

**MINUTES
BOARD OF LOWELL LIGHT AND POWER
REGULAR MEETING OF DECEMBER 9, 2013**

I. CALL TO ORDER AND ROLL CALL: The meeting was called to order at 5:03 p.m. by Chairman Canfield and General Manager Greg Pierce called the roll.

Present: Board Members Greg Canfield and Andrew Schrauben, Perry Beachum & Tina Cadwallader.

Absent: None

Also Present: General Manager Greg Pierce, Chief Accountant Donkersloot, Utility Services Coordinator Morris, Dick Wendt from Dickinson Wright and Greg, Arno and Pam from Lowell Energy AD, LLC.

II. APPROVAL OF AGENDA:

It was MOVED BY BEACHUM, supported by CADWALLADER to approve the agenda as presented.

Yea: 4 Nay: 0 Absent: 0 Motion Carried

III. APPROVAL OF MINUTES:

It was MOVED BY BEACHUM, supported by CADWALLADER to approve the minutes of the November 14, 2013 regular meeting.

Yea: 4 Nay: 0 Absent: 0 Motion Carried

It was MOVED BY BEACHUM, supported by CADWALLADER to approve the minutes of the November 14, 2013 closed session meeting.

Yea: 4 Nay: 0 Absent: 0 Motion Carried

IV. PUBLIC COMMENTS: (Items not on the agenda):

None

V. **ACTION ITEMS:**

A. Approval of Theka Engineering Invoice:

Additional onsite engineering costs were incurred by Theka for the Solar combustion turbine completion.

It was MOVED BY CADWALLADER, supported by BEACHUM to approve the Theka invoice for \$12,223.51.

Yea: 4 Nay: 0 Absent: 0 Motion Carried

B. Approval of Lease Agreement for Biodigester at Chatham:

The lease agreement drafted by the City Attorney, Dick Wendt, would allow LLP to lease a portion of their 625 Chatham facility to Spart (Lowell Energy AD, LLC) for the Biodigester for 10 years, with an option to renew for another 10 years, should LLP not exercise its option to purchase the facility after 5 years.

The process of approving the lease involves a Lowell Light and Power Board recommendation to the City Council for approval.

It was MOVED BY BEACHUM, supported by CADWALLADER to recommend the City Council approve leasing the portion of the Chatham facility, as shown on Exhibit B of the Lease Agreement, to Lowell Energy AD, LLC.

Yea: 4 Nay: 0 Absent: 0 Motion Carried

C. Approval of Purchase Option Agreement for Biodigester Project:

This Biogas Facility Agreement is the document that gives Lowell Light and Power the option to purchase the Biodigester facility at the end of 5 years of operation. This identifies the assets and feed stock agreements to be transferred and identifies certain performance parameters to be expected from the facility prior to purchase.

The cost to Lowell Light and Power to receive this option is \$5,000 and estimated purchase price of \$3.525M or fair market value, whichever is higher.

This is simply an option and not an agreement. This gives Lowell Light and Power the option to purchase after 5 years and we have no obligation to exercise this option. This document also needs to be approved by city Council as will the ultimate purchase in 2019.

It was MOVED BY SCHRAUBEN, supported by BEACHUM to approve the Option Agreement and make a recommendation to the City Council to adopt a Resolution approving the Biogas Facilities Option Agreement.

Yea: 4 Nay: 0 Absent: 0 Motion Carried

D. Approval of Power Purchase Agreement for Biodigester Electricity:

The Purchase Power agreement establishes the parameters, conditions, volumes, expectations, pricing and overall operations through which we receive and pay for the electricity (renewable energy) we will receive from the Biodigester. The Purchased Power agreement states our cost per kWh will be 9.54 cents per kWh for the first 10 years (assuming LLP does not buy the facility) and then 5.54 cents per kWh for years 11-20.

The City Council does not have to approve the Purchased Power Agreement.

It was MOVED BY BEACHUM, supported by to SCHRAUBEN adopt the Purchase Power Agreement Resolution between Lowell Light and Power and Lowell Energy AD, LLC. This approval is contingent on City Council approving the Lease Agreement and the Purchase Option Agreement.

Yea: 4 Nay: 0 Absent: 0 Motion Carried

Roll Call Vote: Greg Canfield-Yea, Perry Beachum-Yea, Andrew Schrauben-Yea and Tina Caldwell-Yea. Currently four members on the Board so the vote was unanimous.

IV. INFORMATIONAL ITEMS:

A. Performance Data: Pierce reported on November's data.

B. Income Statement (November 2013): Pierce reported on November's Income Statement.

Pierce reviewed the Capital Expense Summary and detailed Capital Expense Report.

B. Manager's Report: Pierce gave updates to the Board on the following items.

- **MPPA/MMEA/APPA Updates:** Legislative Rally in Washington is March 10-12, Lineworkers Rodeo/Engineering and Operations conference is April 4-9 in Oklahoma City.
- **System/Generation Upgrade Progress:** Pierce reported there were 11 outages in the month of November, mainly due to trees and limbs.
- **Biodigestion Update:** SPART is now known as Lowell Energy AD, LLC.
- **City Wide After Holiday Party:** January 11th at The Main Street Inn
- **Payables:** Pierce presented November payables.

D. Schedule of Meetings: December was presented.

E. Complaint Register: There were no new complaints.

VII. NEXT REGULAR LLP BOARD MEETING: The next Board meeting will be held, Thursday, January 9, 2014.

VIII. BOARD COMMENT:

Cadwallader gave kudos to the Lowell Light and Power staff. She was pleased she did not lose power, while so many others experienced several days without power.

Beachum thanked Arno and Greg for sticking with Lowell during the two year process of working through the logistics of the Biodigeter. He believes this will be a positive project for the entire Lowell Community. Since Beachum was absent for November's meeting he specifically addressed Randy Halstead's comment to clarify the Board's position on PA95.

Beachum also addressed a Lowell Ledger comment made by Peggy Covert.

Canfield stated he sent a letter to Randy Halstead explaining the Board's position on PA95 and collecting the .99 cent from our customers. Greg also

welcomed Andrew to the LLP Board he is pleased Andrew was part of the Germany trip to review in detail the Biodigester. Andrew's experience will be a great asset to the LLP Board. Canfield complimented LLP staff; he stated he appreciates Greg Pierce's vision toward future generation as well as the system upgrades he has made. Under previous management, the system upgrades did not happen and things were getting run into to the ground. Greg thanked Spart for their patience and expertise in bringing the Biodigester project to the Lowell Community.

It was MOVED BY BEACHUM, supported by CADWALLADER to go into closed session at 6:15 p.m to discuss IBEW union negotiations.

Yea: 4 Nay: 0 Absent: 0 Motion Carried

It was MOVED BY BEACHUM, supported by CADWALLADER to come out of closed session at 6:25 P.M. and return to the regular meeting.

Yea: 4 Nay: 0 Absent: 0 Motion Carried

IX. **ADJOURNMENT**: IT WAS MOVED BY BEACHUM and a supported by CADWALLADER to adjourn the regular meeting at 6:26 p.m.

Yea: 4 Nay: 0 Absent: 0 Motion Carried

Chairman Canfield

Date