

## BOARD OF PUBLIC WORKS

Special Board Meeting

Monday, May 6, 2024  
4:00 P.M.

Present:

John Ortwerth  
William Fisher  
William Dees  
Kellie Cookson

President  
Vice President  
Secretary  
Board Member

Darrin Gordon  
Mathew Munzlinger  
Paul Trenhaile  
Matthew Jones  
Erica Mitchell

General Manager  
Director of Operations  
Finance Director  
Director of Technology  
Coordinator of Customer & Community Relations

### **CALL TO ORDER**

The meeting was called to order at 4:00p.m. by President John Ortwerth.

### **FY25 OPERATING BUDGET WORKSHOP – PAUL TRENHAILE**

Mr. Trenhaile reported the FY25 budget was recently approved by the Board at the April 23, 2024, Board meeting, and noted he is presenting an updated version of the budget reflecting changes to revenues and purchased power costs in the Electric Fund. Since that time, Administration received additional information regarding the purchase power cost after the results were given from the capacity auction on April 25, 2024. Mr. Trenhaile presented the 2024 PRA results by region, and noted the pricing came in much higher than anticipated. Prices cleared fairly low at an average around (\$20/MW-day) across all 4 seasons in all MISO (Midcontinent Independent System Operator) zones except (Zone 5) which the Hannibal Board of Public Works is located. The price for Zone 5 for Summer (\$30/MW-day) and Winter (\$0.75/MW-day) was equivalent with the other zones, but the price for Fall and Spring was much higher at (\$719.81/MW-day) which is the highest possible price it could clear. Mr. Trenhaile noted the reasons given by MISO for the higher pricing was due to resource retirements and seasonal outages. This will result in an additional cost to the HBPW of about \$3.9M above what was budgeted for the planning year beginning June 1, 2024 - May 31, 2025. Mr. Trenhaile noted due to the adjustment, the rate increase in October 2024 will need to be adjusted from 2% to 15.8%. The rate increase will generate an additional \$3.2 million dollars of necessary revenue for the Electric fund. The increase for the average residential customer would be approximately \$24.94 to their bill. Mr. Trenhaile voiced the HBPW is collaborating with the Missouri Public Utility Alliance (MPUA) and other Missouri utilities that are faced with the same challenge of a very unfortunate and complex situation. In addition to the electric rate increase, the Water increase will be 3% beginning in October 2024. Mr. Trenhaile noted the budget is required to be at City Hall for their approval by May 15, 2024, and recommended approving the budget as presented.

Discussion was held regarding whether the Board would be able to make a budget and rate adjustment accordingly in the future if there were any adjustments to the current situation. Mr. Gordon voiced the Board would be able to make an amendment to the budget, and Administration would bring that to the Board if the possibility arose. Mr. Gordon noted with high volatility, it is imperative to pivot and change when necessary.

On motion of William Dees, seconded by John Ortwerth, the Board voted unanimously to approve the FY25 Operating Budget as presented.

Dr. Robert Matz, Hannibal LaGrange President voiced he had asked Darrin Gordon recently at a Stormwater presentation how the Water, Sanitary Sewer and Electric rates compared to other municipalities in the state of Missouri. Mr. Matz noted that Mr. Gordon said the Electric rates are slightly above average, Water is significantly above, and the Sewer is slightly above average. Mr. Matz voiced the rate increases are very burdensome and will have a significant impact on Hannibal LaGrange University. Mr. Matz voiced he appreciated the work of the

Board to ensure a safe power grid and the work of the community. He encouraged the Board to help come up with preventative ways to avoid the increases and help build the community. The Board thanked Mr. Matz for his comments.

### **INVESTMENT DISCUSSION**

Paul Trenhaile reported recently the broker made calculations, and the HBPW received information on the electric portfolio. Mr. Trenhaile noted with brokered CDs they are adjusted to the current market value, and if they are a non-brokered you could redeem them and simply pay a penalty for lost interest. Currently, the HBPW has 7 or 8 active CD's that were making between .35% and 1% at the highest rate. If the HBPW were to redeem the CD's, we would take a loss of \$177,000.00. If you add back the remaining interest to be made on these active CD's, it would be around \$29,000.00. The interest income that would be generated on new CD's at 5.5% would be \$212,000. Essentially, we would make \$6,274 by doing this with the active CD's in the electric portfolio. On our pooled portfolio, the same calculation would be a loss for the HBPW of \$5,600.39. Between the two portfolios, we would only gain about \$800. Mr. Gordon noted the State of Missouri only allows us to take out CD's to invest. Currently, the interest rate is going up and the penalty has been greater to withdraw. Our hands are tied significantly on what investments the HBPW can make due to state law, and no action is necessary at this time.

### **ADJOURNMENT**

Motion was made by William Fisher, seconded by Kellie Cookson to adjourn at 5:00p.m. ROLL CALL: AYES: Board Members, John Ortwerth, William Fisher, William Dees & Kellie Cookson. –NAYS: 0.



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Darrin Gordon  
General Manager



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William Dees  
Secretary