

**Minutes for the  
Board of Lowell Light & Power's  
Regular Meeting – May 12, 2016**

**I. CALL TO ORDER AND ROLL CALL:**

The meeting was called to order at 6:05 p.m. by Chairman Canfield. Assistant General Manager Steve Donkersloot called the roll.

**Present:** Board Members: Perry Beachum, Greg Canfield, and Andrew Schrauben.

It was MOVED by BEACHUM, SUPPORTED BY SCHRAUBEN, to excuse the absence of Tina Cadwallader and Tamela Spicer.

Yea: 3      Nay: 0      Absent: 2      Motion Carried

Spicer arrived at 6:07 p.m.

**Also Present:** Assistant General Manager Steve Donkersloot, Utility Services Coordinator Sharon Morris, Distribution/Transmission Manager Ryan Teachworth, Plant Accountant, Megan Keyser, and Generation Supervisor Doug Barnes.

**II. APPROVAL OF AGENDA:**

It was MOVED BY SCHRAUBEN, SUPPORTED BY CADWALLADER, to approve the agenda as presented.

Yea: 3      Nay: 0      Absent: 2      Motion Carried

**III. APPROVAL OF MINUTES:**

It was MOVED BY SCHRAUBEN, SUPPORTED BY BEACHUM, to approve the meeting minutes of the April 14, 2016 regular meeting as presented.

Yea: 4      Nay: 0      Absent: 1      Motion Carried

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

There was no public.

**V. ACTION ITEMS:**

**A. FY 2017 Benefit Renewals:**

Donkersloot stated every May employee insurance benefit plans are discussed and reviewed. Steve gave an overview of renewal options and the comparison of those options to other plans available in the market.

The Dental Plan that LL&P offers employees through the Michigan Manufacturer's Association is very well priced and is a sound plan with good benefits. The renewal increase is 3.5%. This affordable rate results in a \$.43 increase/month for employees who have a family plan. Despite the increase in the plan cost, LL&P will actually pay less in dental insurance premiums in FY 2017 than it did in FY 2016 because of the mix of employees now on the plan compared to last year.

It was MOVED BY BEACHUM, SUPPORTED BY SPICER, to renew our current dental plan with a 3.5% increase.

Yea: 4      Nay: 0      Absent: 1      Motion Carried

LL&P is able to renew our Health Insurance through Priority Health HMO 500 Plan and maintain all the same benefits (deductible, doctor's visit, prescriptions, etc.) except for the out-of-pocket limit, which increases from \$3,800/\$7,600 (individual/family) to \$5,000/\$10,000. The reason for this mandatory change is the Affordable Care Act (ACA). All health plans must fit into a specific "tiers" (Platinum, Gold, Silver, etc). In order to be in compliance with the ACA and fit perfectly into a tier, the out-of-pocket limit change was made by Priority Health. This increase to renew our health plan is 2.6%. The most effected employee will see a \$6.02 increase/month

in their payroll health care deduction. This results in a \$215.63 increase per month for LL&P based on the current employees that are on the plan. Despite the increase in the plan cost, LL&P will actually pay \$5,000+ less in employee health insurance premiums in FY 2017 than it did in FY 2016 because of the mix of employee now on the plan compared to last year.

It was MOVED BY BEACHUM, SUPPORTED BY SPICER, to renew our current health plan with a 2.6% increase.

Yea: 4      Nay: 0      Absent: 1      Motion Carried

**B. FY 2017 Operating and Capital Budget:**

Donkersloot review the updated Operating and Capital Budget. There is virtually no change in operating revenue and purchased power expenses from what he presented in March. Those are the two major items. Donkersloot pointed out details of changes and explained why they occurred. Although Donkersloot doesn't expect a significant rate increase, a rate study will be performed this summer/fall.

It was MOVED BY BEACHUM, SUPPORTED BY SPICER, to accept the FY 2017 Operating and Capital Budget for City Council final approval.

Yea: 4      Nay: 0      Absent: 1      Motion Carried

**C. Wind Purchased Power Agreement:**

Michigan Public Power Agency (MPPA) has been working to secure a 20-year, 150 Megawatt (MW) Purchased Power Agreement (PPA) with a well renowned renewable energy developer. This was discussion at last month's meeting. As it currently stands, LL&P has the option, along with other MPPA members to secure all 150 MW. It appears there are 14 members that will be committing, each for different amounts of the 150 MW, to the PPA. There was Board discussion.

It was MOVED BY BEACHUM, SUPPORTED BY SPICER, to enter into this PPA for 2.16 MW.

Yea: 4      Nay: 0      Absent: 1      Motion Carried

**D. Transformer Purchase:**

The transformer that was destroyed by fire last month left LL&P without a spare 1500 KVA transformer. The staff believes it's critical to have one of these transformers in stock for reliability; it takes 4-6 weeks once the transformer is ordered to ship.

Through several discussions, the staff also agrees we should have a spare transformer on hand for Attwood. Attwood's transformer is a unique configuration, so much so that there is no other utility that we know of that could provide us a spare if something were to happen with Attwood's transformer. If something would happen to their transformer, we would need to rent a standby generator and pay for fuel to keep Attwood up and running for 4-6 weeks while waiting for the transformer. That would cost approximately \$100K. The replacement transformer cost \$22,500 but is the best option.

Both transformers were ordered from Solomon at a price of \$23,595 for the 1500 KVA transformer and \$22,550 for the Attwood transformer. We do not expect to pay more than \$500 for the 1500 KVA transformer as our Property and Liability Insurance or warranty from Solomon should cover this transformer. There was Board discussion.

It was MOVED BY SPICER, SUPPORTED BY BEACHUM, to approve the purchase of the 1500 KVA transformer for \$23,595, with the majority of the funds coming from our Property and Liability Insurance and warranty from Solomon, and for the purchase of the spare Attwood transformer from Solomon for \$22,550.

Yea: 4      Nay: 0      Absent: 1      Motion Carried

**E. MERS 457 Plan Adoption:**

Currently, LL&P offers employees the option to participate in a Pre-Tax, 457 Retirement Plan through AXA Equitable (a 457 plan is equivalent to a 401K).

There is no cost for LL&P to provide this 457 Plan to employees. There is no company match to employees.

MERS offers a 457 Plan that has significantly lower fees. The current AXA plan offered to employees has a weighted fee of approximately 2%. MERS fees are approximately .5%. It was recommended to the Board to offer the MERS plan in addition to the AXA plan and let employees choose who they use for their 457 plan. If this plan is approved it would have to go to City Council for final approval to adopt the MERS plan.

It was MOVED BY BEACHUM, SUPPORTED BY SCHRAUBEN, to approve the adoption of the MERS 457 Plan to present to City Council for final approval.

Yea: 4      Nay: 0      Absent: 1      Motion Carried

**VI. INFORMATIONAL ITEMS:**

- A. Performance Data:** Donkersloot reported on April's data.
- B. Monthly Outage Report:** Donkersloot gave a detailed overview of this report.
- C. Income Statement:** Donkersloot reported on the April 2016 Income Statement.
- D. Capital Projects Report:** Donkersloot reported on the Capital Project Report.
- E. Manager's Report:** Donkersloot gave updates to the Board on the following items:
  - a. MPPA/MMEA:** Steve reported on various projects discussed at the monthly meeting. Energy Waste reduction is the new term for energy efficiency/energy optimization.
  - b. APPA Update:** The APPA has many great resources for its members, including conferences, the Rodeo, webinars, educational institutes. Donkersloot purchased and passed out

“Governing for Excellence” to all the Board members. This is a great tool and resource for all of us as we continue to strive for Excellence.

c. **System/Generation Upgrade Progress:**

**Bio-digester:** The Bio-digester facility hit the 800 KW mark this past month and still had a surplus of gas. However, it continues to be a problem with the Water Treatment Plan handling the waste. Greg Northrup is aware this needs to be fixed ASAP which is LEAD and Veolia’s issue to fix. The Board discussed the odor issue and the need to fix that as well.

**Rolls-Royce:** Two transformers that were approved were ordered. The control panel has been shipped and should arrive shortly. The switchgear should arrive in 4-6 weeks. Doug Barnes gave an update on the progress.

**Five Year Plan:** Nothing new at this time.

**Other System Projects:** Ryan gave an overview of what he and the staff have been working on.

d. **LL&P Long Term Natural Gas Supply:** Donkersloot updated the Board on Consumer’s Energy conference call.

e. **FY 2017 Operating and Capital Budget:** Was discussed.

f. **Transformer Fire:** Was discussed.

g. **Lowell Schools Solar Project:** Nothing new at this time.

h. **Advance Meter Infrastructure (AMI) Project:** Donkersloot gave an update, things are moving along well.

- i. **Gridliance Transmission Meeting**: Continued discussions with Gridliance are moving forward. Donkersloot will continue to update the Board on progress.
- j. **Fiber to the Home**: Nothing new to report.
- k. **City-Wide Phone Project**: The next step is to take part in a demo, Monday, May 16<sup>th</sup>.
- l. **Alden Ridge Housing Development**: Nothing new to report.
- m. **Payables**: April was available.

F. **Schedule of Meetings**: May/June was presented.

VII. **NEXT REGULAR LLP BOARD MEETING**:

The next Board meeting will be held on Thursday, June 9, 2016.

VIII. **BOARD COMMENT**:

**Beachum**: Thanked Ryan and Steve for doing a great job with the two retirements earlier this year. Both Ryan and Steve bring different things to the table and in talking with employees; it is going well.

**Schrauben**: Discussed buried lines. He believes staff will make the correct call. Andrew stated that he had to explain to his son that the burning transformer was not going to turn into a Robot.

**Spicer**: Thanked Steve for all the extra work he has put into the General Manager role as well as his other duties while we are in transition. Tamela encouraged new Board members to take advantage of the training and webinars available to understand the language.

**Canfield**: Welcomed Ryan and continues hearing great things about him. Greg also thanked Steve for wearing two hats and doing a great job.

**IX. ADJOURNAMENT:**

It was MOVED BY SPICER, supported by BEACHUM, to adjourn the regular meeting at 8:59 p.m.

Yea: 4      Nay: 0      Absent: 1      Motion Carried

\_\_\_\_\_  
Chairman Canfield

\_\_\_\_\_  
Date