

Marquette Board of Light and Power 7-26-16 MINUTES - Revised 2200 Wright St., Marquette, MI 49855 (906) 228-0311

A regular meeting of the Board of Light and Power was called and held on July 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 Carlson
David Puskala

Absent: None.

Board Chair Tom Tourville stated that on behalf of the Board to offer heartfelt sympathy to Paul Kitti and his family during this difficult time. D. Carlson made a motion revise the agenda by adding item 10a in regards to solar credits. J. Garceau supported the motion and the Board unanimously approved the addition of 10a to the agenda. D. Carlson moved that the Board ask our legal counsel for a legal opinion as to whatever legal or related parameters might exist that could constrain Board Members in making decisions on credits for solar energy generating customers, or on rate increases of any kind.

1. **Approval of the July 12, 2016 Regular Meeting Minutes:**
J. Garceau made a motion to accept July 12, 2016 meeting minutes as presented. Support was given by D. Carlson and minutes were unanimously approved by the Board.
2. **Approval of Bills Payable:**
D. Carlson made a motion to approve the Bills Payable as presented, totaling \$754,897.07. Motion was supported by J. Irby and after questions were answered, the Board unanimously approved the Bills Payable.
3. **Public Comments:**
No public comments at this time.
4. **Financial Discussion:**
Controller, H. LaFayette presented the Operating Statement for the nine months ending June 30, 2016. She also reviewed the Projected Cash Flow Statement and answered questions from the Board. H. LaFayette discussed the comparative KWH analysis and gave the Board a summary of investments for the last quarter, ending on June 30, 2016.
5. **Recommendation to Authorize MERS Delegates for Annual Meeting:**
D. Puskala made a motion to approve and authorize the recommended MERS Delegates for the MERS Annual Meeting, which was supported by J. Irby. In accordance with the provisions of the Retirement Act, a secret ballot election for the employee delegate was held with Matt Zavislak elected as the employee delegate and Mike Vial as the employee alternate. Assistant Director-Utility Operations David Lynch recommended Mary Adamini, Director of Personnel and Employee Relations as the delegate and Helen LaFayette, Controller as the alternate. The motion was unanimously approved by the Board.

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6. **Authorization of Quit Claim Deed of the MBLP Property to City of Marquette:**

J. Garceau made a motion to execute the Quit Claim Deed to the City of Marquette and authorized D. Lynch to sign the document with support from D. Carlson. MBLP counsel Ken Seavey explained that the MBLP does not have the authority to establish a public right-of-way but the City does and in order for the City to grant a utility easement for the installation of the natural gas supply line to the Marquette Energy Center, the MBLP needs this public right-of-way established. Board unanimously authorized the signing of the Quit Claim Deed.

7. **Recommendations to Award:**

Before beginning to award contracts, D. Lynch stated that Ken Mixer would be joining the meeting via a conference call.

a. **Award Contract for Pre-Fabricated Pump House for MEC Project.**

J. Irby made a motion, with support from J. Garceau, to award the contract to provide a pre-fabricated pump house for the Marquette Energy Center project to Vulcan Pumps, LLC in the amount of \$191,565.00, which is \$7,311.00 lower than was originally estimated. Vulcan Pumps submitted the lowest bid meeting minimum quality standards. Three bids were received for this contract. After discussion and questions were answered, the Board unanimously approved.

b. **Award Contract for Substation Support Steel for MEC Project.**

D. Puskala made a motion to award the contract to supply the structural steel for four (4) substation structures to Valmont c/o Preferred Sales for the amount of \$32,303.00, which was the lowest bid, received meeting minimum quality standards. J. Irby supported the motion and Board unanimously approved.

c. **Award Contract for Motor Control Centers for MEC Project.**

On a motion made by D. Puskala and supported by J. Irby, the contract for providing another Motor Control Center for the MEC project was awarded to Power Line Supply – Eaton in the amount of \$116,510.26. The Board unanimously agreed to award the contract to the lowest bidder meeting the minimum quality standards.

8. **Marquette Energy Center Update:**

John Reynolds, Consultant-Technical and Engineering Support gave the Board an update on the Project Costs thus far. K. Mixer stated that there are really only two more contracts to be awarded, the general work contract and the performance and inspection-testing contract, which the MBLP might not need. He stated that there is a lot of competition for the general work contract. He is expecting five companies to submit proposals by August 10. J. Reynolds stated that regarding the testing, all three Wärtsilä engines and generators passed very well. J. Reynolds stated that he and Executive Director Paul Kitti are planning on giving a presentation on their findings during the trip. The engines are scheduled to be shipped from Italy in the first or second week of August. He informed the Board that on Monday, Miron Construction began excavation work for the foundation and SEMCO began welding their pipe together to install later and plan on having it completed by the end of October.

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9. **Shiras Steam Plant Ash Disposal Update:**

Director of Planning and Regulatory Affairs, Erik Booth will give us a quick update on the current status of our fly ash disposal process. He shared with the Board a memorandum that he received from the Marquette County Solid Waste Management Authority (MCSWA) regarding now longer being able to accept our fly ash at their facility. There is a facility in Delta County that was built specifically to accept coal fly ash from the Escanaba Generating Station, which closed down. So the timing was good for the MBLP to work with this landfill facility to accept our fly ash but in order for the MBLP to take the ash out of the county, we will have to amend the Marquette County Plan and needed a very definitive letter from the MCSWA saying that they will no longer accept our fly ash to start the process. Over the next six months, we will be working on that. Cost savings should be huge as compared to what we were paying We Energies.

10. **Board Discussion – Solar Renewables Valuation Study:**

a. In regards to the solar sessions we have had, the questions we have received and how the rates will be structured, D. Carlson stated without the Board having a good sense of the legal parameters that we are working with in terms of setting rates, I would like our legal counsel to look at this and report back to us at a future meeting. He stated that he felt that Utility Financial Solutions was starting to propose a direction that maybe did not fit our business model. I would like to move that we postpone going forward on this and put it on the agenda at a later point in time. J. Irby stated that he thinks it is too early to start asking for legal opinions until the Board gives a direction of where we are going on the solar issue.

T. Tourville stated that he wanted to keep this item on the agenda to encourage discussion of this issue but that this process would be thorough and may be slow. Discussion followed regarding treatment of current solar customers and creating a formal policy/statement to be used for any solar customer requests after this date, July 26, 2016. J. Irby made a motion to direct Ken Seavoy to create a formal statement informing customers that the treatment of solar customers may change because the Board is working through the process of determining the appropriate treatment of such customers and for K. Seavoy to have such statement be available for approval and formal adoption at the next Board Meeting. D. Puskala supported the motion and Board approved unanimously.

11. **Public Comments**

Jorma Lankinen, 8 Marquette Drive stated that there has been lots of tough decisions made tonight and said good job to the Board.

Jim Becker 160 Chapel Ridge Road wanted to thank the Board for the opportunity to talk directly to the Board and be able to bring our concerns to you. We continue to take very strong issue with Solar Rate Study because the study does not cover any of the tangible and intangible benefits to the community. He passed out a study for the Board to review. He also again offered to be a part of any committee the Board creates in regard to the solar project. Whether we are grandfathered or not in the system, we would like to see this solar project be supported by this Board.

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

D. Lynch requested that we all keep Paul and his family in our prayers during this difficult time. Regarding the auger cast pile work, the contractor was able to save the MBLP about \$21,000.00 and all testing passed.

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

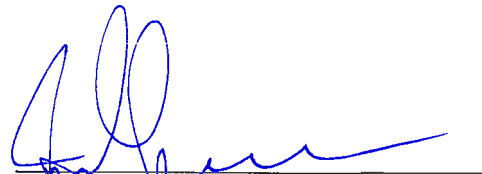
J. Garceau thanked staff for all the information.

D. Puskala asked the Board to keep Paul and his family in our prayers. We need to be very supportive of him when he gets back and will try to help him in any way we can. He thanked Jim Becker for his comments and concerns and he identified exactly why we want to take our time in making any decisions.

J. Irby shared that he found out that the hospital will be building many of their components at K.I. Sawyer and bring them to the site.

14. **Adjournment:**

The meeting adjourned at 6:49 p.m.



Jerry Garceau
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.