Ron Priday, Erin Miller, Trey Holley of the Utility Staff

There being a quorum present, the following business was transacted:

Vast Broadband Presentation

Before the start of the Regular Meeting Chairman Keenan recognized Larry Eby and Chris Pinkerton of Vast Broadband. Eby and Pinkerton were in attendance to present Vast's proposal to provide broadband services to Sikeston businesses utilizing the BMU fiber system. Eby gave a brief history of Vast Broadband and where they currently have systems operating. Eby reviewed their proposed project scope. Included in the project scope is managed WiFi connectivity in key areas of the community, development of Sikeston as a "gigabit city", development of an effective sales and marketing plan, managed network operations center and several other key points. Eby presented a three-year financial model. He also outlined the level of service to be offered and pricing.

Action on Agenda

There was no action on the agenda

A motion was made by Brian Menz to accept the agenda. The motion was seconded by

Tim Merideth. A roll call vote was held as follows, Menz, Keenan, Merideth “Yes” The Agenda was approved.

Action on Monthly Agenda Items

Mr. Keenan asked for a motion to approve the minutes of the Regular Meeting of March 14, 2017. A motion was made by Tim Merideth and seconded by Brian Menz. A roll call vote was held as follows. Keenan, Menz, Merideth “Yes”. The minutes were approved as presented.

Financial

Finance Manager Marcia Witt presented the Financial Report for February, 2017.

Witt reviewed and discussed the Electric System Wholesale and Retail Pro Forma reports.

Total kWh retail sales were down 7.46% from February, 2016. Retail Electric showed a net income of \$208,401. The electric wholesale system had a net loss of \$35,974 for February. The water department showed a net income of \$11,000. Gallons of water sold were virtually the same as last year. The sewer department combined had a net income of \$27,689. The sewer department alone had a net income of \$20. The sewer lagoon had a net income of \$27,668. Witt commented that bills for the current Sikeston Power Station maintenance outage are beginning to come in. More are expected next month.

A motion to approve the report was made by Brian Menz and was seconded by Tim Merideth. The following roll call vote was held. Merideth, Menz, Keenan, “Yes”. The report of the Financial Department was approved.

Retail Operations

Operations Manager Jeff Winders presented the retail operations report.

Electric line crews have been cleaning up from the March 01, 2017 storm event. JF Electric finished rebuilding the 161 kV line on March 09, 2017. There was a brief discussion of the cost of this repair project. Before we could completely recover from that storm we had another minor storm March 25-26, 2017. This storm caused some new issues and some isolated outages. Substation crew had problems this month with a charging motor at Northeast Sub. Repairs were made and the substation is operating normally again.

Water Department staff is working on specifications for painting the Industrial Park water tank. This tank developed a leak a few months ago and a temporary patch was put in place until proper repairs could be made. Winders updated the Board on current projects. Winders also briefed the Board on the condition of the breakers at Southeast Substation and the need to replace them.

A motion was made by Brian Menz to approve the Retail Operations Report. The motion was seconded by Tim Merideth and the following roll call vote was held, Menz, Merideth, Keenan “Yes”. The Retail Operations Department Report was approved.

Sikeston Power Station

Don Miller presented the report from the Sikeston Power Station for February, 2017. There was one forced outage and one derate for the month. The net capacity factor for the month was 91.13%.

He reported on the final stages of the annual spring outage. The outage has gone well. The plant came back online Wednesday, April 05, 2017.

Miller reviewed the coal stockpile estimates. One coal train was parked in March. We should be able to keep it parked until the Fall.

A motion was made by Brian Menz to approve the SPS Report. The motion was seconded by Tim Merideth and the following roll call vote was held, Merideth, Keenan, Menz, “Yes”. The Report for the Sikeston Power Station was approved.

Electric Rate Increase

Rick Landers presented the proposed Rate Design Summary submitted to BMU by Utility Financial Solutions. The Rate Design Summary outlined electric rate increases across all customer classes. Board and Staff discussed the upcoming City Council meeting schedule and the need to get the rate increase request on the April 24 City Council Meeting Agenda.

A motion was made by Tim Merideth to approve the proposed Electric Rate Design. The motion was seconded by Brian Menz and the following roll call vote was held, Merideth, Keenan, Menz, “Yes”. The Electric Rate Design was approved.

Capitalization Policy

Finance Manager Marcia Witt presented the proposed Capitalization Policy. Witt commented that our auditors have recommended adopting this Policy. She reviewed her research on the subject and briefed the Board on the details of the proposed policy.

A motion was made by Tim Merideth to approve the proposed Capitalization Policy. The motion was seconded by Brian Menz and the following roll call vote was held, Merideth, Keenan, Menz, “Yes”. The proposed Capitalization Policy was approved.

Tank Painting

Rick Landers reviewed the need to inspect and paint the Industrial Park Water Tank. The

tank developed a leak in December, 2016 and a temporary repair was done to stop the leak. Landers reported that BMU Staff has researched alternative methods of financing for the project since the recent bids all exceeded the amount budgeted for the work. A lease/purchase type of financing is a possible option for the project. Landers commented that this report is only for informational purposes at this time. Staff will report back at a later time with more information. Chairman Keenan asked Landers for information on possible increase in water and sewer rates to better cover future maintenance projects such as this.

General Manager's Report

BN Railroad Contract Renewal – Landers reported he is currently in contract talks with Burlington Northern Railroad. The current contract ends December 31, 2017. The contract term being discussed is a five-year contract for years 2018-2022. Landers asked Board's opinion on either the five-year contract or three-year contract. He went on to outline some other significant items in the negotiations with Burlington Northern. Chairman Keenan asked Landers to consult with Western Fuels Association regarding the advisability of a five-year contract.

Current Topics - Landers reported on a power quote request from Magnitude 7 Metals. Landers and the Board went on to discuss the amount of power needed, pricing and terms.


SEMO Electric has expressed an interest in submitting a broadband proposal. Chairman Keenan asked that it be scheduled for the May 2017 meeting.

Executive Session

Mr. Keenan asked if there was a need to enter Executive Session. None was given.

Adjournment

There being no further business Brian Menz moved to adjourn the meeting. The motion was seconded by Tim Merideth and a roll call vote was held, all yes. Mr. Keenan declared the meeting adjourned


Secretary