

Marquette Board of Light and Power 4-26-16 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 April 26, 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
Jerry Irby
David Puskala
David Carlson

Absent: None.

J. Irby made a motion to approve the agenda as presented, which was supported by D. Puskala and unanimously approved by the Board.

1. **Approval of the April 12, 2016 Regular Meeting Minutes and April 19, 2016 Special Meeting Minutes:**
D. Puskala made a motion to accept April 12, 2016 regular meeting minutes as presented. Motion was supported by J. Garceau and unanimously approved by Board. D. Carlson made a motion to approve meeting minutes from the Special Board Meeting on April 19, 2016. Motion was supported by J. Garceau and approved by the Board unanimously.
2. **Approval of Bills Payable:**
D. Puskala made a motion to approve the Bills Payable as presented, totaling \$531,226.29, which was supported by J. Irby and unanimously approved by the Board.
3. **Public Comments:**
There was no public comment at this time.
4. **Sargent & Lundy Presentation – Ken Mixer:**
Ken Mixer P.E., PMP from Sargent & Lundy LLC presented to the Board, via teleconference call, an overall update on the engine hall contract for the Marquette Energy Center (MEC) project. Mr. Mixer explained to the Board the reasons why the building size had to be increased to about one third of the original design and the additional cost because of these changes. Mr. Mixer stated that the original estimate was created before the generator company was even selected. Board and staff discussed the impact of these changes on the cost and the project in the future.
 - a. **Recommendation to Award Contract for Engine Hall Building.**
After discussion, Sargent and Lundy’s evaluation and recommendation, J. Irby made a motion to award the contract to supply the pre-engineering Engine Hall building to CR Meyers for the firm price of \$925,342.39 including delivery FOB to the MEC site. This was the lowest bid received which met the minimum quality standards specified in proposal. D. Puskala supported the motion and the Board unanimously approved.

Marquette Board of Light and Power 4-26-16 MINUTES
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5. **Recommendation to Pay:**

a. Change Order to perform Parametric Testing.

On a motion made by J. Garceau and seconded by D. Puskala, to approve the change order request and the additional payment of \$15,907.06 to Ohio Lumex for the extended length of time needed in the testing program. Director of Planning and Regulatory Affairs, Erik Booth stated that even with the additional charges, Ohio Lumex was still lower than the other bids received on the original two-week testing program. The cost to purchase a mercury monitoring system was included in the FY2016 capital budget and this testing program takes place of that capital project. John Schultz gave an update of why they were chosen and stated the cost savings was substantial. The Board unanimously approved the change order and additional payment to Ohio Lumex.

b. Repairs made to Unit No. 3 Boiler during Maintenance Shutdown.

A motion was made by J. Irby and supported by D. Carlson to pay CR Meyer and Sons the total amount of \$17,102.16 for the cost of emergency repairs made to Unit No. 3 boiler due to an insulator failure in the Shiras Steam Plant substation. Because of the emergency, competitive bids were not solicited. Board approved payment unanimously.

c. Installation for an Activated Carbon Injection System for Unit No. 3.

D. Carlson made a motion to authorize the final payment of \$20,087.14 to CR Meyer and Sons for the installation of an Activated Carbon Injection (ACI) system for Unit No. 3. CR Meyers was the lowest qualified bidder. Motion was supported by D. Puskala and Board unanimously approved the second and final payment.

d. Repairs made to Unit No. 3's Coal Bunkers.

It was moved by J. Garceau and supported by D. Carlson to approve change order request and award payment to The Jamar Company in the amount of \$241,884.51. This payment includes the original bid price of \$192,746.00 and an additional \$49,138.51 for materials and labor needed to address other work repairs that were found during the original contract job. While executing the job, a number of additional areas were identified that required being fixed to properly complete the job. The original contract was approved by the Board on March 8, 2016. Board unanimously approved the change order and the additional payment.

6. **Recommendation to Award Contract for Repairs on No. 2 Plant Bridge:**

A motion was made by J. Garceau and supported by D. Carlson to award contract to CR Meyer for the Plant No. 3 hydro bridge repairs in a total amount of \$43,855.00. This work was competitively bid and CR Meyer had the lowest price meeting minimum specifications. Board unanimously approved the bid.

7. **Financial Plan Update – Erik Booth:**

Erik Booth, Director of Planning and Regulatory Affairs provided the Board with the difference between the annual bonding costs that were projected in September 2015 with the final bond sale that were realized in April 2016. He also provided a review of the financial information that was presented to the rating agencies in March 2016, which resulted in favorable bond ratings.

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Discussion followed on updating the governance manual and the financial projections. T. Tourville said what better time than now, to update the long-term financial projections. Board discussed the concept of creating sub-committees with two board members each, working on each topic of the governance manual. After discussion, T. Tourville appointed D. Puskala and J. Irby to a liaison committee to update the long-term financial projections.

8. **Marquette Energy Center Update:**

John Reynolds, Consultant-Technical and Engineering Support talked about the project cost summary and answered questions from the Board. J. Reynolds also gave information to the board regarding time schedules on various bids being awarded and when to expect delivery of some of the parts in the project. He stated that the delivery of the Engine Hall building is September 1.

Executive Director Paul Kitti said that representatives for Wärtsilä would be in town Thursday and Friday. They will be meeting with city authorities and the Corps of Engineers to discuss the transportation of the engines to the MEC site.

T. Tourville asked David Lynch, Assistant Director-Utility Operations for an update on the solar project. D. Lynch stated that the website for the program has been created, work is being done on the solar rates and that will be presented to the Board next month by Utility Financial Solutions (UFS).

9. **Public Comment:**

Jorma Lankinen, 8 Marquette Drive is pleased to hear that the Board is looking at the ongoing rate structure. Regarding the engine hall contract, he said contracting is never a perfect science but he is glad to see that the Board is doing their due diligence. He said that he is officially running for the open seat on the Board of Light and Power, this fall.

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

Executive Director Paul Kitti stated that he is pleased to announce the promotions of John Schultz, Tom Carpenter and Erik Booth. Mr. Schultz came from Presque Isle Power Plant last August, where he was the Senior Mechanical Engineer. J. Schultz's new position is Manager of Mechanical Engineering Services where he will be responsible for all mechanical engineering in the utility including Shiras Steam Plant, Combustion Turbine, Hydros and the new MEC's three new reciprocating engines.

Tom Carpenter has been promoted to Director of Generation and Engineering Services (John Reynolds former position). He will continue to oversee the Shiras Steam Plant operations and will be responsible for the operation of the new MEC.

Erik Booth has been promoted to Director of Planning and Regulatory Affairs. He will continue to oversee environmental compliance programs: Federal Energy Regulatory Commission, Department of Natural Resources, Department of Environmental Quality and Environmental Protection Agency. He will also monitor the 10-year financial model working closely with Helen LaFayette, Controller. E. Booth will handle all governmental affairs with the various agencies.

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P. Kitti stated the MBLP is in good hands with these fine men while we continue to prepare for the future.

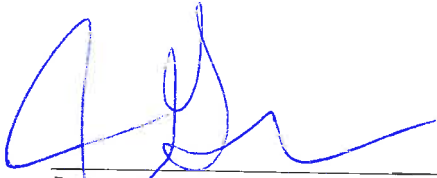
11. **Any Additional Business the Board Members Wish to Present:**

J. Garneau congratulated J. Schultz, T. Carpenter, and Erik Booth.

D. Puskala said congratulations to the guys. He likes the idea of updating the governance manual and is looking forward to working on the long-range financial projections.

12. **Adjournment:**

The meeting adjourned at 7:37 p.m.



Jerry Garneau
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.