

MARSHALL MUNICIPAL UTILITIES

75 East Morgan
Marshall, MO 65340

February 3, 2022

The Board of Public Works convened in special session at the Marshall City Council Chambers of the City Office Building, 214 N. Lafayette, Marshall, MO 65340 at 4:30 p.m. Board members present were Ken Bryant, President; Steve Mills, Vice President; Spencer Fricke, Secretary and Chuck Hines, Member. Also present from MMU were General Manager Jeff Bergstrom, and Controller Tony Bersano. Present from the City of Marshall were: Mayor Julie M. Schwetz; Council Members Dewey Hendrix, Kirk Arends, Robert Ashford, Craig Thompson, Dan Brandt and Phesa Wright; City Administrator JD Kehrman, City Counselor Josh Taylor and City Clerk Julie Lewis. Council Members Leon Thompson and Charles Guthrey absent.

Mayor Schwetz opened the meeting stating the last time the two groups met to discuss an administrative fee to be imposed on the utilities. At that meeting, the Board indicated they would consider participating in an economic development fund or some other type of fund, in lieu of an administrative fee and she inquired of the progress or any other ideas they may have.

Board President Ken Bryant deferred that question to MMU Management. MMU General Manager Jeff Bergstrom stated he nor Controller Tony Bersano were aware of what was discussed at that previous meeting. Board Vice President Steve Mills stated they had discussed doing something for economic development and possibly fund it with profits from the Fiber Department. General Manager Bergstrom added that a tax cannot be collected from internet, but there could be a transfer fee imposed to the internet fees. He also stated the utilities is having a peer review done by the Missouri Public Utility Alliance (MPUA), that is looking at the daily operations, how PILOT's and other fees are calculated and imposed and how things can be improved. MPUA will present their findings to the Board, then to the City Council. After the peer review is complete, they will have a better idea of how to proceed.

Council Member Guthrey present at 4:39 p.m. Council Member Leon Thompson present at 4:42 p.m.

Council Member Arends stated the city and council are looking for a way to build growth within the community. Mr. Arends mentioned that Lebanon, Missouri gets an economic development fee from their utilities to help fund city growth. He added this was discussed at the last meeting and the Board was going to come back with some ideas of a similar fee instead of a lump sum payment of any possible sale of MMU assets in the future. Mr. Arends then stated that it seems like there is an area they are trying to take money but all the city is trying to do is grow, which in turn will grow MMU. They never have any intentions of hurting the utilities. Mr. Mills added that there was more momentum behind the economic development fund rather than the city administrative fee. By putting money into an economic development fund it would benefit everyone as a whole and made a lot more sense.

Mr. Mills asked about the immediate needs of the city as described in the meeting request. Mayor Schwetz replied that it was to address the outstanding issue of the administrative fee, which was hanging in limbo. Also, for budget reasons a decision needs to be made one way or another. Mr. Arends added the past City Administrator had created the administrative fee for some of their departments but it was not comparable to their budget and there needs to have a reasonable amount be assessed to MMU, but that it made more sense to have an economic development fee than an administrative fee.

Board Member Chuck Hines questioned what kind of account the city would put that in, if it would go into a special account or the general fund account. Mr. Arends replied that it would be a subset of the general fund account.

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Board Member Spencer Fricke asked if there was a list of what the economic development fund would be spent on. It would just be adjusted to what the city's needs are versus someone else's needs. Council Member Robert Ashford stated there wasn't currently a project right at this time. Mayor Schwetz and Council Member Leon Thompson interrupted that there were several, and gave the example of Watermill Estates engineering. MMU Controller Tony Bersano stated his view of economic development is offering discounted rates to new businesses or assisting with infrastructure construction, but was understanding from the conversation that it would be a fee that MMU would pay a standard fee each year regardless of economic development that year or not. Mr. Arends replied that is correct and used the City of Lebanon Missouri as an example; their ordinance states "if needed", if there were no projects in certain year no money would be drawn out of that account. Mr. Arends said the city has set aside funds and tried to work with MMU, but it just hasn't worked. Mr. Bersano then asked that if this fee were to be paid would there be additional requests for discounted rates on top of the economic development fee. Mayor Schwetz felt that would request may still be asked from a developer or company. This would be separate from what a developer or company may ask for, an example would be to help fund the cost towards an industrial park, or survey to plot out a subdivision, or put roads in a new subdivision. Mr. Arends added the funds would not be used on a new fire truck, police car or existing roads, but didn't think all possibilities could be outlined today. Mr. Mills added that MMU would be willing to work with any business coming to town, as long as it wouldn't hurt the utilities. Mr. Fricke asked how Lebanon funded their account, was it a one-time lump sum payment, yearly, or quarterly. Mr. Arends stated he thought it was quarterly, but would confirm that.

The group then discussed how the account would be created and the process of transferring that money to the city. Mr. Bergstrom then added that instead of a set percentage, he would like a formula based on what type of financial year MMU has had and reviewed yearly to allow for unexpected events that may happen.

Council Member Phesa Wright asked why the fee was necessary, then stated we are all on the same team why not just request money when it is needed. Mr. Arends responded that it has been done like that in the past and did not go well, but if there is something in writing for the changing council and board members to reference it would be helpful. Mr. Ashford added it would make it easier to plan projects knowing the funds may be available. Mr. Bergstrom added this year being unique due to having several large projects planned that could potentially be funded through ARPA funds would help MMU assist the city, but everything is still up in the air. Mr. Bergstrom then outlined which utility projects he will be requesting ARPA funds for. Mr. Bergstrom added these projects will have to be completed and financed internally regardless of ARPA funds.

Mr. Arends questioned the Board about the interdepartmental loans and investments; specifically has \$7 million to Natural Gas been repaid. Mr. Bersano stated the Electric Department funded the Natural Gas line and has not seen return on that investment. Whereas the Electric Department invested \$2.5 to invest in the IT & Broadband Department, the IT & Broadband Department has been paying back to the Electric Department what was borrowed. Mr. Arends also questioned the equity that the Electric Department had in the IT & Broadband Department and the Natural Gas line. Mayor Schwetz asked why the Natural Gas line has not been repaying the Electric Department. Mr. Bersano said that it was not a loan, it was an investment to develop the natural gas line to benefit the Power Plant. Mr. Bergstrom added it was to added to ease issues on getting natural gas. Mr. Bersano further explained why it was called an investment versus a loan.

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Mayor Schwetz asked for further questions from the Council and Board Members, and summarized the meeting that group as a whole was leaning more towards an economic development fee rather than an administrative fee. Mr. Mills agreed. Mr. Fricke stated it needs to be discussed further, as it hasn't been talked about in depth at past Board meetings. Councilmen Charlie Guthrey then asked if the development of the Hab Center would qualify under the economic development fee. Mr. Fricke replied that is an unknown. Mr. Bergstrom added it was up to the Board's decision on what the utilities could do to assist with growth at the Hab Center and gave the example of assisting Missouri Valley College and the Industrial Park. Mr. Fricke stated he was in favor of the economic development fee, but still has questions on how the funding will happen and how much is needed. Mr. Bersano stated that the concern is that ARPA funds cannot be used to pay off debt, and figuring out how to pay for the projects until funding from ARPA, if any, is finalized. Mr. Hines stated a good starting point is to have a draft of an agreement that everyone can review and discuss. Mr. Arends agreed and suggested using Lebanon's ordinance as an outline. Mr. Bergstrom stated he would contact Lebanon and get their input and stated the Board has always been generous in trying to help, but wants to be careful in doing that, that protects the utilities. Council Member Dan Brandt added a second point would be defining the parameters of what economic development is and make sure the Board is comfortable where the money would go.

Following a motion by Mr. Bryant, seconded by Mr. Mills, the Board adjourned the regular meeting at 5:27 p.m. to go into an Executive Session to discuss matters under Mo Rev. Stat. 610.021 (Supp. 2009) concerning: Legal and Real Estate. The motion passed by a vote of 3-0.

Roll call: Steve Mills yes
 Spencer Fricke yes
 Chuck Hines yes
 Ken Bryant yes

BOARD OF PUBLIC WORKS
_____, Secretary