

# Marquette Board of Light and Power 3-28-17 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 March 28, 2017 beginning at 4:30 p.m. The meeting was called to order followed by the Pledge of Allegiance.

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

Absent: None

Executive Director Paul Kitti requested that item 10 be presented after Financial Discussion by inserting it in the agenda as 4a. J. Irby made a motion to accept the revised agenda, R. Niemi gave support and the Board approved unanimously.

1. **Approval of the March 14, 2017 Regular Meeting Minutes:**

D. Puskala made a motion to accept March 14, 2017 regular meeting minutes with one typo corrected under item 5. D. Puskala supported the motion was typed twice. J. Irby gave support for the motion and Board unanimously approved.

2. **Approval of Bills Payable:**

R. Niemi made a motion to approve the Bills Payable as presented, totaling \$768,106.06. Motion was supported by D. Carlson and the Board unanimously approved the Bills Payable, as presented. J. Irby commented that he is not a relative to Stuart C. Irby Co. (company mentioned in the bills payable).

3. **Public Comments:**

No comments at this time.

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

Controller Helen LaFayette reviewed the Interim Operating Statement for the five months ending February 28, 2017, the Projected Cash Flow Statement, and the related revenue and kWh analysis charts. R. Niemi requested more detailed information in regards to kWhs and will be meeting with H. LaFayette in the future.

a. **Unit # 1 and Unit #2 Operational Status – Tom Carpenter:**

Director of Generation and Engineering Services, Tom Carpenter gave an update to the Board regarding Unit #1 which has not been used for 30 years and Unit #2 which has been used only in emergency situations for the past several years. He stated that Unit #2 is 45 years of age, unreliable, has many significant problems and will be very costly to fix. The Board asked what the advantages would be to keep it on line and Mr. Carpenter stated that he cannot think of any advantages at this point in time. After Board members asked many questions and they directed staff to cease operations and get it off our books. T. Carpenter was looking into selling the 8,000 tons of eastern coal. P. Kitti stated that the staff has worked tirelessly to keep it operational for years but it is at the end of its functional use and is no longer reliable.

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5. **Wärtsilä Presentation – Anna Jarowicz:**  
Executive Director, Paul Kitti welcomed and introduced Anna Jarowicz, who is the General Manager from Wärtsilä North America, Inc. She gave a presentation on the progress of MEC Project from their point of view. Ms. Jarowicz talked about the contractual obligations and the system requirements of the Instrument Air System. Ms. Jarowicz could not give an explanation of how the compressors were ordered incorrectly but she did explain what Wärtsilä is doing to correct the situation with no impact on the MEC schedule and no cost impact to MEC. D. Carlson stated that he is impressed with Wärtsilä efforts to correct the problem. T. Tourville said that their forthrightness is really good and the bright side is it will not affect the schedule or MEC's cost.
6. **Sargent & Lundy Update – Ken Mixer:**  
Ken Mixer gave an update on the MEC Project to the Board, thus far. The overall project is 94 percent complete and the general work contract with Miron is approximately 90 percent complete. He stated that the electricians are very busy pulling cables and terminating wiring, pipe cleaning and flushing and continue to be working two shifts. He went into detail how the Instrument Air Compressor System will be removed and replaced. Mr. Mixer stated that the pre-commissioning work started on the 20<sup>th</sup> of March. The new few weeks will be very critical and the team needs to keep on top of it.
7. **Marquette Energy Center Update:**  
John Reynolds, the Project Consultant-Technical & Engineering Support gave an update on the project costs and what still needs to be paid. P. Kitti stated that our project costs are looking very promising and we were given an additional year of warranty from Wärtsilä which is worth \$500,000 when we accepted the pre-manufactured engines last fall.
8. **Community Solar Update – David Lynch:**  
Assistant Director – Utility Operations, David Lynch stated that he has been working with Michael Larson from Michigan Energy Options on the marketing. We will be selling the solar panels for \$499.00 each. They will begin the rollout of the MBLPCommunitySolar.org website and associated marketing.
9. **Emergency Action Plan Presentation – Tom St. John and Dan McDougall:**  
P. Kitti introduced Tom St. John, Operations Supervisor and Dan McDougall, Shift Supervisor from the Shiras Steam Plant. Over the years, Tom St. John has done a phenomenal job creating and administered the Emergency Action Plan. With T. St. John preparing to retire in the next year, he is training D. McDougall to take over. D. McDougall then gave the Board a presentation on what the Emergency Action Plan is and how it is administrated. This document is required by Federal Energy Regulatory Commission for our two hydropower projects – Forestville Dam and Tourist Park Dam. Because the actual process of the plan is confidential, D. McDougall gave an overview for the Board. This formal document identifies potential emergency conditions and has preplanned actions to be followed to minimize property damage and loss of life.
10. **Public Comments:**  
No public comments.

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

Executive Director, Paul Kitti highlighted the article in the current American Public Power Magazine highlighting the reliability of the MBLP and how we plan to keep our system as a RP3 Member Utility. It covered improvements and steps taken to reduce outage times over the last 30 years.

Paul Kitti stated that Karl Benstrom, Manager of Distribution and Engineering Services, Kevin Downs, Supervisor of Metering and Energy Programs and Noreen Collins, Executive Assistant/Community Relations all did an outstanding job as always at the Marquette Builder's Show this year.

He then showcased Mary Adamini, Director of Personnel and Employee Relations, Richard Johnson, IBEW #510 Union President, Laura Katers-Reilly, MBLP Legal Counsel who are all actively involved in the Management of the U.P. Labor-Management Council, Inc. Mr. Kitti was involved with this fine organization for 32 years and is an honorary member.

Mr. Kitti then read a letter to the Board in which he is nominating Noreen Collins for consideration as Gatekeeper of the Year which is conducted by Michigan Commission and Office of Services to the Aging. This is a program that Ms. Collins coordinates to help senior citizens in our area and to assist them to get services they need. J. Irby made a motion to accept P. Kitti's nomination of Noreen Collins and to sponsor her trip to the event that will be held in Lansing in May.

This afternoon, Paul Kitti, John Reynolds and Dave Lynch gave a presentation and a tour of the MEC facility to some of the Marquette City Commissioners. Mr. Kitti stated that the commissioners were impressed with the MEC.

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

Tom Tourville read the following statement to the Board and Staff:

In a few months, practically on the same day that Director Kitti retires, the Marquette Energy Center will become reality and this organization will start undergoing a significant transition in who we are and what we do.

In my mind the next 2 to 3 years are going to be dynamic and challenging as this organization enters into a whole new arena. The Marquette Energy Center will provide us new opportunities in staging and dispatching our generating assets, in the timing of our power purchases and sales with the grid, and in managing and controlling our power supply costs. Of major significance is, if we do this properly and with solid long term financial planning, we have the potential to provide a great return to our ratepayers along with top notch reliability. More specifically, to dig in and analyze these various technical, operational and financial options and paths we'll have the leadership of Tom Carpenter and Erik Booth working together along with Helen LaFayette and Tobi Smith. I view this team of four as an essential key resource in providing us the pertinent information to develop sound processes. We'll also have John Schultz and Josh Hendrickson continuing to step up in leadership roles with insuring that the MEC and Shiras3 deliver what we need. These names are just some of the BLP's talented and dedicated employees that will carry us through this transition and beyond.

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Regarding top leadership – During a major transition there's always a bumpy road. Unexpected challenges can and do happen, and from any and all directions. So in selecting an Executive Director to lead us through these times, what I value most is stability, continuity and experience.

Having said that, Board members I'd like to inform you that at our upcoming April 11th meeting, I wish to submit the name of David Lynch, our Assistant Director-Utility Operations, for Board consideration as a candidate for the position of BLP Executive Director. David has 30 years of broad and well-seasoned experience with the BLP. He's been involved in all facets of this utility's operations, his heading up of our RP3 diamond level designation being just one example. He also has decades of pertinent industry interactions including taking on leadership roles. And David certainly knows our system when the lights go out.

During our April 11th discussion, if the board votes to go in this direction, then I will appoint a committee made up of two board members and legal counsel, and possibly one other individual to formulate the Executive Director scope of work and job responsibilities and an employment agreement framework, and to enter into discussions with David to explore our potential mutual interests, goals and needs. This committee's recommendation can then be submitted to the full board at a future or special meeting for board discussion and decision.

Board members also know that during discussion on April 11th, if it becomes the will of the board to go in another direction, then I will take us in whatever direction the board so desires. Additionally April 11th could be a first reading if the board wishes.

13. **Adjournment:**  
The meeting adjourned at 6:33 p.m.



David Puskala  
Vice Chair/Secretary