

CITY OF FREDERICKTOWN, MISSOURI
CITY COUNCIL
SPECIAL MEETING MINUTES
DATE: August 14, 2008
5:30 PM

A. CALL TO ORDER AND ROLL CALL

Mayor Kemp called the meeting to order. Those present on roll call were: Alderman Wright, Alderman Merriman, Alderman Fritch, Alderman Tripp, Alderman Polete and Alderman Hale. Also present were: Interim City Administrator Dismuke, Clerk Stevens, City Attorney Moore, and visitors.

B. SPECIAL BUSINESS

1) Presentation for the sale of the electric utility to BREC. (Pierce and Yates) Citizens for the sale of the electric utility gave a presentation to council regarding the advantages to the sale of the electric utility to BREC. Karen Yates and Ken Pierce spoke on behalf of the committee. Pierce proceeded to give a CD presentation. Rates between BREC and the city were compared. It was noted those residents using under 1000 kwh would show somewhat of an increase. When asked by Hale how many residents that affect, Pierce responded 40% of the residential customers fall into that category. Questions were asked of the committee by council and others in attendance. Hale said he has always asked for a study of the value of the city's electrical system. Hale asked where the numbers the committee were attained. Pierce said the numbers on the value of the system (\$3.3 million) were from several years ago by electrical engineers. Members of the audience wanted council to make a decision on whether to proceed at this meeting. Mayor Kemp indicated a council member had to leave the meeting at 6:30 pm, and he felt it was important to have all the members in attendance for the vote.

Note: Alderman Hale left the meeting at this time due to a 6:30 pm prior meeting commitment.

2) Discussion concerning the electric infrastructure proposal. Mayor Kemp said Blakely's proposal was at a cost of \$20K to \$30K to do the electric study. Kemp felt the city needed a Plan B in case BREC sale did not come to fruition. Fritch suggested waiting until November after the election to see what the public wants. Tripp concurred.

3) Discussion concerning the cost of exiting the MoPEP pool contract. Discussion under Item 2 rolled into discussion of the cost of exiting the pool contract. Polete then asked what funds were actually available at this point. Kemp said city auditor Shinn said based on the numbers he had there was \$594,000 in unobligated funds in the electric fund. Polete asked for an overview of the meeting this week with MoPEP. Moore then distributed several pieces of documentation he prepared. This information indicated the cost to the City of St. James to enter the pool would be \$10,000 per KWH or \$140,000. Moore also explained the pool indicated to him any legal costs incurred by the pool in preparing this exit and assignment by St. James would be at the City of Fredericktown's expense. Moore said the city needed to be prepared in case it happens and in case it doesn't. He stated there needs to be some type of 'bridge agreement' to cover the city in case the sale does not take place. The city will need to have access to power. A discussion ensued as to the pros and cons of exiting the contract. Council was concerned with the costs in exiting the contract. A motion was then made by Tripp with a second by Fritch to continue with the sale process with no more than \$300,000 (which includes any amounts already spent to this point) in costs being spent. Motion carried with the following vote: voting aye- Tripp, Fritch, Wright, Merriman, and Polete. There were no nay votes and one absent.

B. CLOSED SESSION (As authorized by RSMo Section 610.021) A motion was made by Polete with a second by Tripp to go into Closed Session. Roll call vote resulted in five ayes, zero

nays, and one absent. The account of the Closed Session is exempt from the public record and is on file in the office of the City Clerk pursuant to RSMo 610.024. The following motions and votes were taken in Closed Session:

1) Contract matter – After a lengthy discussion, a motion was made by Fritch with a second by Tripp to contract with Blakely for the electric study at a cost up to \$35,000. Motion carried by the following vote: voting aye were: Polete, Tripp, Wright, Merriman, and Fritch. There were no nay votes and one absent.

A motion was made by Polete with a second by Fritch to return to Open Session.

C. ADJOURNMENT

A motion was made by Fritch with a second by Tripp to adjourn. Motion carried.

Danny E. Kemp, Mayor

ATTEST:

Barbara Stevens, City Clerk