MINUTES

A regular meeting of the Board of Light and Power was called and held on October 27, 2009.

Following the Pledge of Allegiance the meeting was called to order.

Present: Richard J. Goodney, Chair
Kenneth C. Wanberg
Edward M. Angeli
John L. Sonderegger

Absent: Carolyn M. Piirala, Secretary/Vice Chair

It was moved by K. Wanberg, seconded by J. Sonderegger, and unanimously carried to excuse the absence of C. Piirala due to surgery. E. Angeli was appointed to serve as Acting Vice Chair Secretary/Treasurer.

On a motion by E. Angeli, seconded by K. Wanberg, and unanimously carried, the Board approved the October 13, 2009 regular meeting minutes as presented.

Following a discussion it was moved by K. Wanberg, seconded by E. Angeli and unanimously carried to approve the Accounts Payable totaling $511,591.94 with the exception of a bill to Closner Construction totaling $540. It was moved by K. Wanberg, seconded by E. Angeli and carried to approve the invoice to Closner totaling $540. R. Goodney abstained as he is an employee of Closner's. E. Angeli questioned several small purchases at the Plant. K. Juntila responded the salt was purchased in preparation for the winter season to melt ice and the towels are rolls for the towel dispensers. E. Angeli said small purchases here and there can add up during the course of a year and questioned if supplies could be purchased on a monthly basis? K. Juntila said the concept will be discussed. He added during repair projects or the annual maintenance outage there could be a list of items that are needed immediately that day. Instead of going to several places to pick up the items the stock clerk will go to one place to save mileage and time.

1. Additions or Corrections to the Agenda.

R. Goodney requested the addition of 6-D – Review of Executive Director Kirby Juntila's Contract. It was moved by K. Wanberg, seconded by J. Sonderegger, and unanimously approved to accept the agenda as amended.

2. Time for Citizen Comments.

No comments were received.

3. Marquette County Historical Society Presentation RE: Streetcar Restoration.

No representatives from the Marquette County Historical Society were present. R. Goodney suggested moving on to the Audit presentation.

4. **Audit Presentation**.

Paul Nardi of Makela, Toutant, Hill & Nardi presented the 2009 Board Financial Statement to the Board and answered questions of the Board. Highlights included the new required GASB 45 reporting requirements recognizing the liabilities of post retirement benefits, the retirement of operating bonds for the construction of Shiras Unit No. 3, and the Board's minimization of investment risk exposure but maximizing FDIC coverage. K. Juntila said the debt service that has been freed up due to the final payment of operating bonds have been budgeted and will be reinvested in operations and strategic projects.

5. **Recommendations for Payment:**

A. Rebuilt Line Truck Engine.
B. Concrete Restoration at No. 3 Dam.

It was moved by K. Wanberg, seconded by R. Goodney, and unanimously carried to authorize payment to Schultz Equipment of Iron Mountain totaling $12,589.00 for the purchase of a rebuilt engine.

On a motion by J. Sonderegger, seconded by K. Wanberg and unanimously carried, the Board authorized payment to Terrazzo Creations & Renewal totaling $224, 632 for its restoration work at Hydro No. 3. R. Goodney questioned the total cost of the concrete restoration work? K. Juntila responded $330,000. He added the last time this work was done was in 1986.

6. **Recommendations to Award:**

A. Purchase of Replacement Recycled Scrubber Control Valve.
B. Tree Removal at Tourist Park Basin.
C. Wind Study.
D. Review of Executive Director Kirby Juntila's Contract.

It was moved by K. Wanberg, seconded by R. Goodney, and unanimously carried to award the purchase of a Replacement Recycled Scrubber Control Valve for Unit No. 3 to FloSource, Inc. per their low quote meeting specifications totaling $3,193.63. E. Angeli

asked how long the original valve had been in service? K. Juntila responded 26 years.

On a motion by J. Sonderegger, seconded by, K. Wanberg and unanimously carried, the Board awarded the removal of woody fibrous growth in the Tourist Park Basin to Great Heights Tree Service, Inc. totaling $44,900 per their low bid meeting specifications. E. Angeli questioned the large difference in bids? K. Juntila responded Great Heights is currently working in the area finishing up several projects and have procured a buyer for wood chips generated by the brushing. He added a walk through of the project was provided to the bidders. R. Goodney commented Great Heights has done a lot of quality work for the Board in the past.

It was moved by K. Wanberg, seconded by R. Goodney and carried to award a Mesoscale Atmospheric Simulation (Task 1) which will be used to evaluate and make recommendations for the most attractive sites for wind based generation potential to Wind Resource, LLC totaling $12,500. E. Angeli voted in opposition. K. Wanberg commented this is only the beginning of a longer analysis and if it is determined the sites will not produce adequate wind no further assessments will be required. K. Juntila said approximately six (6) years ago a wind study was commissioned by the Board which indicated no good sources of Class 4 winds on or near Board property so a second phase study was not pursued. This year the Board budgeted $50,000 for additional wind studies due to recommendations to study Class 3 wind potential in conjunction with state required Renewable Energy mandates as part of electric utility portfolios. He said he has been approached by the Department of Corrections who has received government stimulus funds and is looking for a sponsoring utility to look at two (2) potential Class 3 wind sites for the erection of a test tower. A possible joint venture with NMU may also be pursued based on study results. K. Wanberg asked if the project would provide the utility with “green credits”? K. Juntila responded in the affirmative. R. Goodney asked if the utility would be reimbursed by the state for conducting the study? K. Juntila responded in the negative. E. Angeli said he would vote against the study because wind will never be able to replace the electricity produced by coal. K. Wanberg questioned if the entire $50,000 would be spent on the project? K. Juntila said the project will be in phases and if there isn’t a good wind site no further studies will be conducted

E. Angeli said he and C. Piirala had met with Director of Human Resources and Administration Paul Kitti to review the performance evaluations of Executive Director Kirby Juntila submitted by Board members. Due to C. Piirala’s illness, R. Goodney was added to the Personnel Committee. K. Juntila’s contract had called for a 5.2 percent increase based on American Public Power Association guidelines for municipal utilities but due to the economy, K. Juntila asked for only a 3 percent increase and a 25 percent match in his 457 Deferred Compensation Plan. E. Angeli said the Board’s performance reviews were all positive and that he is doing a good job. He added the current Board believed it was important to complete his performance review prior to two (2) new Board

members being seated who do not know his performance and the challenges he has faced. K. Wanberg said he concurs with the Adhoc Committee's recommendation. J. Sonderegger concurred and said he was in favor of the Committee's recommendation. R. Goodney said the utility and Board are fortunate to have him as the Executive Director and that when he was hired a formula was developed for evaluating his performance and the Board has followed it. It was moved by E. Angeli, seconded by K. Wanberg and unanimously carried to increase K. Juntila's salary by 3 percent and provide a 25 percent match to his 457 Deferred Compensation Plan.

7. **Presentation to Outgoing Board Member.**

K. Juntila read a summary of projects approved by the Board during R. Goodney's six (6) years of service to the utility and community including progress toward rebuilding the Tourist Park Dam and the contract approval to burn biomass cubes in Unit No. 2. He thanked R. Goodney for serving on the Board and presented a plaque and gift to R. Goodney.

8. **Any Additional Business the Executive Director Wishes to Present**.

K. Juntila advised the Board: 1). Unit No. 3 is still down due to a coupling problem and it is hoped to be back in service by the end of the week.

9. **Time for Citizen Comments.**

Lou Chappell of Marquette asked when the brushing would be starting at the Tourist Park Basin? K. Juntila said it may begin as early as next week. He said the utility would also be notifying the City Commission of the brushing schedule. .

10. **Any Additional Business the Board Members Wish to Present.**

E. Angeli thanked Lon Laken and Helen LaFayette for their work on the audit. He said he appreciated R. Goodney's help and guidance as a new Board member and wished R. Goodney well.

J. Sonderegger said he enjoyed working with R. Goodney on the Board.

K. Wanberg thanked R. Goodney for his help and that he was happy to have served with him on the Board. K. Wanberg questioned if an update by Towers Perrin should be conducted to review Management salaries. K. Juntila said the study was conducted three (3) years ago and should still be up-to-date, but said the data will be reviewed.

R. Goodney said he talked to the owner of Getz's Department Store who complimented

Superintendent of Distribution David Lynch for his negotiating skill to obtain fire retardant clothing at the lowest price his store has ever quoted. K. Juntila said with Bill Pyle's retirement, D. Lynch has assumed the duties of Purchasing Agent and he takes the role very seriously working to negotiate many cost saving programs including the Managed Inventory System and the recent uniform contract which will save more than $100,000 over the next five (5) years.

R. Goodney said he enjoyed the last six (6) years on the Board and thanked K. Juntila, Mary Adamini and staff for all their help. He said it is a great Board to serve on and wished the staff and Board the best of luck in the future.

11. **Adjournment:**

The meeting was adjourned at 6:45 p.m.

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Edward M. Angeli,
Acting Vice Chair/Secretary

Minutes of Regular Board Meetings can be viewed 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 ken it seriously.