

**Minutes for the
Board of Lowell Light & Power's
Regular Meeting – June 12, 2018**

I. CALL TO ORDER AND ROLL CALL:

The meeting was called to order at 6:02 p.m. by Chairman Beachum. General Manager Steve Donkersloot called the roll.

Present: Board Members: Perry Beachum, Jeff Dickerman, Andrew Schrauben and Dave Vankeulen

It was MOVED BY DICKERMAN, SUPPORTED BY VANKEULEN, to excuse Cadwallader who will be arriving late.

Yea: 4 Nay: 0 Absent: 1 Motion Carried

Tardy: Tina Cadwallader arrived at 6:10 during Action Item B.

Absent: None

Also Present: General Manager Steve Donkersloot, Distribution Manager Ryan Teachworth, Utility Services Coordinator Sharon Morris, Plant Accountant Megan Keyser

II. APPROVAL OF AGENDA:

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

Yea: 4 Nay: 0 Absent: 1 Motion Carried

III. APPROVAL OF MINUTES:

It was MOVED BY DICKERMAN, SUPPORTED BY VANKEULEN, to approve the May 7, 2018 Joint Special Meeting with the City Council.

Yea: 4 Nay: 0 Absent: 1 Motion Carried

It was MOVED BY DICKERMAN, SUPPORTED BY VANKEULEN, to approve the May 10, 2018 Regular Board Meeting Minutes.

Yea: 4 Nay: 0 Absent: 1 Motion Carried

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

There was no public comment

V. ACTION ITEMS:

A. FY 2019 Regular Board Meeting Dates

The Board Meeting dates were reviewed for the next Fiscal Year. Donkersloot proposed staying with status quo for the meeting dates of LL&P Regular Board Meetings for Fiscal Year 2019; most of which are the second Thursday of the month, except July, August and June 2019 (due to the Sizzlin' Summer Concert Series) are moved to the second Wednesday of those months, and September (due to the Annual Fall MMEA Conference which is scheduled to take place in the U.P. in Escanaba from September 12th-14th), is schedule the 3rd Thursday of the month, September 20th.

It was MOVED BY DICKERMAN, SUPPORTED BY SCHRAUBEN, to approve the proposed Fiscal Year 2019 Regular Meeting dates.

Yea: 4 Nay: 0 Absent: 1 Motion Carried

B. Discussion and Potential Update to Policy 5-15, Procurement

Last month, the Board had a very good discussion about potentially increasing the LL&P staff's maximum spend authority in Policy 5-15, Procurement. The following is a summary of last month's discussion:

1. The current \$10,000 limit has been in place for many years and is believed to be an arbitrary amount not tied to anything in particular.
2. There was a consensus by the Board that the \$10,000 amount should be increased as this limit, due to inflation. In addition, the limit is causing inefficiencies in the procurement of materials; especially with large projects.
3. Ultimately, after much discussion, the Board felt the spending authority should tie to some, yet to be determined, percentage of a fiscal year's budgeted total revenue.

Donkersloot reviewed a list of all the cost-based action items that have required Board approval in the last three years.

It has been noted that Chapter 16, Section 16.4, Purchase and Sale of Personal Property by the Board of Light and Power, of the City Charter states: "Subject to the approval of the Council, Board shall provide the dollar limit within which purchases of personal property may be made without the necessity for securing competitive bids, and the dollar limit within which purchases may be made by the Superintendent without necessity for Board approval." Thus, if the Board decides it would like to increase the General Manager's spending authority, their recommendation would need to go to the City Council for final approval.

There was good Board discussion.

It was MOVED BY DICKERMAN, SUPPORTED BY SCHRAUBEN to approve \$25,000 spending cap on projects that are not budgeted for, based on approximately a .30% of revenue, and a \$50,000 spending cap on budgeted and/or approved projects, based on roughly .60% of revenue.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

VI. INFORMATIONAL ITEMS:

- A. Performance Data:** Donkersloot reported on May's data.

- B. **Monthly Outage Report**: Six outages occurred in the month of May.
- C. **Income Statement**: Donkersloot reported on the May 2018 Income Statement.
- D. **Capital Projects Report**: Donkersloot reported on the May 2018 Capital Project Report.
- E. **Manager's Report**: Donkersloot gave updates to the Board on the following:

A. **MPPA/MMEA/APPA Update**:

- a. **MPPA**: Donkersloot thanked Dave and Perry for attending the Annual Stakeholders meeting.
- b. **MMEA**: Donkersloot gave an update on the topics at the Annual MMEA Spring Conference.

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

- a. **Five Year Plan**: GRP has been on site multiple times over the past month to work on the Substation Capacitor Bank Project (#104 in the Five Year Plan). Staff spent time wiring the relays the Capacitor Bank for our three open circuits, #203, 204 and #206. This will eliminate our power factor penalties that we are charged on an annual basis.
 - b. **Other System Projects**: Shell, Larkin's, and the Post Office have all been converted from overhead to underground.
- C. **LL&P Long Term Natural Gas Supply**: The drawings for the project are complete and are going through the final review which is scheduled to be complete by June 15th. Following the approval, the project will go out for bids. Construction will likely start in August (previously targeted for July). The in-service date is still projected to be October 31st.

D. Solar: The MPPA is continuing to review and analyze multiple potential solar projects for its members. After a very detailed analysis was conducted in which various solar volumes were introduced into LL&P's projected future load profiles and the expected energy and capacity offtakes (that LL&P would receive) of those volumes were calculated, the MPPA and I will be recommending, at a Board Meeting in the near future, for LL&P to enter into a PPA of at least 2 MW. The exact total will depend on the projects that are selected (they are all different in size) and the amount of solar other member cities would like to obtain.

E. Energy Center Space: Ryan and Steve met with Greg Halfmann, Director of Engineering, and Bryan Immink, Process Engineer, for Litehouse to discuss the interior space they will need for their wastewater pre-treatment operation at the Energy Center. The situation is very fluid and still has the potential to change, but as of right now, it appears we will reacquire just under 4,000 square feet that had been leased to LEAD; this will be more than enough space to store our transformers that we would like to move from the other side of the building. In addition, after Litehouse is finished wrecking out the bio-digester equipment and constructing their secondary treatment operation (an expected six-to-nine-month process), they plan to build a wall to separate their leased space from our space.

F. Office Renovation Project: Beachum Flooring has completed the carpet installation at the office. The staff appreciates the Board allowing us to complete the office renovation and aesthetic upgrades.

The final step in the process will be redesigning work space in terms of what cabinets/desks, the purchase of new furniture, etc.

G. Work Anniversary's: May 22nd marked Steve Shade's 1st year at LL&P!

H. **Payables:** May payables were included.

I. **Schedule of Meetings:** June/July was presented.

VII. **NEXT REGULAR LL&P BOARD MEETING:** Is schedule for Wednesday, July 11th.

VIII. **BOARD COMMENT:**

Schrauben mentioned the school year is finished. Andrew wished Steve good luck on his new baby, arriving next week.

VanKeulen is pleased he attended the MPPA Stakeholder Meeting. Dave took away valuable information and encouraged the all Board Members to attend next year.

Dickerman congratulated Donkersloot on his “new addition” coming soon.

Beachum stated he was here working on the carpet and was pleased to observe employees eager to come to work.

ADJOURNMENT:

It was MOVED BY SCHRAUBEN, SUPPORTED BY VANKEULEN, to adjourn the Regular Board Meeting at 7:54 p.m.

Yea: 5 Nay: 0 Absent: 0 Motion Carried

Chairman Beachum

Date