

**MINUTES**  
**BOARD OF LOWELL LIGHT AND POWER**  
**REGULAR MEETING OF May 12, 2011**

- I. **CALL TO ORDER AND ROLL CALL**: The meeting was called to order at 6:20 pm 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 and Lowell City Council Member & Mayor Pro Tem Ellison.
  
- II. **APPROVAL OF AGENDA**: The Superior Building was added under Action items (E) to the agenda. There was a motion by Johnston and a second by Beachum to approve the agenda to include item E. Superior Building. The motion was passed by unanimous vote of the Board.
  
- III. **APPROVAL OF MINTUES** (April 14, 2011 Regular Board Meeting): There was a motion by Johnston and a second by Valentine to approve the minutes as written. 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**:
  - LLP Annual Insurance Benefits review – Pierce reviewed the employee health insurance options with the Board. There was a motion by Johnston and second by Valentine to approve the Health by Choice Achievements HMO 90-1 plan. The motion passed by a unanimous vote of the Board.
  
  - LLP 2011-2012 Annual Budget: Pierce reviewed the Annual Budget. There was a motion by Johnston and a second by Valentine to approve the annual budget. The motion passed by a unanimous vote of the Board.

- LLP 2011-2012 Capital Plan: The Capital Plan was explained to the Board by Pierce. There was a motion by Johnston and a second by Valentine to approve the Capital Plan as presented. The motion passed by a unanimous vote of the Board.
- GRP Engineering Proposal for System Upgrade to Ventures LLC: Pierce gave an update on the Ventures LLC project. Pierce stated the only approval needed at this point is the \$46,000 for GRP to complete the engineering, RFP production, bid evaluation and construction oversight of proposed project. There was a motion by Beachum and a second by Hall to approve \$46,000 for GRP to move forward on this project.
- Superior Building: The Board toured the building prior to the Board meeting. There was a lot of discussion on what to do with the Chatham building and our current office space. A motion was made by Hall, supported by Valentine to table the issue until further information is available.

## VI. INFORMATIONAL ITEMS:

- A. **Performance Data:** Pierce reported to the Board that March's overall requirements and total sales were down from the previous month, but up from the previous year. Customer counts were up from the previous month and year. Delinquent accounts were significantly up from the previous month. Balance after shut offs was up from the previous year but similar to February.

Overall investments were up slightly from the previous month and over 3% from the previous year. The aging analysis has been fluctuating the past few months however this month is consistent with the previous month.

- B. **Income Statement (March/April 2011):** Pierce reported to the Board the MPPA Trust Fund is now reflected in the March statement. Pierce reported April was a good month. Revenue was over budget for the month. Expenses are all in good shape, the purchased power cost has begun to stabilize.

Our operating income was over \$64,000 for the month and over \$397,000 year-to-date.

Pierce also reported there were two outages in the month of April. A total of 44 customers were affected; one was due to a tree that fell on a power line, the other due to a bad switch. The majority of the man hours were spent on pole and conductor change outs at Fry Daddy's and M21 & N Center and pole installation and conductor work at Litehouse.

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 continued work regarding the socialized transmission issue with FERC. The issue is gaining momentum from Michigan. The State Legislature and Governor Snyder have sent a resolution to FERC.

Pierce reported on the Kalkaska CT engine which was back from Pratt and Whitney and being site tested. After several test runs it was determined that there was excess engine vibration and the unit has been dismantled and sent back to Pratt and Whitney for further testing.

The MMEA Spring Conference is May 18-20 (Thursday, May 19<sup>th</sup> is the main day) in South Haven. Any Board members interested in attending, please let us know and we will make necessary reservations.

The APPA Annual Meeting is in Washington DC this year, June 19-22. Jim Hall will be attending. If anyone else is interested in attending, please let us know and we will get you registered.

- **System/Generation Upgrade Progress**: Pierce reviewed the line crew's activities for the month of April. We will begin the process of eliminating one set of poles along Foreman. Ultimately the North Sub will be decommissioned, that project is expected to be completed

by fall. The other major project this spring/summer include completing the new service to the east side of town and be set up to provide service to the Ventures LLC facility.

- **Strategic Plan Punch List:** We have made progress on several of the items on the Strategic Plan Action items list.
  - We have made progress toward the new website design. The new site should be up and running this summer.
  - The interface between Daffron and Elster is near completion and the PILOT meters are ordered. The Lowell Water Department will be participating in our PILOT to assess how our wireless data collection system will work for their data. They will adapt a sampling of their water meters in the vicinity of our pilot, once it is installed, to test how well the water data is transmitted.
  - We are moving forward with the Lowell Ventures LLC to provide electric service.
- **Short Term Punch List:**
  - Ivan Blough Scholarship Fund – the fund is set up through the Lowell Chamber Fund and we will be sending a check to them eminently.
  - Need to schedule meetings with Lowell and Vergennes Township Supervisors & Clerks.
- **PILOT Discussions:** Pierce discussed the need to set up a PILOT review committee at the joint meeting. LLP will identify those on the committee and ask the City Council to identify their members.
- **Lowell Ventures LLC Building Service Update:** Pierce gave an update on the status of the project. The City Attorney, Dick Wendt, is in the process of drafting a MOU for joint signatures. The engineering plan was discussed under Action items.

- **Biodigestion Update:** Pierce reported there is no additional news; we are still waiting for the final proposal from econ<sub>2</sub>. Pierce also mentioned he is waiting on additional information from the Washington grant writing firm to send their data on where they feel good grant opportunities are available for this project.
  
- **Superior Building:** Pierce reported to the Board the discussions he had recently had with the realtor. They are expecting another price drop from its current \$375,000 to \$300,000. Pierce stated he did not think it would take long to sell once the price is reduced. If there is any interest in moving forward on this purchase, he felt we should move quickly. Pierce received notification of the price drop and it was lowered to \$259,000.
  
- **New Generation:** Pierce is continuing to work with the vendor who had the 3.5 MW combined cycle unit available. Preliminary specs have been received and forwarded to GRP for review. GRP did not identify any 'red flags' in their review. They have passed the data on to a mechanical engineer for further review. The mechanical engineer indicated the equipment is a good and serviceable unit. They will be questioning the service contractor for the unit (Rolls Royce, LTD) to obtain service data and basic condition/wear information.
  
- **Payables:** Pierce provided the April 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, June 9, 2011.

**VIII. BOARD COMMENT:** The Board acknowledged performance evaluation for the General Manager which is due July 1<sup>st</sup>.

IX. **ADJOURNMENT**: There was a motion by Johnston and a second by Beachum to adjourn the meeting at 8:30 p.m. The motion passed by unanimous vote of the Board.

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Chairman Canfield

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Date