

MINUTES
BOARD OF LOWELL LIGHT AND POWER
REGULAR MEETING JUNE 11, 2015

I. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 6:04 p.m. by Chairman Canfield and General Manager Greg Pierce called the roll.

Present: Board Members, Greg Canfield, Perry Beachum, Tina Cadwallader, Andrew Schrauben & Tamela Spicer

Absent: None

Also Present: General Manager Greg Pierce, Chief Financial Officer Steve Donkersloot, Utility Services Coordinator Morris, Human Resource Specialist Lindhurst and Lowell City Mayor Hodges

II. **APPROVAL OF AGENDA:**

There was one item added to the agenda, under Action Items F. Asphalt Replacement and Expansion at the Lowell Light and Power Warehouse. It was **MOVED BY BEACUHUM, SUPPORTED BY SPICER**, to approve the agenda as amended.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

III. **APPROVAL OF MINUTES:**

It was **MOVED BY SPICER, SUPPORTED BY CADWALLADER** to approve the meeting minutes of the May 14, 2015 regular meeting.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

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

There was no public comment.

V. ACTION ITEMS:

A. Updated Personnel Handbook

Last month the Board reviewed the Lowell Light and Power Personnel Handbook. Minor revisions and clarifications were made. One of the main functions of the review, beyond clarifications or revisions, was to make the handbook consistent and compatible with the approved IBEW contract.

Pierce reviewed these revisions/clarifications of the Personnel Handbook.

It was **MOVED BY SPICER, SUPPORTED BY CADWALLADER** to approve the revised Lowell Light and Power Personnel Handbook.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

B. System Modeling Update – GRP Engineering

Pierce stated there have been significant changes in our system configuration over the past five years, such as the addition of the combustion turbines, the biodigester, and the addition of Attwood (Ventures Building), the expansion to King Milling and the removal of the South Substation. These changes all impact how our system operates. Based on the changes that have occurred in the past five years it is time of us to complete a new system modeling review with GRP and update our 5-year system plan.

In addition, we would like to expand the information in our model to include data down to the customer and meter level. This information will provide more reliability to our modeling and will set the stage for incorporating data from our integrated metering upgrade. GRP Engineering, our professional system engineer has given us a quote of \$24,800 for the system modeling and a \$3,600 quote for the expansion to include individual services and meter location data.

The staff believes this is a necessary next step before any further conversion of our system to the 12470 voltage can occur.

It was **MOVED BY BEACHUM, SUPPORTED BY SCHRAUBEN** to approve the GRP engineering expense of \$28,400.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

C. Pole Purchase

Our pole inventory is low. Thomasson Lumber invoice of \$10,857.89 was presented to replenish necessary stock (48 poles). Quotes were received from several vendors, all other quotes were higher.

It was MOVED BY BEACHUM, SUPPORTED BY SPICER to approve the \$10,857.89 invoice from Thomasson Lumber for the purchase of these 48 poles.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

D. Lowell Energy Center Exterior Painting

The biodigester construction process is nearing the end and we are beginning to make upgrades to the building and grounds following this project. We received two local contractor bids for the exterior painting. The low bid was from Anderson Painting. Anderson did the interior work after our mold mitigation at the main office and some minor interior work at the bio-digester during construction.

It was MOVED BY BEACHUM, SUPPORTED BY SPICER to approve the bid from Anderson Painting for \$24,500 to complete the outside painting work at the Lowell Energy Center.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

E. LLP Annual Health Insurance Renewal

Last month the Board reviewed and discussed renewal options for the LLP Health Care Plan. The staff met with all employees and discussed the details of each option and the potential impact to their premiums. The majority of the employees, including the bargaining unit employees selected the Priority Health HMO 500 option.

The average cost to employees who participate in this plan will increase approximately 11%.

It was MOVED BY BEACHUM, SUPPORTED BY SCHRAUBEN to approve the LLP health benefit renewal to the Priority Health HMO 500 plan.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

F. Warehouse Asphalt Replacement and Expansion

We received two bids for replacement and expansion of asphalt. The lowest bid was Stormzand for \$9,160.

It was MOVED BY BEACHUM, SUPPORTED BY SCHRAUBEN to approve the Stormzand bid of \$9,160 for the asphalt replacement and expansion.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

VI. INFORMATIONAL ITEMS:

A. Performance Data: Pierce reported on May data

B. Income Statement (May 2015): Pierce reported on May's Income Statement. Board discussion occurred.

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

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

- **MPPA/MMEA:** Valerie Brader, the new head of the Michigan Energy Agency, will be in touring the bio-digester with the Lowell Rotary and Chamber on July 15th.
- **APPA Update:** Lowell Light and Power received the distinguished APPA RP3 award in the top category (Diamond), as well as a first place safety award for our category at the conference in Sacramento.
- **System/Generation Upgrade Progress:** The bio-digester continues to struggle producing more than 50% capacity. Minor modifications are being made to establish the best environment for the critters to do their thing.

- **LLP Policy Review**: Final modification and updates were made and discussed.
- **LLP Long Term Natural Gas Supply**: Pierce gave an update.
- **LLP Annual Health Care Renewal**: Was discussed and approved under Actions Items.
- **FROM Food Fight**: LLP has volunteered again to facilitate the drop off and pick up process for the annual FROM food fight.
- **LLP Recycling Event**: The Annual Recycling event was Saturday, May 30, 9:00-noon. The event was a success.
- **LLP Lineshack Painting**: Anderson Painting will be painting and caulking the building for \$4,300.

Payables: Pierce presented May payables.

Schedule of Meetings: June/July was presented.

COMPLAINT REGISTER: There was a complaint by a customer who did not appreciate Lowell Light and Power trucks in his yard to restore power without his permission.

VII. NEXT REGULAR LLP BOARD MEETING: The next Board meeting will be held, Thursday, July 9, 2015.

VIII. BOARD COMMENT:

Cadwallader is pleased we received asphalt bids from within the Lowell community. Tina is excited the line shack is being cleaned up.

Spicer shared, she has a friend moving out of the community, her friend said, what I am going to miss most about leaving the community is Lowell Light and Power. Her friend has lived in a lot of communities and said she has never had a more reliable electric company. She had no idea Tamela was a Board member.

Schrauben mentioned he dropped off items at the recycling event and he appreciated us hosting one again this year. Andrew is looking forward to seeing GRP's 5 year study.

Beachum read a comment from a June 3rd Viewpoint article written by John Erickson, "I wonder if Lowell Light and Power has ever been approached to share in the cost of a repair to this street", referring to North Washington along the cemetery "since most of the damage was probably done when they were located on City property at the end of North Washington, it seems they should have been required to repair the street when they left. The road was obviously not built for the heavy truck traffic, I have heard Lowell Light and Power has a large reserve of funds and maybe this could be an option for at least some of the repairs to this street". Perry addressed John's comment, stating that the Lowell Light and Power's warehouse has not been located there since 2006. Lowell Light and Power trucks operate throughout the City. Our digger truck was located at that location during that time, all other trucks were located at the Line Shack across from our office. Perry also stated Lowell Light and Power's PILOT (Payment in lieu of taxes) has contributed at least \$230,000 annually and after this year will likely contribute over \$350,000 to the City to be used in their general fund. In regards to the money John mentioned Lowell Light in Power has in reserve, in the City Charter section 16.11 states Lowell Light and Power should try to have an amount of 20% of the un-depreciated original cost of the utility in cash reserve, and that such fund should not go under 10%. We are at a little over 10%. So, Lowell Light and Power does not have this large reserve laying around to be used for anything. In summary, Perry stated this street is used by many different trucks; such as plow trucks, delivery trucks and garbage trucks and Lowell Light and Power has contributed a significant amount to the City's general fund to be used as the City sees fit.

Beachum enjoyed attending the Lineworkers Rodeo in Sacramento and Rich did a wonderful job. Perry enjoyed a safety motivational speaker who was injured on the job. He would like to see Lowell host a similar event that would bring a motivational speaker and invite other utilities to participate.

As a Board we need to set aside a time to review the General Manager at the end of the year. Perry thanked Jim Hall and Mayor Hodges for attending almost every Lowell Light and Power Board meeting. Mayor Hodges is the liaison between the City Council and the Lowell Light and Power Board. Perry stated it shows their commitment to the City.

Hodges is pleased how much time the Lowell Light and Power Board puts in each month. Jim missed the May meeting due to Dan Desjarden's retirement party. Jim announced Clerk Betty Morlock will be retiring the end of July. Mayor Hodges is planning to re-elect Chairman Canfield to the Lowell Light and Power Board for another 3 year term at Monday's meeting.

Canfield congratulated Lowell Light and Power staff on the RP3 Diamond Award and the Safety Award that was presented in Sacramento. Greg thanked Rich for his participation in the Lineworkers Rodeo. The Bio-digester presentation by Lowell Light and Power was well attended and well received by nearly 100 utility people attending. Greg thanked the entire Lowell Light and Power staff on a job well done.

IX. ADJOURNMENT: It was MOVED BY SPICER, supported by BEACHUM, to adjourn the regular meeting at 8:03 p.m.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

Chairman Canfield

Date