

OFFICIAL COUNCIL PROCEEDINGS

Tuesday, February 2, 2016
Council Chambers
7:00 p.m.

ROLL CALL

Present: Council Members Locke, Mayor Pro Tem Knickerbocker,
Council Members Dobson, Lionberger, Mayor Hark, Council
Member Van Hoose, and Hark - 7

Absent: -0-

CALL TO ORDER

There being a quorum present, Mayor Hark called the meeting to order.

INVOCATION

The invocation was given, at this time, by Council Member Van Hoose.

PLEDGE OF ALLEGIANCE

Council Member Dobson led the Pledge of Allegiance to the Flag

APPROVAL OF MINUTES Regularly Scheduled Council Meeting – January 19, 2016

Motion was made by Council Member Van Hoose to approve the Council minutes of the last regular Council meeting that was held on January 19, 2016. Motion was seconded by Council Member Dobson.

Motion carried.

APPROVAL OF PAYROLL AND CLAIMS Second Half – January, 2016

Motion was made by Council Member Dobson to approve the payroll and claims for the second half of January 2016. Motion was seconded by Council Member Locke.

Motion carried.

MARK LAWLOR – CLEAN LINE ENERGY PARTNERS, LLC
Re: Grain Belt Express Transmission Project

Mark Lawlor, Director of Development with Clean Line Energy Partners, LLC began his presentation by distributing information containing notes and information relating to the company and their project. He indicated today we are paying more for electricity than we necessarily need to. They are a market based solution, they do not receive any government subsidies or handouts or grants. If they can deliver electricity lower than what the market can provide, they will move forward. The Grain Belt Express will use a Direct Current (D/C) Line to move Power from the high plains in western Kansas, where they have the best wind resource in the world. That coupled with the improvement in turbine technology allows them to produce power in western Kansas for about \$.02 per kWh. In eastern Missouri we would gain access to the power by connecting to a converter system in Ralls County. Direct current is a method to distribute a large amount of power more efficiently than the current A/C method.

Lawlor stated that there are many benefits to this system, but first and foremost is the cost savings. Power delivered here would be in the \$.03 per kWh range or less, which is significantly lower than current whole sale rates. The reduce electricity rates would pass on savings to the consumer; i.e. every resident and business. Unlike Ameren who might hold on to the savings for shareholders, these savings gets passed onto the consumer. This is a unique opportunity and will create thousands of job during construction of the transmission line and convertor station. He stated that tax revenues will also be generated in the counties where the work is done, somewhere around \$800,000 to \$1,000,000 could be expected.

The project has received approval in 3 of the 4 states that it will go through. However, Missouri will still need to obtain approval. They were told by the public service commissioners that they need to show them with a little more certainty who the beneficiaries will be. In order to fulfill that request, they are coming to utility companies around the state of Missouri to ask them to sign up for capacity on their line. This will help them demonstrate what the public service commissions requested. Local contractors will benefit from this project as well because many local contractors are being used to build various parts of the project.

Lawlor then stated that there are a couple of ways to go about moving forward with this project. The Board of Public Works currently has a proposal they are reviewing at this time. One option would be to have a joint ownership in the project, having a title on part of it, which would be approximately 25 megawatts. The City could sell that portion (using it as a revenue stream) or use it for their own customer base. The City would own this for the life of the project which would be approximately 70 years. The second option would be to buy capacity rights; paying an annual cost of service for typically 20-25 years at a locked in rate. At the end of the time period you could renegotiate, however, this option does not allow you an opportunity to resell the energy to generate revenue. Clean Line owns the capacity and the line, but not the wind farm. Court rules prohibit you from owning all three. Infinity Wind is one of the wind farm owners who they currently work with, or the City could do a request for proposal and have the other farm owners compete for them. Infinity Wind bills a lot of projects in this area and knows the area well which benefits the consumers and manufactures by lowering their rates. Access to renewable energy is also important to manufactures, making this a great business retention and attraction option by offering them 100% wind energy.

The line will be located in Marion County, however, it will also run through Ralls County. The routing of this project has been taking place for a number of years. They have been working with landowners to help identify the best route with the least impact on the landowners. Compensation packages are well above what is typically seen in the industry, paying 100% of the market value of the easement. It is just that, an easement where they can continue to use the land; they are also given a payment for each tower on their property and full compensation for any impacts to the land or crop damage. Lawlor then informed council that there is no limit on this compensation, even if something were to happen 20 years from now. This is well above the standard 3 year window that other companies offer.

Council Member Van Hoose then questioned how much of this electricity would meet our current needs. Lawlor indicated 25 megawatts would meet approximately 40% of the City's needs. Dobson then questioned the two types of towers they have, their footprint on the area and how many would be needed per mile. Lawlor stated that a Monopole structure would require 4-6 per mile and would span 8ft. in diameter. The lattice structure would require 4-5 per mile but would have a larger footprint. Mayor Hark then questioned the direction provided from the Public Service Commission in order to move forward with this project. Lawlor responded that a few of the commissioners did not agree on the need to do this and felt Ameren could go buy renewable energy credits on the market. However, Missouri will now be required to reduce its carbon footprint by 32% based on rulings by the EPA. Utilities need to start thinking about what investments they will make in order to meet these requirements, including using companies like Clean Line Energy.

The Mayor then questioned what would happen if the company were to sell. Lawlor indicated whoever would buy it would take on the company's current customers and commitments. This is a 2 billion dollar project, but they cannot begin building until they raise the money. This will be done by pre-sales and bonds. Van Hoose then questioned the converter station in Ralls County and if it is a maned station and how many would be employed, Lawlor indicated there would be a couple people at any given time, ongoing. He then informed council that the biggest impact on jobs is during construction and that the stations won't bring enough jobs to be significant. Mayor Hark then questioned whether the lines would hum or glow, with Lawlor indicating that was not the case at all.

The Mayor then questioned what would happen to any investment if the line ended up not getting built. To which Lawlor responded that if it does not get built, nothing would be spent until the project has been fully financed. There would be a cap so there would be no risk of overruns on the construction costs. Clean Line would be responsible for any of these extra expenses, should they arise. If investment, commitment starts at construction. If capacity, it would be an annual purchase after it has been built. He then stated he wanted this evening to be a fact driven exercise, and there will be information that is disseminated that just is not true. The way transmissions lines are typically built are negotiated with the landowner one on one, there are several factors taken into the compensation package that is very specific to each parcel. He then addressed eminent domain laws in the state and how a company like this can get eminent domain if the project is in the public's best interest. However, this will be a decision made by the Public Service Commission.

JEFF LAGARCE – CITY MANAGER

Re: Approval of Appointment

City Manager Jeff LaGarce reminded Council of a candidate presented at the last meeting for the following Board:

BOARD OF PUBLIC WORKS

- Todd Kendall – Recommendation of appointment for an unexpired term to expire July, 2016

He asked Council for their approval of this recommendation. Motion was made by Council Member Locke to approve the Jeff LaGarce’s recommendation of Todd Kendall to the Board of Public Works, for an appointment for an unexpired term to expire July, 2016. Motion was seconded by Council Member Dobson. Council Member Van Hoose abstained from voting due to a close relationship with Todd Kendall.

Roll Call

Yes: Council Members Locke, Mayor Pro Tem Knickerbocker, Council Members Dobson, Lionberger, Mayor Hark, and Council Member Hark – 6

No: -0-

Abstain: Council Member Van Hoose – 1

Motion carried.

Re: TRIM Grant, Employee Tree Training – Contract Proposal

Ecological Resource Consultants, LLC

(Resolution No. 2026-16, to follow)

LaGarce then spoke about employee education relating to the TRIM grant which a contract is before Council. They will work without employees on this training and has provided a curriculum and a database of all trees located in Hannibal.

ROBERT STEVENSON – BPW GENERAL MANAGER

Re: Self-Managed Plan Power Supply Agreements – Master Power Purchase & Sale Agreement

Edison Electric Institute

(Resolution No. 2027-16, to follow)

Bob Stevenson then addressed Council indicating that what he is presenting has nothing to do with Mark Lawlor's issue heard earlier in the meeting. After hiring a consultant, it was decided that it would be in the Board's best interest to change the way they buy electric power. Previously they were under a “full requirement contract” with Ameren until it was sold to a company in Texas. This contract that started with Ameren has been in effect since the 1970's. This contract no longer makes sense for Hannibal’s needs and it will be changed

to a self-managed plan. This means they will find the power themselves as it is needed, but with the help of a consultant. This will require daily and hour by hour attention which the consultant will help with until BPW can handle it themselves. Coming before council is step one, with the series of four agreements provided to council to review. There is also a master agreement and cover letters that modify the master agreements between the four different power suppliers. The agreement has nothing to do with dollars and cents, only defines how they do business if they would receive the low bid. This change would be effective June, 2017. City Attorney Lemon then stated that he reviewed the documents and believes BPW has negotiated the best contract possible and all involved are very knowledgeable on the issues at hand.

RESOLUTION NO. 2026-16

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE A CONTRACT WITH ECOLOGICAL RESOURCE CONSULTANTS IN THE AMOUNT OF \$3,908.20 FOR EMPLOYEE EDUCATION AND TREE CARE TRAINING

Motion was made by Council Member Lionberger to have the City Clerk read Resolution No. 2026-16 and call the roll for adoption. Motion was seconded by Mayor Pro Tem Knickerbocker.

Motion carried.

Roll Call

Yes: Council Members Locke, Mayor Pro Tem Knickerbocker, Council Members Dobson, Lionberger, Mayor Hark, Council Member Van Hoose, and Hark - 7

No: -0-

Absent: -0-

Mayor Hark declared Resolution No. 2026-16 duly approved and adopted on this date.

RESOLUTION NO. 2027-16

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE MASTER POWER PURCHASE & SALE AGREEMENT AND RELATED DOCUMENTS BETWEEN THE CITY OF HANNIBAL, BOARD OF PUBLIC WORKS AND EDISON ELECTRIC INSTITUTE

Motion was made by Council Member Locke to have the City Clerk read Resolution No. 2027-16 and call the roll for adoption. Motion was seconded by Council Member Dobson.

Motion carried.

Roll Call

Yes: Council Members Locke, Mayor Pro Tem Knickerbocker, Council Members Dobson, Lionberger, Mayor Hark, Council Member Van Hoose, and Hark – 7

No: -0-

Absent: -0-

Mayor Hark declared Resolution No. 2027-16 duly approved and adopted on this date.

ROY G. HARK - MAYOR

Re: Oath of Office

Todd Kendall – Director of the Board of Public Works

Mayor Hark administered the Oath of Office to Todd Kendall, being sworn in as Director of the Board of Public Works.

CLOSED SESSION

In Accordance with RSMo. 610-021 (1)

At this time, Mayor Hark entertained a motion to go into closed session in accordance with RSMo 610-021, sub-paragraph, one (1), admitting himself, City Council, City Clerk Angelica Vance, City Manager Jeff LaGarce, City Attorney James Lemon, Fire Chief Sean Hampton, and Deputy City Clerk Tiffany Rubemeyer. Motion was made by Council Member Van Hoose to enter into Closed Session. Motion was seconded by Council Member Locke.

Roll Call

Yes: Council Members Locke, Mayor Pro Tem Knickerbocker, Council Members Dobson, Lionberger, Mayor Hark, Council Member Van Hoose, and Hark – 7

No: -0-

Absent: -0-

Motion carried.

OPEN SESSION

Motion was made by Council Member Dobson to return to open session at this time. Motion was seconded by Council Member Locke.

Motion carried.

ADJOURNMENT

Motion was made by Council Member Hark to adjourn the meeting. Motion was seconded by Mayor Hark.

Motion carried.