

**MINUTES
BOARD OF LIGHT AND POWER
REGULAR MEETING OF JUNE 4, 2009**

- I. Call to Order and Roll Call:** The meeting was called to order by Board Chairman Canfield at 5:31 pm. Present were Canfield, Hall, Johnston, and Valentine. Beachum arrived at 5:43. Also present were Jeff Altoft, Lowell City Council Member, General Manager Pierce, Generation Manager Russo, and Administrative Manager Sawka.
- II. Approval of Agenda:** Hall made a motion to approve the Agenda with the addition of a closed session to discuss a personnel matter which will be put at the end of the meeting. Also added to the agenda was Action Item C, Annual write offs. Valentine supported the motion with the two additions. The Board unanimously approved the motion.
- III. Approval of the Regular Board Minutes of May 7:** Johnston made a motion for approval of the May 7 minutes and Hall supported the motion. Approval of the May 7 Regular Board Minutes were passed unanimously by the Board.
- IV. Public Comment (items not on the agenda):** There was no public present. Therefore, there were no comments.

V. ACTION ITEMS

- A. Basic Flex Resolution:** There is a change to the Basic Flex Section 125 Cafeteria Plan. This requires a resolution from the Board to bring our Plan into compliance. There is now an opportunity for midyear enrollment or changes to the employee's plan if an employee qualifies. This specifically pertains to Medicaid/Children's Health Insurance Programs (CHIP). We have no employees that would qualify at this time and this is only an amendment to our current Plan for compliance. Johnston made a motion to approve the resolution as presented and Hall supported this motion. The Board passed the resolution unanimously.
- B. Personnel Policy Discussions:** Pierce proposed that the utility change the Cola and merit review process by realigning all of these tasks to coincide with their annual budgeting and fiscal year accounting. The utility would also be on the same time schedule as the City for these tasks. Pierce also requested that reviews for the General Manager follow this time table to be consistent with the timing of all other staff evaluations, merit reviews and fiscal accounting activities. The 2009 – 2010 budget has already been set and this process would not involve any budget changes. This discussion was to inform and ask the Board to concur with this change in timing of the policy. The Board was in favor of this change as discussed and no Board action was necessary.
- C. Annual Write Offs:** Pierce requested that the utility be allowed to write off those accounts that were inactive from 2007 to 2008 with bad debt. The bad debt amount is \$4,894.11. After several questions on the previous customers and the circumstances surrounding the bad debt list, Valentine made a motion to write off

the bad debt and Hall supported the motion. The board passed the motion unanimously.

VI. INFORMATIONAL ITEMS:

Performance Data: Pierce noted that the total electric requirement is down this month from last year. This has been the basic trend for the last several months. The revenue is up because of the rate adjustment the utility implemented last year. Total electric sales were about the same as last year. The residential customers have stayed about the same. An encouraging sign is the commercial sales are up. The commercial sales are up April over March and up over last year. The commercial sales have been steadily declining over the last few months. Pierce noted that investments were down a little. The utility has only seen this decline a couple of months over the last 9 months. The amount the investments were down only \$3,000. The utilities bank balance is down significantly and this is due to the purchase of three transformers for the conversion of the substation, which was about \$75,000 and paid in the month of April. Overall investments and cash are in good standing. We are up over a year ago by \$75,000. Pierce updates the usage and average costs quarterly for residential customers and commercial customers. Residential customer's usage was down for April from January but the same as October which is typical of fall and spring. The average bill for residential customers was down slightly. Costs per kWh were also down for residential customers. The aging analysis is showing a better trend. The utility had less outstanding collections in April than March both in the 1-30days and the 31-60 days. There was one scheduled and one unscheduled outage. One person dropped a limb on their secondary. Two customers were out at this location for about 90 minutes. There was a scheduled outage for a repair and three customers were out at 28th street for about three hours.

Income Statement April 2009: Sales revenues are close to the Budget. The utility is under budget in retail sales by \$140,000 which has been partially offset by the service revenue and misc. revenue. YTD we are only down \$100,000 in total revenue out of \$5,000,000. Almost all of the expenses are under budget. Pierce explained the over budget items. The total administrative expenses are over budget \$16,000 because of outside services for the compensation survey and the rate adjustment study. By the time we get to year end we will be in much better standings. Office supplies, dues and insurance expenses are also up because the dues for the organizations that we belong to like MPPA, MMEA and APPA have all increased this year. The budget line Injuries, Damages, and Safety were also up because the utility had under paid for Workers Comp. by \$7,000 in 2008 and had to make a payment for this amount that was not in the budget. General Misc. expenses were also up and this was due to the temporary hiring of Kalm. In total the utility is under budget by \$130,000 for expenses which results in the net income being over budget by about \$30,000.

You will also notice that included in the packet Sawka and Donkersloot worked on an operating income statement as opposed to net income or loss statement.

Pierce explained the difference between these two statements and the value of having and operating income statement.

Manager's Report:

- A. MMEA Spring Conference:** Pierce updated the Board on the MMEA Spring Conference in Grand Haven. There were good speakers regarding the shut off situation and the moratorium on new coal plants and the implementation of the energy optimization plan. Pierce explained the moratorium on new coal plants in Michigan. To get a new coal plant approved you would have to prove a need for new generation in Michigan and a best practices study showing that something renewable couldn't accomplish the same goal.
- B. Rate Adjustments:** Rate adjustments have been implemented for the previous billing period. Pierce has also included a letter explaining how the customer can save using energy optimization.
- C. Tree Trimming:** Tree trimming services have not been used very much this spring by the utility. The tree trimming company was in town to finish up a few things on Fun drive. The trees from around the old substation are also removed.
- D. EOP:** Regarding energy optimization, the utility is waiting for the proposal from the implementation contractor. Michigan Wire was in to visit the utility to see how they could implement some energy optimization plans. The high school has installed a new chiller for their air conditioning system to produce ice in off peak periods and the school is looking into rebate dollars for this project.
- E. South Sub:** Pierce explained the discussion with a customer as to why we could not postpone the outage to remove the South Sub and that this was the most opportune time to do this project. The outcome was satisfactory to the customer. The light will be left for now at the South Sub as it may be utilized by the dog park committee.
- F. New Intern:** Steve Donkersloot has been at the utility for four days and the utility is really glad to have him for the summer.
- G. Chatham Warehouse Lease:** The opportunity to lease a portion of the Chatham warehouse was discussed and this is still being negotiated.
- H. Lowell Area Trailway:** The Lowell Area Trailway, Jodie Seese and Pierce met to discuss a possible donation for the trail program. At this time, the utility did not budget for the trail program. After much discussion by the Board it was decided that LLP should contribute \$1,000 to the trail program. A motion was made by Hall to contribute \$1,000 and supported by Beachum. The motion passed with Beachum abstaining because of his involvement with the trail program.
- I. Joint billing:** The utility and the City looked at several software programs and it would be beneficial for the City and LLP to have the same software. However, a software that fit both types of accounting needs has not been identified. The City and LLP also looked into the benefit of joint metering. No decision was made yet.

J. Wind Turbine: Lowell Schools has had a wind turbine donated and LLP will participate in net metering. The Lowell School asked if LLP was interested in partnering with the school. No decision was made at this time.

Payables: This report is attached for review. There were no questions.

Schedule of Meetings: A schedule of meetings for the month of June is enclosed in the minutes.

Date of Next Regular LLP Meeting: The next regularly scheduled Lowell Light and Power Board meeting will be held July 2, 2009.

Closed Session: Hall made a motion that they go to closed session and this motion was supported by Johnston. The motion passed by unanimous vote. Closed session began at 6:43 pm and ended at 6:50 pm.

VII. BOARD COMMENTS: Johnston mentioned that he would like action items that are in the Manager's report to be listed under action items. Johnston also was looking forward to the brochure coming out. Beachum asked if we are still pursuing the good neighbor program? Pierce answered this question and explained that he was meeting with Pasquale to discuss what might be done to set up a good neighbor program that would involve both City and LLP. Valentine had no comment. Hall mentioned the annual audit and the multiple bank accounts issue so as to be in compliance. Pierce mentioned that LLP has two accounts. Altoft commented on the good job that was being done to promote a better attitude towards the utility. Canfield said Pierce's letter that went out in the billing was very well written and thanked him for doing the letter.

ADJOURNMENT

There was a motion by Hall to adjourn and a supported by Valentine. Motion passed by unanimous decision of the Board.

The meeting was adjourned at 7:02 p.m.

Chairman, Greg Canfield

Date

