



LOUDON UTILITIES

P.O. BOX 69
LOUDON, TENNESSEE 37774

NOTICE OF ELECTRONIC MEETING ACCESS & INFORMATION

To ensure government operations continue to function openly and transparently during the COVID-19 emergency while taking measures to protect the health and safety of citizens and government officials, Governor Bill Lee issued Executive Order No. 16 on March 20, 2020 allowing governing bodies to conduct essential business by electronic means. A link to the Electronic Meeting Access & Information is available online at:

WWW.LOUDONUTILITIES.ORG

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<https://loudonutilities.zoom.us/j/99939034551?pwd=aEViSDNDWlIxbE1BYVIIVCtXQnMyQT09>

Meeting ID: 999 3903 4551

Password: 485522

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During the appropriate times, the moderator will unmute any participant who would like to speak.

If you have questions or requests for special accommodations, please contact us at 865-458-2091.



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A G E N D A

LOUDON UTILITY BOARD WORKSHOP

May 11, 2020

4:30 PM

1. Recognition of Visitors
2. Chris Mitchell Presentation
3. Benefit Committee
4. Water Treatment Plant Funding Resolution
5. Fiscal Year 2020-2021 Budget Preview
6. TCRS Funding Rate
7. Safety Report
8. Natural Gas Rate
9. Other



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To: Chairman Campbell and Board Members

From: Ty Ross

Subject: May Workshop Items

Date: May 8, 2020

The following items appear on the agenda for the May 11, 2020 workshop meeting of the Board of Directors of Loudon Utilities:

1. Recognition of Visitors.
2. Chris Mitchell Presentation. Mr. Chris Mitchell, our electric rate consultant, is recommending that we continue to implement a revenue neutral rate adjustment. The suggestion is to increase the customer charge on four (4) of our rate classes and accordingly, reduce the kWh rate to offset the increase in customer charge. This change is intended to have a zero impact on the customers; therefore, it would leave LUB in a revenue neutral position. This increase in customer charge is an attempt to head off any margin erosion that could occur in the future.
3. Benefit Committee. After the positive feedback received in favor of the idea of the formation of benefit committee to explore and consider recommendations concerning our current benefit package and most importantly the assurance of adequate funding for a viable plan going forward, we have prepared a joint resolution both forming and empowering the committee. Recommend membership of the committee is as follows: Tim Dixon, Gene Farmer, Bill Geames, James Webb, Clay Townson, Aubrey Cagle, John Franklin, and Jim Thomason.



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4. Water Treatment Plant Funding Resolution. The biggest issues facing this Utility is the underfunding of the Water Department. To tackle this problem, we began with a cost of service study which told us how much additional funding was necessary to run the water department and pay for necessary capital expenditures. Next, we identified a mixed stream of funding sources including grants, loans, and rate adjustments (including adjustment to Tellico Village's wholesale rate). This resolution will grant approval of an interfund transfer from the Gas Department to the Water Department via the Industrial Development Board, to specifically fund the completion of the expansion of the Water Treatment Plant.
5. Fiscal Year 2020-2021 Budget Preview. March financial reports will be reviewed along with recommendations for the Fiscal Year 2020-2021 preliminary budget. The key takeaway from the Budget Preview should be a clear understanding of the mixed stream of additional funding being allocated to the Water Department.
6. TCRS Funding Rate. In early March we received TCRS recommendations from the State. That (now dated) recommended contribution level is 4.23% for the City (7.73% for Public Safety); and 3.57% for Loudon Utilities respectively. Because the COVID-19 pandemic took hold after this state recommendation was released and because the COVID-19 pandemic has negatively impacted the economy and most investment portfolios we can expect upward pressure on TCRS employer contribution rates in the future. Therefore, I am recommending that we maintain our existing contribution levels this fiscal year as follows:
 - 9.78% for City (13.28% for Public Safety); and
 - 4.57% for the Utilities
7. Safety Report. There were no reportable injuries for April.
8. Natural Gas Rate. The natural gas rate has not been received as yet.