

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

On the eleventh day of July, 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: Brian Menz, Tim Merideth, Bob Smith

Absent: Alan Keenan

Also Present: J.D. Douglass, City Manager; 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 no action on the agenda

A motion was made by Tim Merideth to accept the agenda. The motion was seconded by Bob Smith. A roll call vote was held as follows, Smith, Menz, 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 June 5, 2017. A motion was made by Tim Merideth and seconded by Bob Smith. A roll call vote was held as follows. Menz, Smith, Merideth "Yes". The minutes were approved as presented.

The Chairman asked for a motion to approve the minutes of the Regular Meeting of June 13, 2017. A motion was made Tim Merideth and seconded by Bob Smith. A roll call vote was held as follows. Menz, Smith, Merideth "Yes". The minutes were approved as presented.

Financial

Finance Manager Marcia Witt presented the Financial Report for FYE May 31, 2017. Witt reviewed and discussed the Electric System Wholesale and Retail Pro Forma reports.

Preliminary fiscal year end statistics were as follows. The Electric Retail System had a net loss of \$445,729. Electric Wholesale showed a net loss of \$108,958. Water Department had a net loss of \$95,388. The Sewer Department had a net loss of \$104,970. The Sewer Lagoon had a net income of \$158,621. Witt also reviewed the Debt Service status, spot sales for the year and the GASB 68 pension liability.

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, Menz, "Yes". The report of the Financial Department was approved.

Retail Operations

Operations Manager Jeff Winders presented the retail operations report.

BMU crew built an electric line to Three Rivers College to serve a new irrigation well and center pivot.

Winders reported on problems with transformer #2 at Northeast Substation. The oil from the transformer was filtered but we were not able to remove all the moisture from the oil. The transformer will be put back in service but will be kept on an accelerated maintenance schedule. Northeast transformer #1 is also showing some of the same signs of problems. Maintenance on this transformer will be stepped up also.

Winders updated the Board on plans 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.

BMU performed a system-wide leak test. Seven leaks were found, two on water mains. Crews have been busy completing the list of leaks from the test.

Winders reported on the water test drilling. Layne Arkansas has been delayed by weather and other issues in returning to continue the test drilling. A site on Illinois Avenue is the next drill site.

Winders reported BMU has received the draft discharge permit for the south Wastewater Treatment Plant. He reported we were not satisfied with the limits set in the permit and BMU will protest the permit. We are working with Waters Engineering in our protest.

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, Menz "Yes". The Retail Operations Department Report was approved.

Sikeston Power Station

Don Miller presented the report from the Sikeston Power Station for May, 2017. There were two unplanned derates for the month. The net capacity factor for the month was 92.04%.

Miller reviewed the cause of the two derates and actions taken to correct the problems.

Miller reviewed the coal stockpile estimates and daily coal usage. We anticipate starting the second train around August 1. We plan to run both trains three or four months to build up the stockpile.

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

Electric Rate Classification Request

Rick Landers briefed the Board on requests from two current BMU customers who have requested a change to a different electric rate. The discussion centered on how our rates should be applied. Is it based on the facility the meter is serving or on the overall facility? After a brief discussion the Board and Staff agreed the rate should be applied based on the specific facility the meter is serving.

Water and Sewer Rate Study

Previous discussions regarding water and sewer rates have included the need for a fund to handle water tank painting and water and sewer plant projects. It has been several years since BMU has had a professional rate study conducted on the water and sewer system. Staff is seeking Board approval to engage Utility Financial Solutions to perform a water and sewer rate study.

A motion was made by Tim Merideth to engage UFS for the Water & Sewer Rate Study. The motion was seconded by Bob Smith and the following roll call vote was held, Merideth, Menz, Smith, “Yes”. The motion to engage UFS was approved.

Continuation of Electric Department Rate Study

An electric rate study by Utility Financial Solutions was recently completed. Since the completion of this study a need has arisen for a rate for renewable energy. We are also ready to take the next step in our long term rate development program. Staff is seeking Board approval to engage Utility Financial Solutions to proceed with the next step in the Electric Rate Study.

A motion was made by Bob Smith to approve the continuation of the Electric Rate Study. The motion was seconded by Tim Merideth and the following roll call vote was held, Merideth, Menz, Smith, “Yes”. The continuation of the Electric Rate Study was approved.

General Manager’s Report

Steel Mill - Landers reported on the possibility of BMU supplying power to a proposed steel mill at Marston. Proposals are being developed at this time.

M7M - Landers reported M7M has requested a draft proposal from BMU. We are working on a transmission issue. Afterward we will resume talks with M7M.

Drainage District – Talks are ongoing.

Schools/Solar - Landers reported on several more talks with the Sikeston R-6 school district regarding their desire to install solar generating panels at several of their facilities. BMU is currently evaluating a number of legal issues that could come into play. We are currently waiting on the school district’s proposal.

MPUA Fall Conference - Landers reported the Missouri Public Utilities Alliance Fall Conference will be held September 27-29, 2017 at the Tan-Tar-A resort at Lake of the Ozarks. Landers reported that the keynote speaker on September 28 will be Carol Comer, the new Director of the Missouri Department of Natural Resources. Landers said this would be a good event for some or all Board members to attend.

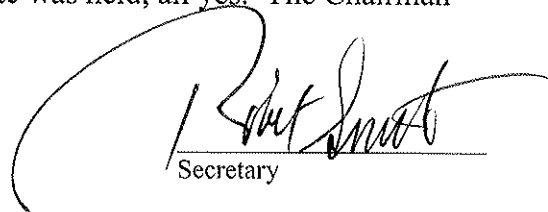
Landers reported the next meeting with SEMO Electric regarding their fiber proposal is July 20, 2017 at the SEMO Electric Office. A BMU Board Retreat is tentatively scheduled for August 02, 2017.

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, Menz, "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