

Kansas Municipal Gas Agency
Board of Directors Meeting Minutes
May 4, 2016

Board Members present were:

Larry Berry, City of Anthony; Jim Sutton, City of Augusta; Rob Culley, City of Baldwin City; Ronald Sporleder and Manny Milbers, City of Beloit; Wes Colson, City of Burlingame; Gene Ratzlaff and Kendal Francis, City of Coffeyville; Lee Moore, City of Gardner; Bob Mills, City of Garnett; J.R. Hatfield, City of Halstead; Gary Emry, City of Hesston; Ernest Tousley, City of Howard; Larry Kallenberger and Laura Hill, City of Kechi; Ralph Streit, City of Larned; John Sweet, City of Lyons; Randy Frazer, City of Moundridge; Brad Modlin, City of Mulvane; Joey Lamond and Rod Willis, City of Osage City; Dennis Tharp and Jeff Oleson, City of Ottawa; John Wagerle and Taggart Wall, City of Sterling; Merl Page, City of Wamego; Roger Estes and Ryan Hain, City of Wellington; Gus Collins and James Ging, City of Winfield

Also present were:

Larry Gates, City of Chanute; Sarah Steele, Gilmore & Bell; and staff members Paul Mahlberg, Sam Mills, Dixie Riedel, and Joni Shadonix

Item No. 1 – Call to Order

J.R. Hatfield, President, called the KMGGA Board of Directors meeting to order at 4:00 p.m. at the Hyatt Regency Hotel in Wichita, Kansas. A quorum was present.

Item No. 2 – Approve the Minutes of the November 5, 2015 Board of Directors meeting

Gary Emry made a motion to approve the minutes of the November 5, 2015 Board of Directors meeting; seconded by Larry Berry. Motion carried.

Item No. 3 – Take action to adopt Resolution No. 57, accepting application of the City of Burrton as an additional Member City and authorizing an amendment to the Interlocal Agreement reflecting the new Member City

Lee Moore made a motion to adopt Resolution No. 57, accepting application of the City of Burrton as an additional Member City and authorizing an amendment to the Interlocal Agreement reflecting the new Member City; seconded by Gus Collins. Motion carried.

Item No. 4 – Presentation of Preliminary 2017 Agency Budget

Paul Mahlberg, General Manager, presented the Preliminary 2017 Annual Budget. Highlights included:

- Projected Volume Chart (based upon historical usage)
- Management Fee Structure –
 - LDC's is \$.095/MMBtu (Tier 1) and \$.075/MMBtu (Tier 2);
 - Power Plants is \$.07/MMBtu (Tier 1) and \$.05/MMBtu (Tier 2)

- Surcharge Fee Methodology to maintain an Equity of Account position of at least \$500,000. The Net Equity shortfall was calculated as of December 31, 2015. The rate is based upon the most recent annual budgeted volumes for LDC members (excluding power plants) and the Surcharge Fee will be invoiced to KMGGA LDC members only based upon the actual monthly MMBtu's billed (i.e. purchased volumes, storage injection volumes and fuel loss). The 2017 budgeted Surcharge Fee is \$.0263/MMBtu.

The budget will be fine-tuned and presented for approval at the November Board of Directors meeting.

Item No. 5 – Gas Market Report

Dixie Riedel, Director, Natural Gas, presented the Gas Market Report, which included the following:

- Review of 2015 Usage Volumes (LDC/Power Plant/Combined) compared to 2014
- Review of KMGGA's Purchase Pricing Strategy
- Review of 2015 Purchases
- Natural Gas Outlook
- NYMEX Futures Contract/SSC Projected Index Pricing (May 2016 – April 2019).

Item No. 6 – Receive Nominating Committee report

J.R. Hatfield called upon Rod Willis to present the slate of candidates for Officers, At-large members, and Joint Board Representative:

Officers (one-year term)

J. R. Hatfield, City of Halstead – President
 Randy Frazer, City of Moundridge – Vice President
 Laura Hill, City of Kechi – Secretary/Treasurer

At-large member (two-year term)

Gus Collins, City of Winfield
 Gary Emry, City of Hesston

Joint Board Representative (two-year term)

Randy Frazer, City of Moundridge

President Hatfield called for nominations from the floor. No other nominations were made. Motion was made by Merl Page to accept the slate of candidates for Officers, At-large members, and Joint Board Representative as presented by Mr. Willis; seconded by Lee Moore. Motion carried.

Item No. 7 – New Business/Announcements

There was no new business.

Item No. 8 – Announce date, time and place for the next Board of Directors Meeting

The next Board of Directors meeting has been tentatively scheduled at 10:00 a.m., Thursday, November 3, 2016, at the DoubleTree by Hilton, 2098 S. Airport Road, Wichita, Kansas.

The meeting adjourned at 4:15 p.m.

A handwritten signature in cursive script, appearing to read "Laura Hill", written above a horizontal line.

Laura Hill
Secretary/Treasurer