

MINUTES OF THE MEETING
OF THE
BOARD OF MUNICIPAL UTILITIES
OF THE
CITY OF SIKESTON, MISSOURI

HELD ON THE THIRTEENTH DAY OF JUNE, 2017

On the thirteenth day of June, 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, Tim Merideth, Bob Smith

Absent: Brian Menz

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

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

Action on Agenda

There was action on the agenda, Chairman Keenan suggested moving Election of Officers to follow item #8.

A motion was made by Tim Merideth to modify the agenda. The motion was seconded by Bob Smith. A roll call vote was held as follows, Smith, Keenan, Merideth "Yes" The Agenda was approved.

Action on Monthly Agenda Items

The Chairman asked for a motion to approve the minutes of the Special Meeting of May 16, 2017. A motion was made by Tim Merideth and seconded by Bob Smith. A roll call vote was held as follows. Keenan, Smith, Merideth "Yes". The minutes were approved as presented.

Financial

Finance Manager Marcia Witt presented the Financial Report for April, 2017. Witt reviewed and discussed the Electric System Wholesale and Retail Pro Forma reports. She reviewed the anticipated year-end financial picture with the purchasing cities. Witt commented on the recent coal pile survey/estimates at SPS. She reported the annual call with the Fitch Rating Agency has been rescheduled to July 19.

Total kWh retail sales were up 8.2% from April, 2016. Retail Electric showed a net income of \$126,440. The electric wholesale system had a net loss of \$187,026 for April. Witt noted expenses included some remaining outage expenses. The water department showed a net loss of \$357. Gallons of water sold were down approximately 1.5% compared to last year. The sewer department combined had a net income of \$29,591. The sewer department alone had a net income of \$4,199. The sewer lagoon had a net income of \$20,047.

A motion to approve the report was made by Tim Merideth and was seconded by Bob Smith. The following roll call vote was held. Merideth, Smith, Keenan, "Yes". The report of the Financial Department was approved.

Retail Operations

Operations Manager Jeff Winders presented the retail operations report.

He reported on the effects of the severe storm of May 27. This storm caused approximately 15 outages in the BMU system. The outages were localized and not widespread. Since the storm of March 1 we have seen a significant number of problems with the LaValle circuit. We are exploring ways to harden this line.

Winders reported on problems with transformer #2 at Northeast Substation. Southeast Electric is assisting BMU in repairs to the transformer and evaluating the path forward for keeping the aging transformer in service.

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 also briefed the Board on preparations for summer water usage. Winders reported on the recent DNR audit of BMU's wastewater treatment plant.

BMU performed a system-wide leak test. Seven leaks were found, two on water mains. Crews are working to repair the leaks found.

Winders reported on the water test drilling. Results have not been as expected. We are working with Waters Engineering on a new site for further test drilling.

Winders reported on two interns who are working with BMU for the summer.

Winders briefed the Board on our Pretreatment compliance and the Local Limits Study. He is scheduled to meet with Burns & McDonnell on Friday to start the Industrial Park study. Winders commented on the situation with Unilever, the Industrial Park Lagoon and what he anticipates in the permit process for that facility.

A motion was made by Tim Merideth to approve the Retail Operations Report. The motion was seconded by Bob Smith and the following roll call vote was held, Smith, Merideth, Keenan "Yes". The Retail Operations Department Report was approved.

Sikeston Power Station

Don Miller presented the report from the Sikeston Power Station for April, 2017. There was one forced outage and two derates for the month. The net capacity factor for the month was 75.61%.

Miller reported on a lightning strike in early May that caused the unit to trip. The lightning strike damaged some circuit boards on the coal feeders. SPS crews found and repaired a tube leak during the forced outage.

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 Tim Merideth to approve the SPS Report. The motion was seconded by Bob Smith and the following roll call vote was held, Merideth, Keenan, Smith, "Yes". The Report for the Sikeston Power Station was approved.

Audit Engagement Letter

Marcia Witt presented the Engagement Letter from BKD for the FYE May 31, 2017 Audit. Final audit presentation to the Board is expected in September.

WFA Amendment #5

General Manager Rick Landers presented Amendment #5 to the Coal Purchase Agreement between Western Fuels Association, Inc. and BMU. This amendment extends the term of the agreement to December 31, 2022.

A motion was made by Tim Merideth to approve the Amendment. The motion was seconded by Bob Smith and the following roll call vote was held, Merideth, Keenan, Smith, "Yes". The Amendment was approved.

Electric Rate Classification Request

Rick Landers and Business Manager Doug Shaw briefed the Board on requests from two current BMU customers who have requested a change to a different electric rate. After a brief discussion no action was taken and the Board agreed to discuss the matter further at the July meeting.

General Manager's Report

Drainage District - Landers reported on ongoing talks with Richland Drainage District.

BN Contract - Landers reported little movement on the Burlington Northern Railroad Contract talks.

Renewable Review - Landers reviewed recent efforts and discussions to arrive at an electric rate to accommodate potential netmetering customers.

Water System Rates - Landers reported BMU staff is still working on what we expect future costs to be and the effect on rates. Some estimates of future water rate increases were discussed. Staff will continue to gather data.

M7M - A power sales proposal was sent to Magnitude 7 Metals. The proposal is being reviewed by their attorney.

Carthage Response - Carthage Water and Electric Plant, Carthage, Missouri declined to

accept the Power Sales Agreement sent to them by BMU in May 2017.

Election of Officers

Chairman Keenan welcomed new member Bob Smith. Keenan cited the need for an election of officers. Tim Merideth made a motion to nominate Brian Menz for Chairman, Tim Merideth for Vice Chairman, Bob Smith for Secretary and Alan Keenan for Assistant Secretary. The Motion was seconded by Bob Smith.

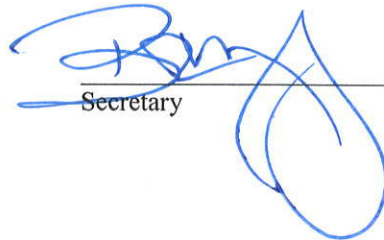
The following roll call vote was held. Merideth, Smith, Keenan, "Yes". The election of officers was approved.

Executive Session

The Chairman cited a need to enter Executive Session. Tim Merideth made a motion to enter Executive Session. The motion was seconded by Bob Smith and the following roll call vote was held, Merideth, Smith, Keenan, "Yes". The Board entered Executive Session. No action was taken in Executive Session and no business was transacted. Tim Merideth made a motion to adjourn Executive Session. Bob Smith seconded. Roll call vote, all yes.

Adjournment

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


Secretary