

Marquette Board of Light and Power 1-12-16 MINUTES

2200 Wright St., Marquette, MI 49855 (906) 228-0311

A regular meeting of the Board of Light and Power was called and held on January 12, 2016. The meeting was called to order followed by the Pledge of Allegiance and roll call.

Present: Tom Tourville, Chair

Jerry Garceau, Vice Chair/Secretary

David Carlson

Jerry Irby

Absent: David Puskala

Board Chair, Tom Tourville stated board member, D. Puskala will not be attending the meeting tonight because he is out of town. J. Irby made a motion to excuse Mr. Puskala, motion was supported by D. Carlson and unanimously approved by Board. D. Carlson made a motion to approve agenda as presented, and with support from J. Garceau, the Board unanimously approved.

1. Approval of the December 17, 2015 Regular Meeting Minutes:
J. Irby made a motion to accept December 17, 2015 regular meeting minutes as presented. Motion was supported by J. Garceau and unanimously approved by Board.
2. Approval of Bills Payable:
J. Garceau made a motion to approve the Bills Payable, totaling \$711,779.53. J. Irby supported the motion and after discussion, Board unanimously approved the Bills Payable as presented.
3. Time for Citizen Comment:
There was no citizen comment at this time.
4. Financial Discussion – Controller, Helen LaFayette:
Controller H. Lafayette went over the Interim Operating Statement and Cash Flow Projection for the two months ending November 30, 2015. She stated that the coal boats have all been delivered and paid for relating to the 2015 shipping season. There was discussion on the Audited Financial Statements which will be presented to the Board on January 27th. H. Lafayette explained the reporting change required by the Governmental Accounting Standards Board (GASB 68) which will affect the audited financial statements for the fiscal year ending September 30, 2015. She handed out some information on the reporting standard which will be implemented on the audited statements that will issued to the Board at the next meeting.
5. HDR Natural Gas Report:
Executive Director Paul Kitti introduced our guests, Thomas Ghesquiere, Associate Vice President of HDR, Inc. and Timothy Lubbers, Director of Business Development from SEMCO Energy Gas Company. He stated both gentlemen will be giving presentations to the board tonight.

Mr. Ghesquiere gave a presentation on HDR, Inc.'s findings and recommendations from their study and analysis comparing two alternatives to supplying the gas delivery system for the Marquette Energy Center. The two alternatives were SEMCO Gas Delivery or the MBLP

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Gas Delivery. SEMCO was found to have an overall lower fuel delivery cost, lower initial capital cost, no town border station would be needed and would be a lower risk option for the MBLP. A question and answer period followed.

Timothy Lubbers thanked the MBLP for the opportunity to compete for fuel delivery and stated that he is confident that he can provide the MBLP with a really good rate for their service. Mr. Lubbers talked in detail about the project and answered questions from the Board.

Paul Kitti stated that Mary Adamini, Director of Personnel and Employee Relations has been in contact with our insurance company in regards to the MBLP Alternative and found that the additional insurance costs would be approximately an additional \$150K more a year for MBLP installed system and we would need to hire additional staff for the gas operations. After much discussion, J. Irby made a motion to authorize staff to begin the process of entering into Natural Gas Delivery System Contracts with Northern Natural Gas and SEMCO Energy for the Marquette Energy Center. J. Garceau supported the motion. John Reynolds, Consultant-Technical and Engineering Support, told the Board that the MBLP does not start paying until we have gas running through the pipeline. It was also made clear that the Board would have to approve and sign the contracts once they are created and the contracts would be reviewed by our legal counselor. Motion was approved unanimously.

6. Recommendation to Award:

a. A motion was made by J. Garceau, with support from J. Irby to authorize the payment of \$7,500.00 for professional services to update the 10-year projection model to incorporate the effects of the new generation project. Manager of Planning and Utility Compliance, Erik Booth explained that this information will guide and help the Board in making decisions now and in the years to come. Board approved by 3-1 vote. D. Carlson opposing.

b. J. Irby made a motion with J. Garceau supporting, to authorize the payment of \$6,500.00 for professional services to develop rates for the upcoming Community Solar Project and to review and develop appropriate Net Metering Rates for the MBLP. Assistant Director – Utility Operations, David Lynch stated that about 90 people have signed up for more information on the solar project. He stated that it is important that we properly develop the appropriate rates so customers that do not participate in the program are not subsidizing this project. D. Lynch stated that there is a lot of interest in this project and we are estimating that we could possibly put 500 panels at the Wright Street site and have a second site in mind if needed. Board approved by 3-1 vote. D. Carlson opposing.

c. A motion was made by J. Garceau to authorize the payment of \$4,500.00 for professional services to evaluate the MBLP's "all-electric" heat rate classification. D. Carlson seconded the motion. After discussion, the Board voted unanimously to approve.

7. Recommendation to Authorize Support Agreement for AutoCAD Drafting Program:

D. Carlson made a motion to accept the ongoing support agreement for the MBLP's AutoCAD Drafting Program with J. Garceau supporting motion. The annual support agreement will cost \$3,383.06. This is a budgeted Fiscal Year 2016 item. E. Booth stated Supervisor of Information Technology, Igor Kruhak worked hard to reduce the costs on this

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contract and was able to save the MBLP \$3,000.00. After discussion, the motion was approved unanimously.

8. Marquette BLP Energy Center Update:

John Reynolds, Consultant-Technical and Engineering Support reported that he and Mr. Kitti continue to have weekly teleconference calls with Wartsila and Sargent & Lundy. He also said that Sargent and Lundy personnel are tentatively planning on being here at our next Board Meeting.

9. Time for Citizen Comment:

John Prince, 3023 Lakeshore Blvd, Marquette, said that after listening to the HDR, Inc. and the SEMCO Energy presentations, he feels confident that the MBLP will not have problems with gas constraints on these units. J. Prince stated that about 5 percent of the project items have been approved so far. It is the Board's responsibility to continue with the commitment made by the City Commission and the MBLP. This project is driven by time constraints and Board needs to make prompt decisions to continue on this plan.

Jorma Lankinen, 8 Marquette Drive, Marquette stated that the Board has been making good decisions even though a lot of money is being spent. He stated it is a job well done. He also asked about the fly ash contracts and E. Booth stated that he will be in contact with him shortly.

10. Any Additional Business the Executive Director Wishes to Present:

Executive Director, Paul Kitti thanked our guests for their presentations and for traveling in the poor weather conditions. The information shared was good to hear and we will continue to work on get things moving on this project.

E. Booth shared his experiences of meeting with the various township boards and giving presentations to them on the new generation project. He stated that the response has been good. The township boards appreciate and thank the MBLP Board for allowing and directing staff to do these presentations. They appreciate being given accurate information.

P. Kitti reported that the geotechnical services have begun this week, which is for determining the soil conditions for the design and construction of the Marquette Energy Center foundations.

11. Any Additional Business the Board Members Wish to Present:

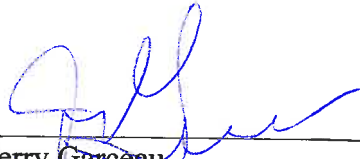
J. Irby thanked our guests for their information and it has put him at ease. He also stated that his family members in Kinross were out of power during the Christmas holidays and some families were out of power for over 30 hours. He stated that the MBLP is doing the right thing and moving in the right direction.

T. Tourville thanked our guests and reminded staff and board members that our next meeting will be on Wednesday, January 27, 2016 at 5:30 p.m.

12. Adjournment:

The meeting adjourned at 7:33 p.m.

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Jerry Gareau
Vice Chair/Secretary

Minutes of Regular Board Meetings are available at City Hall, the Peter White Public Library, or the MBLP Main office at 2200 Wright St., Marquette, MI 49855. The minutes can also be viewed at www.mblp.org.