

Marquette Board of Light and Power 12-11-18 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 December 11, 2018 beginning at 4:30 p.m. The meeting was called to order followed by the Pledge of Allegiance. An election for Board Chair and Vice Chair/Secretary was conducted by City Clerk, Kris Hazares. Tom Tourville was elected as Chair and Robert Niemi was elected as Vice Chair/Secretary. Roll Call was taken by Chair Tourville.

Present: Tom Tourville, Chair
Robert Niemi, Vice Chair/Secretary
Ed Angeli
John Prince
Jerry Irby

Absent: None.

T. Tourville welcomed the newest member to the Board, John Prince. A motion was made by J. Irby to approve the Agenda as presented. J. Prince gave support and Board unanimously approved.

1. **Approval of the November 06, 2018 Regular Meeting Minutes**

E. Angeli made a motion to accept the November 06, 2018 Meeting Minutes as presented. Motion was supported by R. Niemi and unanimously approved by the Board.

2. **Approval of Bills Payable:**

E. Angeli made a motion to approve the Bills Payable, as presented, totaling \$1,099,145.51 with R. Niemi giving support. Discussion followed and the Board unanimously approved the Bills Payables as presented.

3. **Public Comments:**

Mary Thorrington, 2412 Huron Street asked many questions of the Board regarding the noise problem and the INNOVA Global Report. T. Tourville said that this item is next on the agenda and that the Board would try to answer all her questions.

4. **MEC Noise Discussion:**

Executive Director Tom Carpenter stated that the Board hired INNOVA Global to come here and tried to identify the places within the MEC plant that the sounds are coming from and what might be disturbing some of the residents in the area. INNOVA submitted a report with a proposed solution to help correct the problem, but the solution doesn't totally resolve the issue. The solution does not bring the sound to zero decibels so we are trying to quantify it so if we do this and spend the money, we want to make sure that the results will be acceptable. This has been the hang-up. Staff have been working with Wäertsilä, who built the engines, Sargent & Lundy, the construction engineering firm that

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designed the plant and Shiner & Associates, who have done the sound studies. They're trying to help us come up with the methodology to prove that the reduction of decibels will be enough and it will be acceptable to the neighbors. If we get something from them that we can move on, the Board will call a special meeting to get this problem resolved as soon as possible.

5. **Easton Utilities Assessment Report – Mark Link & Igor Kruhak:**

Chief Financial Officer Mark Link stated that Easton Utilities were hired to do an IT assessment on our infrastructure. They came back with seven high risk-high benefit recommendations. Because our infrastructure is outdated, most our current billing systems are done manual which is very time consuming for this department. Some of the recommendations were to outsource bill printing and mailing, update current servers, automate time cards, implement online customer portal, invest in cybersecurity, select new billing system and develop a Stand Up business portal. Supervisor of Information Technology, Igor Kruhak explained that some of the things have to be done before others can be done. First priority would be to focus on the infrastructure and then move into the application. Easton Utility also recommended six other things that could be done to help with the efficiency, for example, segregating customer service from accounting and billing processes, re-engineer the entire accounts payable process, implement Office 365 and implement a mobile work system.

6. **Financial Discussion – Mark Link:**

Chief Financial Officer, Mark Link presented the Interim Operating Statement for the one month ending October 31, 2018, Projected Cash Flow Statement, Trailing 13 Month Revenue by Type and KWH Comparative vs. Prior Year and Five Year History. Discussion followed.

a. **Six Month Rolling Average Fuel Adjustment –**

M. Link explained to the Board the differences of how the MBLP has done fuel adjustments now and how transitioning to a six month rolling average method would be much more beneficial for our customers, by reducing large fluctuations in their monthly bills.

b. **Approval for Letter of Credit regarding MDNRE Permit –**

J. Irby made a motion to approve the renewal of the one year letter of credit with Range Bank in favor of the Michigan Department of Natural Resources and Environment. E. Angeli gave support. T. Carpenter explained the letter of credit needs to continue until such time the required mitigation relating to the Tourist Park Dam is completed as specified in our permit.

7. **Recommendation to Approve Payments for:**

a. **Annual Software Maintenance and Support Agreement -**

E. Angeli made a motion to approve the annual maintenance and support agreement for our billing system, in the amount of \$49,814.92. J. Prince supporting motion.

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Because of cyber security reasons, the software company will not be listed in the meeting minutes. Board unanimously approved.

b. **Expenses related to “Island Mode” Testing of MEC Generators -**

A motion was made by J. Prince to approve the payment to Aggreko, LLC in the amount of \$208,531.67 for hardware, freight and onsite support for the rental of a 25MW Load Bank to facilitate in our “Island Mode” testing of the MEC Generators. Support was given by J. Irby. T. Carpenter stated that this testing was very valuable and proved the MEC can run by itself without being connected to the tie line. Board unanimously approved the payment.

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

J. Irby made a motion to approve a pension change for all new Union hires on or after 1-1-2019 who will now be enrolled in the Defined Contribution Plan and current Hybrid Pension Plan participants will be offered a one (1) time irrevocable opportunity to change from the Hybrid Pension Plan to the Defined Contribution Plan. R. Niemi supported the motion and Board approved unanimously.

9. **Backup Generator Contingency:**

J. Irby made a motion to approve the purchase of mobile generation units to secure 8 MW of mobile generation in the “not to exceed” amount of \$1,600,000. J. Prince gave support and Board unanimously approved. Director of Operations and Maintenance, Josh Hendrickson explained why they were needed and when they would be used. They will be needed as backup until we build a second 69kV transmission line to the Shiras substation. J. Prince gave support to motion. Board unanimously approved. Because of their high demand, discussion followed on possibly renting them out or selling them when the second tie line is built.

10. **Recommendation to Adopt the 2019 Regular Board Meeting Schedule:**

J. Irby made a motion to change the Board meeting minutes to the fourth Tuesday of the month because of meeting conflicts and being able to have more up-to-date financial reports. R. Niemi gave support with the exception of the November and December meetings being on the second Tuesday of the month (because of election results and national holidays).

11. **Public Comments:**

Jorma Lankinen, 8 Marquette Drive stated that the Board is kicking the can down the road again this month regarding the noise issue. He encouraged the Board to make a decision for the sake of our neighbors. He also asked about the future of Shiras Steam Plant.

Mary Thorrington, 2412 Huron Street stated that they are really being affected by the noise and come to the meetings every month looking for information without any decisions being made. We are still dealing with the daily noise and begged the Board to come up with some solution in the near future.

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

T. Carpenter stated that we are working on the noise issue and hopefully we will have a solution soon. He said the intent is to weigh all options and make a decision.

In other business, Carpenter said he's hoping to have an analysis report pertaining to the future of the Shiras Steam Plant for the Board in January.

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

R. Niemi stated that T. Carpenter spoke at his Kiwanis Club yesterday and did a good job representing the MBLP.

14. **Adjournment:**

The meeting adjourned at 6:12 p.m.



Robert Niemi
Vice Chair/Secretary