

Marquette Board of Light and Power 5-10-16 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 May 10, 2016. The meeting was called to order followed by the Pledge of Allegiance and roll call.

Present: Tom Tourville, Chair

Jerry Irby

David Puskala

David Carlson

Absent: Jerry Garceau, Vice Chair/Secretary

A motion was made by J. Irby to excuse Jerry Garceau from the meeting tonight, supported by D. Puskala and unanimously approved by the Board. Chairman T. Tourville appointed D. Carlson to be the acting secretary this evening. Executive Director, Paul Kitti requested a revision to the agenda to rename and move item 7 – investment policy revision to item 3a. J. Irby also requested an addition to the agenda and replaced item 7 with Financial Liaison Subcommittee Update by Jerry Irby. J. Irby made a motion to approve the agenda including the two-requested revision. The motion was supported by D. Puskala and unanimously approved by the Board.

1. **Approval of the April 26, 2016 Regular Meeting Minutes:**

D. Puskala made a motion to accept April 26, 2016 regular meeting minutes as presented. Motion was supported by J. Irby and unanimously approved by Board.

2. **Approval of Bills Payable:**

A motion was made by D. Puskala approving the Bills Payable as presented, totaling \$710,314.42. Motion was supported by D. Carlson and Board approved unanimously.

3. **Public Comments:**

Jennifer Hill, 502 Craig Street asked the Board if item 13 Solar Renewables Valuation Study was going to be acted upon tonight. T. Tourville responded that this is the first reading and will not be acted upon tonight.

3a. **Investment Policy Revision – Helen LaFayette:**

D. Puskala made a motion to approve the revised Investment Policy as presented. D. Carlson supported it. The purpose of the revision is to match the language of Public Act 20 of 1943 (MCL 129.91 et seq) which will provide additional flexibility for the Board's investments, while maintaining security as required under the policy. Legal Counsel, Ken Seavoy stated that most utilities have this type of policy in place. Board unanimously approved the revision.

4. **Cityview Capital Solutions – Recommendation of High Bidder – Phone Call with Sam Gruer:**

D. Carlson made a motion to grant reinvestment services to Bayerische Landesbank (Bayern) who submitted the highest bid of .6790% and also, approve the Resolution to Authorize Investment Repurchase Agreement. Motion was supported by J. Irby. Both Cityview Capital Solutions LLC and Ehlers Associates gave recommendations for Bayerische Landesbank. Also, Wells Fargo will act as the custodian for project reimbursements. Sam Gruer, Cityview

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Capital Solutions LLC, via teleconference call, gave some background information and answered Board questions. Board unanimously approved the motion.

5. **March Interim Financial Statement Discussion – Helen LaFayette:**
Controller, Helen LaFayette presented a report on the Operating Statement for the six months, Projected Cash Flow Statement and Quarterly Investment Summary. Discussion followed with H. LaFayette fielding questions from the Board.
6. **Recommendation for Approval of Budget Schedule – Helen LaFayette:**
D. Carlson made a motion to approve the budget schedule as presented. Motion was supported by J. Irby and unanimously approved by the Board.
7. **Financial Liaison Subcommittee Update – J. Irby:**
J. Irby stated that he and David Puskala had a meeting with Controller Helen LaFayette and Director of Planning and Regulatory Affairs Erik Booth to discuss the financials. Meeting was very productive and discussion was on the 10-year financial plan and the budget. J. Irby made a motion to bring their recommendations to the Board at the June 28 Board Meeting. D. Puskala supported the motion and Board unanimously approved.
8. **Recommendation to Pay:**
 - a. **Repairs made to Unit No. 3 Boiler during Spring 2016 Shutdown.**
On a motion made by D. Puskala and supported by J. Irby, to approve the final payment of \$92,953.44 to CR Meyer and Sons for their repair work done during the Spring Shutdown. This project was a budgeted FY 2016 Unit 3 shutdown expenditure. After Director of Generation and Engineering Services Tom Carpenter gave an overview of the work completed, the Board unanimously approved the final payment.
 - b. **Coal Sample Analysis to Comply with Mandated MATS Rule.**
A motion was made by J. Irby and supported by D. Puskala to authorize payment to SGS North America Inc. in the amount of \$12,236.00 for the coal sample analysis that was performed during compliance testing for the Environmental Protection Agency (EPA) mandated Mercury and Air Toxics Standard (MATS) rule. Board approved expenditure unanimously.
 - c. **Fluepac LMC Plus Powder Activated Carbon for Emission System.**
D. Puskala made a motion to award the payment of \$13,168.51 to Calgon Carbon Corporation for 22,000 pounds of Powder Activated Carbon (PAC) that will be used in the mercury emission control system installed on Shiras Unit No. 3. Motion was supported by D. Carlson. After three weeks of testing to evaluate eight different PAC products, Calgon Carbon Corp. was found to be the best performing product, at the lowest possible cost. Board unanimously approved the purchase.
9. **Recommendation to Award Contract for:**
 - a. **Purchasing (2) 69 KV Circuit Breakers for Expansion of #2 Substation.**
D. Puskala made a motion which was supported by J. Irby, to award the purchase of the (2) circuit breakers to GE Grid Solutions for the total cost of \$83,960.00. Competitive bids were

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not received for this project, as GE Grid Solutions is the sole provider of the 69 KV Alstom breakers. Board approved the contract unanimously.

b. Purchase of (2) 69 KV Cleaveland Price Switches.

J. Irby made a motion to authorize the purchase of (2) price switches to KW Associates for the total amount of \$11,650.00. Competitive bids were not received for this project, as KW Associates is the sole provider of the Cleaveland Price switches. Board approved unanimously.

c. Shaft Alignment and Bearing Adjustments on T. P. Generator.

A motion was made by D. Puskala and supported by D. Carlson to award contract for shaft alignment and bearing adjustments at the Tourist Park hydro to CR Meyers for a total of \$7,750.00. CR Meyers was the lowest bid received meeting minimum standard requirements. Board approved unanimously.

d. No. 2 Steel Bridge Beam Coating.

D. Puskala made a motion to award the bid to Terrazzo Creations & Renewal, LLC for the coating of No. 2 hydro bridge beams in the amount of \$10,600.00. Terrazzo submitted the lowest bid meeting minimum standard requirements. Motion was unanimously approved by the Board.

e. Site Preparation Contract Award Presented by David Lynch.

It was moved by J. Irby and supported by D. Puskala to award the bid for the site preparation contract to Oberstar, Inc. in the amount of \$303,388.00. Oberstar submitted the lowest bid and is well qualified to complete this project. Ken Mixer from Sargent and Lundy LLC was on a teleconference call with the Board to answer any questions they might have. Contract was unanimously approved by Board.

f. Oil Storage Tank Award.

A motion was made by D. Carlson and supported by D. Puskala to award contract to Chattanooga Boiler & Tank to supply and install the fuel oil storage tank for the Marquette Energy Center in the “not to exceed price” of \$544,203.00. There were 11 issued RFP packages with only four bids being returned. Chattanooga Boiler & Tank was the lowest bidder meeting standard minimum requirements. Assistant Director – Utility Operations David Lynch stated that a representative from Chattanooga Boiler and Tank came to MEC site and was impressed with how well organized the construction site was. Board unanimously approved the contract.

10. **Shipping and Heavy Haul Presentation – Paul Kitti:**

Executive Director Paul Kitti gave a presentation on the various components of the shipping and heavy haul of the three engines, generator sets, stacks, SCR, radiators, WOIS system and other auxiliary items. There will be two shipments, one coming from Trieste, Italy and the other being shipped from Rauma, Finland. Wärtsilä is working with three separate transportation companies and has meet with officials from City of Marquette, Vic’s Heavy Crane and Heavy Haul, Deugro, Basic Marine in Escanaba and the Corps of Engineers. Mr. Kitti made it clear that Wärtsilä is completely responsible for the equipment until the

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equipment is placed on its final resting place. Mr. Kitti fielded questions from the Board and the audience.

11. **Marquette Energy Center Update – LOR Special Board Mtg. on 5/17/16:**
John Reynolds, Consultant-Technical and Engineering Support requested a Special Board Meeting to take place on Tuesday, May 17, 2016 to approve contracts for the Augercast piles and the electrical bid for the MEC building. P. Kitti also requested to add additional items to the Special Board Meeting Agenda if they are time sensitive. J. Irby made a motion to approve the Special Board Meeting and any additional time sensitive items to be added to the Agenda. D. Carlson supported the motion and the Board approved scheduling of the Special Board Meeting on Tuesday, May 17, 2016 at 5:30 p.m. in the MBLP Board Room at 2200 Wright Street.
12. **MISO Update – Tom Carpenter:**
T. Carpenter stated that American Transmission Company has completed their study and has submitted it to MISO. Because of some of the assumptions made regarding the local mines, MISO has been reviewing the study and MBLP has not received any information. T. Carpenter did request a copy of the preliminary study but has not received an answer.
13. **Solar Renewables Valuation Study – Erik Booth:**
Director of Planning and Regulatory Affairs, Erik Booth submitted to the Board a draft entitled *Solar Renewables Valuation Study*, which was prepared by Utility Financial Services, LLC. E. Booth gave a brief overview of the Study and stated that the study will be useful in developing rates for the planned Community Solar Project.

E. Booth recommended the Board consider this a first reading and follow it with a work session in which the study designer, Chris Lund could present the background analysis that was used to develop this report. This would also give the public an opportunity to comment and give input to the Board prior to any decisions being made. Much discussion followed with board members stating that we need to take our time and thoroughly study this, listening to public input before making any decisions.
14. **Public Comment:**
Jennifer Hill 502 Craig Street spoke about her solar project with Superior Watershed Project and stated that to give people the worst deal now is not right for the community. We need to encourage people to go towards solar.

Virginia Killough, 1710 Harbourview Drive stated that she has ten units on her house that she took out a loan for and still has seven years to pay for them. She is concerned about what the rates will be and/or if they will change for her.
15. **Any Additional Business the Executive Director Wishes to Present:**
P. Kitti thanked Noreen Collins, Executive Assistant/Community Relations Coordinator for organizing the Annual Poster Contest and thanks to Tom Tourville and Jerry Irby for assisting in the Awards Program.

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P. Kitti also informed the Board that the steel bridgework has begun. He has been invited to the Groundbreaking Ceremony for Duke LifePoint next week. He also suggested that the MBLP should plan a Groundbreaking Ceremony in the middle of June. Board members agreed and said to set it up.

D. Lynch stated that it is time for the MBLP to re-apply for our RP3 application. He said that it takes about 200 hours to complete and takes all the staff that is present at this meeting to put it together. The four disciplines that are a part of the application are: Reliability, System Improvements, Safety, Workforce Development. Last time, we received the Diamond Level Award and we want to maintain our current award level status.

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

No additional comments were made.

17. **Adjournment:**

The meeting adjourned at 8:15 p.m.



David Carlson,
Acting 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.