

**MINUTES
BOARD OF LOWELL LIGHT AND POWER
REGULAR MEETING OF JULY 14, 2011**

- I. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 5:32 p.m. by Chairman Canfield. Present were Beachum, Canfield, Hall, Johnston and Valentine. Also present were General Manager Pierce, Electric Distribution Manager Russo, Chief Accountant Donkersloot, Utility Services Coordinator Morris, City of Lowell Mayor Hodges and President of the Lowell Area Recreation Authority Al Halbeisen.
- II. **APPROVAL OF AGENDA:** There was a motion by Beachum and a second by Hall to approve the agenda as presented. The motion was passed by a unanimous vote of the Board.
- III. **APPROVAL OF MINUTES** (June 9, 2011 Regular Board Meeting, June 9th Closed Session Meeting and June 29th Closed Session Meeting). There was a motion by Beachum and a second by Hall to approve the June 9th Regular meeting minutes with a few minor changes. The motion passed by unanimous vote of the Board.

There was a motion by Beachum and a second by Hall to approve the June 9th Closed Session meeting minutes. The motion passed by unanimous vote of the Board.

There was a motion by Beachum, supported by Hall to approve the June 29th Closed Session meeting minutes. The motion passed by unanimous vote of the Board.

- IV. **PUBLIC COMMENTS** (Items not on the agenda): There was no public comment.

V. **ACTION ITEMS:**

- **Lowell Main Street Bridge Project:** Pierce explained approval needed to be documented for last summer's project where conduits were placed under the new bridge for \$18,970.00 as well as our share of the overall project \$10,259.79. There was a motion by Johnston and a second by

Valentine to approve these payments. The motion passed by a unanimous vote of the Board.

- **LLP General Manager's Spending Authority**: Pierce discussed the fact there have been several instances in our day-to-day operations where spending limits have exceeded the General Manager's authority (\$9,999) based on several capital projects currently in progress.

There was a motion by Johnston and a second by Hall to raise the General Manager's spending authority limit to \$15,000 pending the Lowell City Council's approval. The motion passed by unanimous vote of the Board.

- **LARA-LLP Chatham Building Easement**: Beachum described options LARA is currently exploring to best meet their needs in connecting the trail through Lowell with the Fred Meijer, Ionia and Saranac Trails. Al Halibeisen described in more detail their future plans as well as possible routes they are reviewing. There was a motion by Hall and a second by Johnston for Pierce to cooperate with LARA Trails regarding the easement option to best meet the Trail's needs. The motion passed by unanimous vote of the Board.
- **Pink Arrow Banner**: Pierce reviewed a request made by Beachum to purchase a banner. There was a motion made by Beachum, supported by Johnston to approve the banner purchase. The motion passed by unanimous vote of the Board.
- **Bio-Digestion Proposal**: Pierce reviewed the Spart proposal. Pierce reported Spart is looking for a \$30,000 commitment to begin moving the process forward. Pierce will present a brief overview to the City Council on this project at next Monday's meeting. Pierce will go back to Spart and ask for clarification on; the non-refundable commitment fee and the conflict of interest concern. Pierce discussed possible property opportunities available to house the bio-digester.
- **Fiscal Year 2010-2011 Write-Offs**: Pierce reviewed the list of 2010-2011 write-offs. Beachum requested a master list be prepared with all bad debt customers from previous years. This will help alleviate issues should that particular customer move back into the service area

and would allow us to hold them accountable for clearing up their past due debt before starting their new service. There was a motion by Beachum and a second by Valentine to approve the \$8,191.43 bad debt write-off. The motion passed by unanimous vote of the Board.

- **AMP Ohio Resolution:** Pierce reviewed the AMP Ohio Resolution. Eleven MPPA members committed to this resolution for a minimal cost. There was a motion by Beachum and a second by Valentine to accept the Resolution as presented. The motion passed by unanimous vote of the Board.

VI. INFORMATIONAL ITEMS:

- A. **Performance Data:** Pierce reported to the Board that May's performance data was discussed last month with the exception of the Total Electric Requirements which are up from the previous month and down from the previous year.

Pierce stated June was a good month. Revenue was up over the previous month and year. Commercial customer sales were slightly up from the previous month and the previous year. Delinquent accounts are up slightly however delinquent amount owing after shutoffs were down.

Overall investments were down slightly from the previous month and up over 7% from the previous year. The aging analysis shows the outstanding balance was down from the previous couple of months.

We do not have two figures that come from MPPA for the month of June to complete the performance data. These are the Electric Requirements and Peak Demand and these will be available for the July Board meeting.

Pierce reviewed the June 2010 and 2011 comparison outage summaries we had 2 more outages this year than last year in June. Plans are in place to provide a separate feed to the east side at the time of the river crossing project. Then, a squirrel in the east substation will impact less of the system.

B. Income Statement (June 2011): Pierce reported June is historically not a good month being the end of the fiscal year. This month shows the outcome of how our projections and budget adjustments impact year end. We were about 1% under in total revenue. Purchased Power was significantly over budget however budget adjustments made in April show up as year-to-date revisions. Pierce stated in past years' final adjustments were typically made after the audit. Steve made many of the known adjustments in June instead of waiting until the audit. This gives us a truer picture of how our year will end. The only major outstanding adjustment is Purchased Power because those invoices are estimates and reconciled 90 days after billing. Pierce stated overall it was a good year.

Pierce reviewed the yearly Capital Expenses. There is \$187,670.63 remaining in the budget to be carried over to the 2011-2012 fiscal year.

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

- **MPPA/MMEA/APPA Updates:**

MPPA/MMEA: Pierce updated the Board on the APPA Annual Conference in Washington. The presentations were informative and the speakers were excellent.

Pierce gave an update on the Great Wolf Lodge appeal to the Michigan Supreme Court which was denied.

- **System/Generation Upgrade Progress:** Pierce reviewed the line crew's activities for the month of June. The crew's spent much of their time switching out transformers at Pebble Beach and finishing up along Foreman.

- **Strategic Plan Punch List:**

- Pierce stated we are still moving forward on our website. Format has been approved and we are working on populating pull downs, links and updating copy for the site.

- The Elster pilot meters are ordered. Final plans are being made for system and meter installation. An information letter is being sent to the 200 pilot meter recipients.
- We are moving forward with the Lowell Ventures LLC project. The engineering is completed and we are ordering wire, poles, etc.
- Pierce has received more documents on the 3.5 MW combustion turbine and all aspects are still looking good. Pierce stated LLP is working with a mechanical engineer who is putting a cost benefit analysis together on this unit for our review. Pierce expects to do a site visit in late July to Ford which includes a visual inspection of everything included in the package.
- **Short Term Punch List:**
 - Pierce reported he plans to have first meetings in July with Lowell and Vergennes Township Supervisors & Clerks.
 - Pierce stated now that the new City Manager is in place, community Disaster Plan discussions will begin.
 - Joint billing is at a standstill until the new City Manager has an opportunity to familiarize himself on the specifics.
- **PILOT Discussion:** Pierce reiterated the Board has designated himself, Canfield and (possibly Jim Hall) to represent LLP. Pierce discussed the PILOT process with the new City Manager; he would like some time to review the information.
- **Lowell Ventures LLC Building Service Update:** Pierce reported; we toured the facility with representatives from Franklin Energy and Lights Plus to review possible lighting upgrades which we can facilitate through our EO Program.
- **Biodigestion Update:** Pierce reported the USDA REAP feasibility grant was successfully submitted June 30th by Matt Ward. He is now concentrating on the State of Michigan Energy Department grant application due early this fall.

- **New Generation:** Pierce stated the 3.5 MW combined cycle unit continues to look promising. We are still looking for a steam turbine and generator to complete the second cycle of this unit. Several new and used options are available. Siemens has done a preliminary review of the unit and believes the oversized boiler would be compatible with one of their 4 MW steam turbine units which would give us a total potential capacity of 7.5 MW. We are beginning to look for property where we could site this unit along with the bio-digester.
 - **Customer:** Pierce commented on a positive note received along with their payment from one of our customers.
 - **Payables:** Pierce provided the June payables for the Board's review.
- D. **Schedule of Meetings:** Pierce presented the schedule of meetings to the Board.
- E. **Complaint Register:** There were no new complaints.

VII. **NEXT REGULAR LLP BOARD MEETING:** The next scheduled Board meeting will be held, Thursday, August 11, 2011.

VIII. **BOARD COMMENT:**

Beachum commented on the possibility for the City Council to request Comcast remove their line off poles across the river so that when the river crossing is complete the poles can be eliminated. Pierce stated he offered to have Comcast and the Lowell Schools use the conduits when the project is complete. Beachum also mentioned Aug. 2nd the Pink Arrow Community Day kick-off will be held at Gilda's Club. This includes a blood drive for anyone who donates or attempts to donate blood, the blood drive sponsors are donating \$10 to the Pink Arrow project. Beachum also inquired if the old pole was being eliminated at Foreman and Hudson. Russo stated we are waiting for Comcast to remove their lines before the pole is removed. Beachum commented how proud he was to see LLP's tent, banner and employees participate in Relay for Life.

Hall commented he enjoyed the Washington Conference.

Mayor Hodges was pleased to announce the new City Manager is now on board and he has a 90-day plan he is prepared to implement. City Council's next meeting is next Monday night and they will add the Bio-digester review to their agenda.

Canfield commented he was pleased with LLP's prompt and courtesy response in assisting in the Riverwalk breaker issues.

Chairman Canfield also presented on behalf of the Board an "Award of Excellence" to General Manager Pierce in appreciation for his outstanding leadership, commitment and dedication to Lowell Light and Power and the Community of Lowell.

IX. CLOSED SESSION FOR GM'S REVIEW: There was a motion by Valentine supported by Hall to go into closed session regarding personnel issues. The motion passed by unanimous vote of the Board. The Board went into closed session at 8:30 p.m.

There was a motion by Johnston, supported by Hall to go back to open session at 9:30 p.m. The motion passed by a unanimous vote of the Board.

A motion was made by Johnston, supported by Beachum to give the General Manager a 2% merit increase in pay along with a ten thousand dollar bonus. The motion passed by a 4 to 1 vote.

A motion was made by Johnston, supported by Beachum to adjourn at 9:33 p.m. The motion passed by a unanimous vote of the Board.

Chairman Canfield

Date