

**Minutes for the
Board of Lowell Light & Power's
Regular Meeting – March 9, 2017**

I. CALL TO ORDER AND ROLL CALL:

The meeting was called to order at 6:07 p.m. by Chairman Beachum.
General Manager Steve Donkersloot called the roll.

Present: Board Members: Perry Beachum, Marty Chambers,
Andrew Schrauben and Jim Salzwedel

Absent: Tina Cadwallader

Also Present: General Manager Steve Donkersloot, Staff Accountant
Julie Stewart, Distribution/Transmission Manager Ryan
Teachworth, Generation Supervisor Doug Barnes and
Lowell City Councilman Alan Teelander.

It was MOVED by SALZWEDEL, SUPPORTED BY SCHRAUBEN, to excuse the
absence of Tina Cadwallader.

Yea: 4 Nay: 0 Absent: 1 Motion Carried

II. APPROVAL OF AGENDA:

Chairman Beachum made one addition to the agenda. Under Public
Comment, Perry added IV. B. Betsy with Addorio to answer questions and
guide the Board through the iPad process.

It was MOVED by SALZWEDEL, SUPPORTED BY SCHRAUBEN, to approve the
agenda as amended.

Yea: 4 Nay: 0 Absent: 1 Motion Carried

III. APPROVAL OF MINUTES:

It was MOVED BY CHAMBERS, SUPPORTED BY SALZWEDEL, to approve the February 9, 2017 Regular Board Meeting Minutes.

Yea: 4 Nay: 0 Absent: 1 Motion Carried

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

There was no public comment (for items not on the agenda).

B. Betsy with Addorio

Betsy understands this is a learning process and will tweak settings as needed. Betsy answered specific question each Board member had.

V. ACTION ITEMS:

A. Strategic Plan Review and Adoption

Donkersloot reviewed LL&P's Strategic Plan and the list of Action Items associated with the Strategic Plan.

Several great comments and thoughts came from Board Members. Donkersloot will make changes to the Strategic Plan based on Board suggestions.

B. FY 2018 Operating and Capital Budgets

At last month's Board Meeting, LL&P's Long Range Financial Projection were reviewed and discussed. Based on our review of these projections and additional information that has been analyzed, staff has developed a draft Operating and Capital Budget for Fiscal Year 2018.

Donkersloot reviewed in these drafts in detail. There was Board questions and discussion.

It was MOVED BY SCHRAUBEN, SUPPORTED BY CHAMBERS, to approve the FY 2018 Operating and Capital Budgets for City Council review.

Yea: 4 Nay: 0 Absent: 1 Motion Carried

C. Access Point Inc. Commercial Service Agreement

A three year Commercial Service Agreement (CSA) with Access Point Inc. to provide the telephone service (phone numbers, fax lines, ability to make phone calls, etc.) and backup internet line for our soon-to-be VOIP Phone Project was presented. The terms and conditions of the CSA have been reviewed and approved by City Attorney Dick Wendt.

The Agreement includes fixed charges of a monthly recurring cost of \$772.57 (could increase or decrease depending on a host of factors) and a one-time, non reoccurring cost of \$307.45. The fixed cost will be spread amongst all City departments. All long distance charges will be allocated to the department incurring the charge. In addition to these fixed costs, there is a \$.0199 per minute of long distance variable charge that will apply to all long distance calls.

NetLink Technologies, the broker that IP Consulting utilizes to handle this portion of the project, received multiple quotes for this service with Access Point Inc. being the cheapest.

The City Council approved this item at the last City Council Meeting.

It was MOVED BY CHAMBERS, SUPPORTED SCHRAUBEN BY, to approve the three year CSA with Access Point Inc.

Yea: 4 Nay: 0 Absent: 1 Motion Carried

D. Truck Bin Maintenance Approval

Teachworth stated our Service Truck is in dire need of upgrades. The side bins need to be completely replaced. They are completely rusted out, beyond repair. We only received a quote from two vendors that do this type of work. B&B Truck Equipment at a cost of \$10,700 and Hoekstra Equipment for \$19,478.75. The money is in this year's operating budget.

The truck appears to be in good mechanical condition. Our equipment replacement plan reflects a scheduled purchase of a new service truck in the next three to five years.

It was MOVED BY SALZWEDEL, SUPPORTED BY CHAMBERS, to move forward with the bin replacement work from B&B Truck Equipment for \$10,700.

Yea: 4 Nay: 0 Absent: 1 Motion Carried

E. Natural Gas Compressor Purchase

Options were reviewed and discussed at last month's meeting. After discussions with Consumers Energy, it does not appear they will ever have the necessary pressure needed to run both turbines without a compressor.

As was discussed at last month's meeting, we have an option by utilizing Natural Gas Compression, Inc. to build us a compressor at a cost of \$603,000 (there would be additional setup and shipping charges we would incur upon shipment). Financed over five years, this will result in monthly payment totaling approximately \$129,000/year. We are currently paying \$69,000/year to lease our compressor that can only support on C.T.; meaning our net increase in our compressor cost is around \$60,000/year for the next five years. Two things to consider is we would be building equity in an asset that has a 30-40 year life (if not longer) and after five years, the asset will be paid off.

There was Board discussion.

It was MOVED BY CHAMBERS, SUPPORTED BY SCHRAUBEN, to approve the \$603,000 natural gas compressor purchase through a five-year Installment Purchase Agreement (IPA), as well as an additional \$2,500 for up-front legal /financing costs to execute the IPA.

The process is that this will go to City Council as is the case of anytime LL&P issues debt. It will then go back to the LL&P Board for execution of the Payment Agreement with the City.

Yea: 3 Nay: 1 Absent: 1 Motion Carried

F. Phase 1 of Harvest Meadows Condominiums Material Purchase

Four bids (Resco, Solomon, Irby, T&R Electric) were received for materials needed for Phase 1 of Harvest Meadows Condominium Development. Based on the quotes, LL&P staff presented detailed bids and recommended selecting specific material purchases from Resco, Irby and T&R Electric, totaling, \$17,753.35.

It was MOVED BY CHAMBERS, SUPPORTED BY SALZWEDEL, to purchase the materials totaling \$17,753.35 from the vendors Resco, Irby and T&R Electric for Phase 1 of Harvest Meadows Condominium Development.

Yea: 4 Nay: 0 Absent: 1 Motion Carried

G. Engineering Service Proposal for Project #104 (in Five Year Plan)

Donkersloot presented GRP's Engineering Service Proposal for Project #104 as part of our Five Year Plan.

GRP's proposal includes installation of a two-step 2400 KVAR padmount capacitor bank at Interchange Substation.

The purpose of the project is to increase our distribution system's power factor (the efficiency at which power is supplied to us) to reduce the KVAR penalties we receive from METC (Michigan Electric Transmission Company) through our MPPA Purchased Power Bills. LL&P has incurred more than \$40,000 in penalties in the past five years and the amount of penalties has more than doubled during that time on an annual basis.

It was MOVED BY SALZWEDEL, SUPPORTED BY SCHRAUBEN, to approve GRP's Engineering Service Proposal for Project #104 for \$15,000.

Yea: 4 Nay: 0 Absent: 1 Motion Carried

VI. INFORMATIONAL ITEMS:

- A. Performance Data: Donkersloot reported on February data.
- B. Monthly Outage Report: There were no outages in the month of February. Donkersloot gave a detailed overview of this report.
- C. Income Statement: Donkersloot reported on the February 2017 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/APPA Update:

- a. **MPPA**: At February's MPPA Board Meeting, we went into closed session to discuss the concept of the MPPA pursuing solar as a power supply option for its members.

Our 2018-2020 EO Biennial Plan will be filed with MPSC in August 2017. There is a Stakeholder meeting in Lansing on May 10, 1:00 p.m. It's MPPA's goal for as many members, utility staff, the Board and Council members to attend; they have a phenomenal keynote speaker. Donkersloot will provide information about the entire afternoon's plans.

- b. **APPA**: At the 2017 Legislative Rally Steve had an opportunity to meet and discuss important issues with State Senators Stabenaw and Peters, Congressman Huizinga and Moorlenaar, as well as the legislative directors for Congressman Upton, Amash, and Bishop.

B. System/Generation Upgrade Progress:

- a. **Bio-digester:** A proposal was received from LEAD. This was reviewed with General Manager Donkersloot, City Manager Burns and City Attorney Wendt. LEAD was asked to revise and change a couple things.
- b. **Five Year Plan:** The distribution department made tremendous progress on Project 101. Ryan gave an update
- c. **Other System Projects:** Conversations with King Milling are progressing.
- C. **White's Bridge Hydro:** Steve thanked the Board for touring the dam. MPPA is in the process of determining how much capacity credit we would be eligible for if we enter into a PPA for power.
- D. **LL&P Long Term Natural Gas Supply:** Nothing new at this time.
- E. **Standby Generator & Gas Compressor Options:** We plan to purchase a standby generator in the spring.
- F. **SUS Customer Platform/Application:** There was a soft launch. The majority of the bugs have been resolved. Phase two is underway.
- G. **Fiber to the Home:** The trip to Sebewaing was a success. The process is lengthy.
- H. **Fiber Extension to City Facilities and City-Wide Phone Project:** The directional bores have been completed. Amcomm will begin their fiber work in the coming weeks.
- I. **Line Shack:** Nothing new at this time.
- J. **Harvest Meadows Condominium Development:** The Harvest Meadows Condominium Development was discussed in detail as an Action Item.

K. IT Update: The iPad's are going well.

Work continues on our new Website and will soon be launched.

L. Security Update: The keycard system has been installed. All the exterior door locks have been changed out. Staff will be looking into the possibility of installing a keycard system at the Energy Center.

M. Payables: February payables are included.

F. Schedule of Meetings: March/April was presented.

VII. NEXT REGULAR LLP BOARD MEETING:

The next Board Meeting will be held on Thursday, April 13, 2017.

VIII. BOARD COMMENT:

Schrauben: Thanked Victor for providing a tour to the Board. Andrew shared a 'Wind' story. Happy 4th Birthday to Roger, Andrew's youngest.

Salzwedel: Jim reminded members to look at their calendars to schedule summer Board Meeting so that everyone is able to attend the Summer Concert Series.

Beachum: Perry will work with MPPA on the General Manager Evaluation process and report back to the Board. Perry asked to include a late fee discussion on next month's agenda.

IX. ADJOURNAMENT:

It was MOVED BY SCHRUBEN, supported by SALZWEDEL, to adjourn the Regular Meeting at 10:02 p.m.

Yea: 4 Nay: 0 Absent: 1 Motion Carried

Chairman Beachum

Date