

# Marquette Board of Light and Power 6-12-18 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 June 12, 2018 beginning at 4:30 p.m. The meeting was called to order followed by the Pledge of Allegiance and Roll Call.

Present: Tom Tourville, Chair  
David Puskala, Vice Chair/Secretary  
Jerry Irby  
Edward Angeli  
Robert Niemi

Absent: None

Executive Director, T. Carpenter requested a couple of revisions to the agenda. One revision was to add item 6a – regarding Public Act 95, and the second revision was to change the order of items 7 and 8 with the discussions starting on the Marquette Energy Center (MEC). J. Irby made a motion to accept the revised agenda and E. Angeli seconded. Board unanimously approved the revised Agenda.

1. **Approval of the May 8, 2018 Regular Meeting Minutes:**

E. Angeli made a motion to accept May 8, 2018 regular meeting minutes, as presented. Motion was supported by R. Niemi and unanimously approved by the Board.

2. **Approval of Bills Payable:**

J. Irby made a motion to approve the Bills Payable, as presented, totaling \$1,291,983.94. R. Niemi gave support. After discussion, the Bills Payable were unanimously approved by the Board.

3. **Public Comments:**

No comments at this time.

4. **Financial Discussion – Helen LaFayette, Controller:**

T. Carpenter introduced Mark Link, our new Chief Financial Officer to the Board. Controller Helen LaFayette presented the Interim Operating Statement for the seven months ending April 30, 2018, Projected Cash Flow Statement, Electric Revenues – Budgeted versus Actual and the FY Comparative KWH Analysis. Discussion followed.

5. **Approval for IT Professional Services – Toby Smith:**

A motion was made by J. Irby to approve the use of an IT professional services provider to perform a formal assessment of the MBLP's current billing system and all supporting systems and processes in the amount of \$24,860. D. Puskala gave his support. For cyber security protection, the name of the company will not be listed in the minutes. Manager

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of Accounting and Customer Service, T. Smith gave the Board an overview of our billing system now and what we could possibly need in the future. Board unanimously approved the services recommended.

6. **MERS Plan Change – Mary Adamini:**

J. Irby made a motion to authorize Board Chair Tom Tourville to sign the attached MERS Defined Contribution Plan Adoption Agreement on the behalf of the Board allowing the re-opening of the DC Plan for all new management hires on or after June 1, 2018. R. Niemi gave support to the motion. T. Carpenter explained that by reopening the Defined Contribution Plan, this would eliminate future pension liabilities and will assist the Board in fully funding the pension program. Board unanimously approved.

- a. Public Act 295 Low Income – T. Carpenter gave an overview of the Low Income Energy Assistance Program to the Board and explained that the Board has to decide whether to opt in this program or opt out of it every year. T. Carpenter explained the differences of the two options. R. Niemi made a motion to opt out of the program again this year and D. Puskala gave support. Board unanimously approved.

7. **Shiras Steam Plant Discussion:**

Discussion came after the MEC Update item.

8. **MEC Update:**

T. Carpenter informed the Board that Monday, June 11 was the first official day that the MEC ran for the full day. He gave the Board some cost calculations on operating the MEC for the day versus if we would have used Shiras Steam Plant. The MEC cost approximately \$32,000 for the day and Shiras would have cost approximately \$48,000 for the same day. He said the figures used for Shiras were based on the last five years of data so that cost estimate is very conservative. If we would have use the grid, it would have cost approximately \$40,000, taking into account market price hourly changes. The recent Burns and McDonnell study showed that the MBLP could save more than \$100 million over the next 20 years by taking advantage of the flexibility of the MEC and using the grid market prices. This operational flexibility is because the MEC can start running within five minutes where Shiras would take approximately 11 hours to get it to full power. We can turn the MEC on and off at any time, without harming the machines.

T. Carpenter stated that Wärtsilä has recently finished the testing on their prototype sound mitigating device to lower the noise levels from the plant. If device is used, it is projected that the MBLP will need approximately 80 devices to hang in the building. Manager of Mechanical Engineering Services, John Schultz has been working with the Wärtsilä team and they believe they can lower our noise levels anywhere from 3 to 6 decibels using the devices. J. Schultz is also working with Shriner this week who is collecting noise data in the neighborhoods that have been affected by the noise. Chair Tom Tourville said that it is in the MBLP's best interest to be good neighbors and find a proper solution. During the building stages, T. Tourville stated that we were at 50 decibels of noise (threshold that has been used nationwide) and even though there is not

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any particular governmental local or state rules or ordinances, the Board budgeted an additional \$212,000 to reduce it to 46 or 47 decibels. That is where we are today but there is still work to be done. We have been good neighbors and will continue to be good neighbors. Even though we are not impacting a huge number of people, we want to work this out.

### **Shiras Steam Plant Discussion:**

T. Carpenter stated that the Shiras Steam Plant came off line at 01:51 am on Friday, June 8. It has been 51 years since there hasn't been coal on the dock. T. Carpenter said the goal is to rely more heavily on the MEC and purchase power from the grid to replace Shiras Steam Plant as the primary supply of energy. He said that the MBLP has reached out to consulting firms to help determine the future of Shiras and the best way to take the plant offline but keep the integrity of the unit in good shape in case we want to run it again. It would cost around \$200,000 just for engineering services to bring in consultants to come up with a plan. T. Carpenter shared some of the capital projects that would need to be done and their estimated costs. One of the biggest purchases would be a \$900,000 heating boiler. Another problem that pertains to Shiras is the coal combustion residuals (CCR). Michigan Department of Environmental Quality recently informed us that we can no longer dump coal ash in the holding ponds. We need to build new holding cells which would cost between \$3 and \$4 million and the current holding cells have to be cleaned up and removed by 2022. This is not unique to Marquette, this is happening in our state, our country and in the world. We need to figure out how much we want to put into the plant.

### 9. **Public Comments:**

Jorma Lankinen, 8 Marquette Dr. appreciated the Board's realistic approach to the problem and stated that the best solution would be to dismantle it and move on instead of spending more money.

John Prince, 3023 Lakeshore Drive echoed Mr. Lankinen thoughts and said that the "writing is on the wall." As a former board member, he stated we wanted to run the plant for another 10 to 20 years but times change, there is new technology and we can't rest on 40 year old technology. I am not a believer of spending money on old stuff. With T. Carpenter's data, if we can save \$15K a day, 365 day a year, that is \$5 million in one year. I believe that you have a tough decision to make but time is of the essence.

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

T. Carpenter stated that he is sentimental regarding the close of the Shiras Steam Plant but if you look back at our history, there has nothing but change with installing various generators and disconnecting others as time went on. This is just another chapter in our history.

T. Carpenter stated that with this being Controller, Helen LaFayette's final board meeting as she is retiring at the end of the month, he wanted to thank and recognize her for giving

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20 years of dedicated service. Director of Personnel and Employee Relations, Mary Adamini shared some of her history working with Helen and said we will all miss her.

T. Carpenter then introduced to the Board the MBLP's newly hired Chief Financial Officer, Mark Link and gave some information on his background and experience.

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

E. Angeli said that he could spend a lot talking about Helen's work at the MBLP. He then welcomed M. Link and said that he has some big shoes to fill. He also said that he has a lot of ties to Shiras and a month or so ago, he would have been the one to say, do whatever we can to keep it running but now, I cannot say that anymore. E. Angeli said that we need to look at improving and expanding the Board Room, We need the space and should not have to be in this sardine can.

R. Niemi said that Shiras is a big decision but we have sort of been forced to make a decision. Shiras is exhausted and we need to move forward.

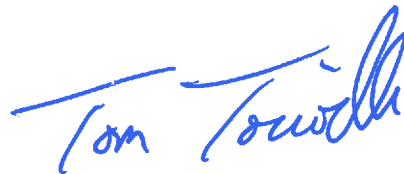
D. Puskala thanked Helen LaFayette for her service and welcomed Mark Link.

J. Irby stated that we only have one meeting a month but we will need to make a decision soon. He also shared that he attended the Michigan Municipal Electric Association meeting a couple of weeks ago and found that there are a number of utilities in the state moving over from coal to natural gas or green energy.

T. Tourville said we will be having our regular meetings in July and August and will be having Budget Work Sessions on July 24 and August 28. The Board also needs to set up a joint work session with the city commission before fall.

12. **Adjournment:**

The meeting adjourned at 5:55 p.m.



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David Puskala  
Vice Chair/Secretary