

January 12, 2016
Garnett, Kansas

The Governing Body of the City of Garnett met in regular session on January 12, 2016 at 6:00 p.m. at City Hall with the following present: Greg A. Gwin, Mayor and W. Gordon Blackie, City Commissioner; Joyce E. Martin, City Manager; Kristina L. Kinney, City Clerk and Terry J. Solander, City Attorney. There is still a vacant commission position.

CALL TO ORDER

Mayor Gwin called the meeting to order at 6:00 p.m.

The Pledge of Allegiance was recited followed by Chris Goetz, Minister of the First Christian Church, giving the invocation.

MINUTES APPROVED

A motion was made by Commissioner Blackie, seconded by Mayor Gwin to approve the minutes of December 22, 2015 as read. On roll call, the following vote was recorded: Ayes – two; Noes – none.

COMMUNICATIONS & REPORTS

Mayor Gwin announced that Jody Cole, Mike Norman, Paula Scott, and Travis Wilson submitted applications for the vacant city commission position. Interviews will be conducted on Wednesday, January 13. He said he is anxious to get this going and move forward from there.

Commissioner Blackie stated that he was looking forward to having a new member on the commission.

The General Report of City Manager Joyce E. Martin was received and discussed, a copy of which is attached hereto and made a part hereof.

City Manager Martin reported that the new north sewer lift station has been tested. So far everything looks good. Jay Norco is preparing bid packets to cover the sewer repair work on Maple Street. This work will be a combination of insituform and some pipe replacement.

OLD BUSINESS

City Manager Martin reported that the Garnett Country Club requested a change in the recently approved lease agreement. They want to make sure it is understood that water from the North Lake can be used to water the greens and fairways provided the commission hasn't declared a water emergency restriction. The second change adds language to allow the course to be used for school activities including cross country, golf meets and physical education programs. A motion was made by Commissioner Blackie, seconded by Mayor Gwin to approve the amended agreement between the City and the Garnett Country Club. On roll call, the following vote was recorded: Ayes – two; Noes – none.

NEW BUSINESS

City Manager Martin discussed the proposed camping sites at the North Lake near the west shelter house. She plans to take this information to the Parks and Recreation Advisory Board. Mayor Gwin and Commissioner Blackie said they wanted this board's input. In addition, they would like to see capacity information on all camping facilities before a final decision is made.

Debbie Davis, Anderson County Fair committee member, discussed their non-marketing and marketing transient guest tax applications. City Manager Martin reported that the tourism committee recommended approving the request for \$2,500 on the non-marketing application. Mayor Gwin stated that the minutes of the tourism committee was not provided, and questioned whether the committee was unanimous in their recommendation, to which the city manager replied yes. A motion was made by Mayor Gwin, seconded by Commissioner Blackie to approve \$2,500 in transient guest tax for the Anderson County Fair Association non-marketing application. On roll call, the following vote was recorded: Ayes – two; Noes – none.

City Manager Martin reported that the tourism committee recommended approval of \$1,400 rather than the requested \$4,000 for their marketing application. Debbie Davis stated that in 2015 they did not receive all of the approved transient guest tax monies because they advertised with a vendor that was not on the original application therefore reducing the amount received. The tourism committee reported that their total request of \$6,500 represented 15% of the available budget. A motion was made by Mayor Gwin, seconded by Commissioner Blackie to approve \$1,400 in transient guest tax funds for the Anderson County Fair Association marketing application. On roll call, the following vote was recorded: Ayes – two; Noes – none.

City Manager Martin reported that the tourism committee recommended approval of the Chamber Players marketing application. A motion was made by Commissioner Blackie, seconded by Mayor Gwin to approve \$2,600.28 in transient guest tax funds for the Chamber Players marketing application. On roll call, the following vote was recorded: Ayes – two; Noes – none.

ORDINANCES

Sam Mills, representing KMEA, was present to answer questions about the proposed purchase power agreement with Marshall Wind Energy, RPM Access. Mr. Mills explained that in February of 2014 a group of developers from Iowa approached KMEA about the possibility of investing in a 72 megawatt wind farm with a 20 megawatt minimum purchase. The KMEA board agreed that a 20 megawatt purchase was too large for their members and declined to participate at that time. However, several months later, RPMA sold 65 megawatts to other entities which left 7 (seven) megawatts available to the KMEA membership. Garnett would purchase 1 (one) megawatt for a price of \$33.80/megawatt over a 20 year period of time. Mr. Mills stated that even though Kansas does not require municipal electric utilities to have renewable energy in their portfolios, this is something we are always looking for and this would be a great start for Garnett and the other member cities.

Mayor Gwin said that as he looked through the information, it was very confusing. He asked for city staff opinions. City Manager Martin said she had no concerns with the city signing this

agreement; that she and Bob Mills had been talking about entering into this agreement for over a year and she relies on his judgment to make a good recommendation on the city's behalf.

Bob Mills: On down the road, we might need to have 10% - 12% green in our portfolios and it appears to us that now is the time to do this. This size of wind purchase doesn't come along very often and it is a perfect fit for Garnett and the other cities. This one megawatt will cover our requirements by 13% and I would highly recommend that the city commission sign the agreement.

Mayor Gwin: Could the city back out of the agreement at any time or are we locked in for 20 years?

Sam Mills: When you sign the agreement, the City is committed for 20 years; if you want to sell the city's share to another city, Garnett could certainly do that. There isn't any difference between this agreement and any other agreement the city has with KMEA. KMEA has the contract with the developer and KMEA makes a back-to-back contract with the city.

Bob Mills: I don't think the city would have any problems getting rid of their one (1) megawatt as I'm aware of two (2) other cities who would take it now.

Mayor Gwin: Bob, do you see any problems with the agreement? Bob replied, no saying he felt it would be a terrible injustice to the community if we don't go ahead with it.

Sam Mills introduced Paul Malberg, KMEA's general manager. Sam explained that Mr. Malberg is relatively new to the organization and came from Independence Power & Light.

Mr. Malberg: I was in Independence, Missouri when they negotiated 20 megawatts of wind power from Marshall. In 2008, Independence got involved with Smokey Hills, paying \$45 per megawatt hour. This type of opportunity doesn't come around very often and it is impossible to build a 7 (seven) megawatt wind farm for this price. It is an opportunity for Garnett and we believe a very good fit. The \$33.80 per megawatt price will remain at this level for 20 years which tells us that we are going to want to keep this wind farm energy. The SPP controls the energy market and if there is a great deal of wind energy being generated, the cities are still protected. No other developer offers this type of risk sharing. The cities are paying a little bit of a premium for that but it is well worth it. We felt good to get this negotiated.

Mayor Gwin: If the structures were damaged because of wind, ice or tornadoes would the city be liable to replace or repair them? Mr. Malberg said no, the cities have no financial obligation for this nor does the city have any financial obligation if they are unable to generate.

Bob Mills presented a packet of information about the Marshall Wind Farm which summarized a 20 year production summary and cost savings.

City Attorney Solander: I have read through the documents and don't see any problems with them. I fully understand what they are saying. There are no legal issues with the agreement. As far as I can see, it is a good contract and it gives Garnett an opportunity to get something we

can't get every day. The opportunity is great for a small community like Garnett and it's probably as good of a deal for the other cities as well.

Commissioner Blackie questioned when the project was set to go on line. Bob Mills answered that it should be around July 1. Sam Mills said there will be an opportunity to take a look at the project. Commissioner Blackie asked what happens if something goes wrong and they don't complete the project. The answer was the contract goes away.

Dane Hicks introduced himself and said while he doesn't live in the city he does have a business in Garnett.

Dane: How much coal is saved when you purchase wind energy? He said the answer was nothing; that the concept is completely bureaucratic. Wind farms don't provide constant power and wind farming is a farce. There is no savings of coal; we don't shut down any coal or nuclear plants; there is no real environmental savings by buying wind power; you're not saving the environment because of wind farms simply because the wind doesn't blow all the time. The industry is going about this in the wrong way; people would save money if the wind generators were located at their homes. In the broader context, this is not a legal mandate yet. I would ask the governing body to take a stand through KMU, KMEA and the League of Kansas Municipalities saying that Garnett resents the notion that wind power does us any good. I don't like seeing people who swallow this from the federal government without making any type of protest. We should have a voice; we just lay down and let the bureaucracy roll over us.

Mr. Malberg: He brings up some really good points. I worked in Independence for 20 years and we had two (2) coal plants that the EPA shut down. We set a self-imposed goal to have 10% renewable energy in our portfolio. Talking about the Marshall Wind Farm, you can say we are strictly looking at the economics of the project. Kansas is one of the few states that doesn't require a renewable portfolio. If that changes, those mandates are what makes the prices go up. We are recommending Garnett's participation purely from an economic standpoint. If a mandate comes down, then you will have your 10-12% requirement.

Commissioner Blackie: I think Dane is asking us to take a stand against wind energy. I think this is strictly an economic decision for us to make. I do agree with what he is saying but I don't think his arguments relate to what we are being asked to do. It's the economics, not the green energy, which makes me think this would be a good thing for us to do.

City Manager Martin: We have always believed a mandate will come down eventually. None of us know when, however this particular project seems to be the right thing for us now. We can get in on the ground floor at a very good price. If we ever have to go to the bargaining table to negotiate for more energy, we'll have this in our portfolio and will benefit in the long run by doing this now.

City Attorney Solander: I think what Dane is saying is particularly appealing. It would make economic sense for us to do this now; in five years it will start making money for Garnett. This, to me, is a good thing to buy and you will have the opportunity to qualify that segment of your power production as green. I would have greater reservations if KMEA wasn't involved in this.

City Manager Martin: KMEA has been a strong resource for the city for many years. They have always had our backs and I put my faith and trust in them and Bob who represents the city on the EMP board. I will stand by his recommendation.

Mayor Gwin: This is a complex contract negotiation. KMEA has been with us throughout many of these situations.

Ordinance # 4135 was read as follows: AN ORDINANCE OF THE CITY OF GARNETT, KANSAS, AUTHORIZING THE EXECUTION OF THE MARSHALL WIND FARM PROJECT RENEWABLE ENERGY POWER SALES AGREEMENT BETWEEN THE CITY OF GARNETT, KANSAS, AS PURCHASER, AND THE KANSAS MUNICIPAL ENERGY AGENCY, AS SELLER; AND MAKING CERTAIN COVENANTS AND AGREEMENTS TO PROVIDE FOR THE PAYMENT AND SECURITY THEROF AND AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS IN CONNECTION THEREWITH.

A motion was made by Commissioner Blackie, seconded by Mayor Gwin to approve Ordinance # 4135 as read. On roll call, the following vote was recorded: Ayes – two; Noes – none.

A motion was made by Commissioner Blackie, seconded by Mayor Gwin authorizing the signing of the wind farm project renewable energy power sales agreement as defined in Ordinance No. 4135. On roll call, the following vote was recorded: Ayes – two; noes – none.

RESOLUTIONS

Resolution 1/12/16-1 was read as follows: A RESOLUTION DESIGNATING THE ANDERSON COUNTY REVIEW AND THE ANDERSON COUNTY ADVOCATE AS OFFICIAL CITY PAPERS FOR THE CITY OF GARNETT, KANSAS. A motion was made by Mayor Gwin, seconded by Commissioner Blackie to approve Resolution 1/12/16-1 as read. On roll call, the following vote was recorded: Ayes – two; Noes – none.

Resolution 1/12/16-2 was read as follows: A RESOLUTION DESIGNATING GOPPERT STATE SERVICE BANK, PATRIOTS BANK (OF GARNETT, KANSAS) AND FARMERS STATE BANK OF BLUE MOUND (GARNETT BRANCH) AS OFFICIAL DEPOSITORIES OF THE FUNDS OF THE CITY OF GARNETT, KANSAS; AND DESIGNATING OFFICIALS AND DEFINING AUTHORITY OF THOSE OFFICIALS TO TRANSACT BANKING BUSINESS AT SUCH OFFICIAL DEPOSITORY BANKS. A motion was made by Commissioner Blackie, seconded by Mayor Gwin to approved Resolution 1/12/16-2 as read. On roll call, the following vote was recorded: Ayes – two; Noes – none.

CLAIMS, BONDS & COMMERCIAL LIABILITY INSURANCE

Ordinance # 4136 was read as follows: AN ORDINANCE FOR THE APPROPRIATION OF CERTAIN CLAIMS. A motion was made by Commissioner Blackie, seconded by Mayor Gwin to approve Ordinance #4136 as written. On roll call, the following vote was recorded: Ayes – two; Noes –none. Ordinance #4136 paid warrants in the amount of \$106,307.08.

EXECUTIVE SESSION

At 7:15 p.m., City Manager Martin asked to meet with the Governing Body in executive session to discuss personnel for 30 minutes, until 7:45 p.m. She asked that City Attorney Solander remain in the executive session.

At 7:45 p.m., Mayor Gwin called the meeting back to order. No action was taken during executive session.

There being no further business to come before the Governing Body, Mayor Gwin adjourned the meeting at 7:45 p.m.

/s/ Greg A. Gwin
Mayor

Attest:

/s/ Kristina L. Kinney
City Clerk