

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

HELD ON THE FOURTEENTH DAY OF JULY 2020

On the fourteenth day of July 2020 the Board of Municipal Utilities met in Regular Session at 4:00 P.M. in the board room. The following members of the body were present:

Messrs: Brian Menz, Tim Merideth, Jon Gilmore

Absent: Alan Keenan

Also Present: Jonathan Douglass, City Manager; Gerald Settles, Councilman; Steve Burch, Mayor; Joe Blanton, Board Attorney; Rick Landers, Utility Manager; Marcia Witt, Jeff Winders, Mark McGill, Ron Priday, Erin Miller, Lora Foust, and Shane Davis of the Utility Staff

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

Action on Agenda

There were no changes to the Agenda

A motion was made by Jon Gilmore to accept the agenda. The motion was seconded by Tim Merideth. A roll call vote was held as follows, Merideth, Gilmore, Menz, "Yes" The Agenda was approved.

Action on Monthly Agenda Items

The Chairman asked for a motion to approve the minutes of the June 9th, 2020 Board Meeting. A motion was made by Tim Merideth and seconded by Jon Gilmore. A roll call vote was held as follows. Gilmore, Merideth and Menz "Yes". The minutes were approved as presented.

Financial

Finance Manager Marcia Witt reviewed the financial reports for May 2020. The electric retail department had a net income of \$4,375,667. She reported that revenues were up from the prior year by \$2.1M as a result of the rate increase that was effective October 1st. This revenue was offset by \$1.7M from 3.4% lower kwh sales and the COVID relief rebate. Kwh sales were 2.7% over budget. Electric wholesale system showed a net loss of \$6,075,877. Revenue was lower than last year due to lower spot market Mwh sales and prices and decreased energy sales to contracted cities.

Water Department showed a net loss of \$508,911. Gallons sold were 6.0% lower than budget and 4.3% lower than prior year. Witt reported net fiscal year-end adjustments were made for depreciation, unbilled revenue, accrued wages and vacations, GASB 68 pension liability and the GASB 75 post retirement liability. The largest year end adjustment was made to increase the pension liability for the updated retirement plan.

Sewer Department preliminary year end May financials showed a net loss of \$225,213. Revenues include a rate increase effective January 1st. \$322k was made to increase the pension liability for the updated retirement plan.

The preliminary year end May Sewer Lagoon showed a net income of \$351,675.

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

Retail Operations

Operations Manager Jeff Winders presented the retail operations report.

Electrical crews are constructing the 13.8 kV distribution line down US 61 to the new Water Treatment Plant #4 as well as working on lighting trail for Lincoln Park. Substation crews have been reviewing inventory items and performing maintenance.

Winders also reported that he is still working on the long-range plan for the electric utility and will have a rough outline of this plan to show the Board in the future.

Winders reported maximum water usage for the month at 4.421 MGD.

Winders updated the Board on the Major Project Status which included updating us on the Water Plant Phase 1. He reported that the DNR has approved the plans and informed us that Waters Engineering is working on final bid documents.

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

Sikeston Power Station

Mark McGill presented the report from the Sikeston Power Station for May 2020.

McGill reported that there were no derates or outages for the month of May. The Net capacity factor was 87% for the month. He reviewed the coal stockpile estimates and daily coal usage. We currently have 127,000 tons on the ground which is a 40-day supply. McGill also reported that we only have one train in service but expect to have a second train running in late August to early September.

McGill also reported that the unit was brought offline on July 9, 2020 to repair a leak in Heater #6.

McGill reported that the ACE and RHR compliance strategy development is still in progress. And that the CCR extension request has been completed and that we are awaiting the finalization of the rule before submitting the request. SWPA substation berm work has been delayed due to recent rains.

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

Pre-Audit Acknowledgement

Marcia Witt presented the Pre-Audit Acknowledgement letter from BKD for approval by the Board stating that the final Audit will be ready by the end of August, or first of September.

A motion was made by Jon Gilmore to approve the Audit Engagement. The motion was seconded by Tim Merideth and the following roll call vote was held, Gilmore, Merideth, Menz "Yes". The Report for the Audit Engagement Letter was approved.

Semi-Annual Charge Offs

Lora Foust presented the semi-annual charge off list showing the total charge off's to be \$101,026.28 and when you factor in the deposit's charged back to the customers account the true number is \$131,271.28. Foust also pointed out that a column was added to the report to show if the write off customer was in a rental and if there was an unrepaired leak involved.

A motion was made by Tim Merideth to approve the Charge off list. The motion was seconded by Jon Gilmore and the following roll call vote was held, Gilmore, Merideth, Menz "Yes"

Sewer Surcharge Recommendation

Jeff Winders presented for approval by the Board a draft of a new ordinance and rate change on sewer excessive surcharges. Winders explained that the current city ordinance was outdated and that the current rate for does not represent our actual cost for excessive sewer discharges of strength and total suspended solids (TSS). The purpose of this ordinance and surcharge rate is to deter excessive sewer discharges that disrupt our sewer plant and to reimburse the utility for this disruption.

A motion was made by Jon Gilmore to approve the recommendation. The motion was seconded by Tim Merideth and the following roll call vote was held, Gilmore, Merideth, Menz "Yes". The Report for the Sewer Surcharge Recommendation was approved.

Distributed Generation Policy

Rick Landers, General Manager presented for the Board's approval a Distributed Generation Policy and Agreements. BMU currently has a policy that is compliant with Missouri Statutes to cover customer owned generation up to 100 kw. This new policy covers customer owned generation greater than 100 kw and is to support compliance with the Public Utilities Regulatory Policy Act of 1978 (PURPA).

A motion was made by Jon Gilmore to approve the policy draft and related agreements. The motion was seconded by A motion was made by Jon Gilmore to approve the Audit Engagement. The motion was seconded by Tim Merideth and the following roll call vote was held, Gilmore, Merideth, Menz "Yes".

Current Topics

Fiber Optic – Mr. Landers confirmed that we are still waiting for the final Make Ready Fiber study and that it should be ready soon.

AMI – Reported that the AMI installation project is currently under way and approaching 46% completion.

Spot Sales – Update that market is down, and Spot Sales were \$20.99 cents for the month of with a yearly average is 22.32 MWH.

A motion was made by Tim Merideth to approve the General Manager's Report. The motion was seconded by Jon Gilmore and the following roll call vote was held, Gilmore, Merideth, Menz, "Yes". The motion was approved.

Executive Session

Chairman asked if there was a need to enter Executive Session. The Board members then

entered an Executive Session.

Adjournment

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


Secretary