MINUTES

A regular meeting of the Board of Light and Power was called and held on October 28, 2008 at 5:30 p.m. in the Board Meeting Room at 2200 Wright St., Marquette, MI 49855.

Present:

Thomas G. Humphrey, Chair
Carolyn M. Piirala, Vice Chair/Secretary
Richard J. Goodney
Kenneth C. Wanberg
Craig G. Stien

Absent: None

It was moved by C. Stien, seconded by K. Wanberg, and unanimously carried to accept the October 14, 2008 regular meeting minutes as presented.

Following a discussion it was moved by R. Goodney, seconded by C. Stien and unanimously carried, to approve Accounts Payable totaling $669,843.80.

1. **Additions or Corrections to the Agenda.**

Executive Director Kirby Juntila advised the Board of a late addition to the agenda 4-D – Recommendation to Award Purchase of 69 kV Materials. C. Piirala asked to add Item 5-A – Executive Director Annual Performance Review. The Board concurred.

2. **Citizen Comment**.

Bill LaFountain of 527 E. Michigan St., a MBLP retiree, asked the Board to consider his request to add his potential new spouse to his retiree Blue Cross/Blue Shield of Michigan (BC/BSM) health care plan paid by the MBLP. He said the cost for him to buy health care for his potential future spouse was prohibitive. He said at the time of his retirement he had single BC/BSM coverage and that over his career the utility had saved money on his premiums although he received a negotiated monthly supplemental payment due to his single status. He read a letter he recently received from Director of Human Resources and Administration Paul Kitti denying his request due to a longstanding MBLP policy. He read the letter which noted measures implemented to control health care costs and the increased liability including that current employees pay premiums toward their health care while no premiums are charged to current retirees. B. LaFountain said that he had spoken with a BC/BSM representative and said he was told the cost would be the minimal for the MBLP to add his potential new spouse to his current coverage. P. Kitti presented a memorandum dated October 31, 1996 by retired MBLP Director of Personnel/Employee Relations Ron McNabb RE: Retiree Health Care to Board Chair T. Humphrey. T. Humphrey read the policy: "This memorandum will serve to establish a policy from this date forward that clarifies spousal and retiree coverage for health care benefits. 1. Lifetime HMS coverage of retirees is intended for only the retirees and the spouse listed as a dependent at the time of retirement. 2. Upon the death of either the retiree or the spouse and subsequent remarriage by the surviving partner, no HMS coverage will be extended to the new partner. 3. Surviving spouses of retirees hired on or after 7-1-95 who latter remarry will be terminated from the plan at that time. The

exception to this would be if a surviving spouse were to marry a person who is also currently receiving benefits under the plan. Note: Copy to John DeRocher 11-4-96." T. Humphrey said the Board will need to review the policy and cost implications and will not make a decision tonight. The Board concurred.

3. **Recommendations for Payment:**

A. Penstock/No. 2 Dam Repairs.
B. Unit No. 3 Replacement Control Valve.
C. Unit No. 3 Boiler Digital Control System.

It was moved by K. Wanberg, seconded by R. Goodney, and unanimously carried to authorize payment to Terrazzo Creations & Renewal to repair/paint the Penstock and No. 2 Dam totaling $11,409. K. Wanberg asked Assistant Director of Operations William Pyle to discuss the cost of the epoxy used. W. Pyle said the epoxy is an industrial coating that has been used for a number of years on the MBLP's dam and penstock with excellent long-term results. T. Humphrey questioned if the project is complete? Superintendent of Production John Reynolds responded in the affirmative.

On a motion by C. Stien, seconded K. Wanberg and unanimously carried, the Board authorized payment totaling $4,127.78 to Ferguson Enterprises, Inc. for a replacement control valve for Unit No. 3.

It was moved by K. Wanberg, seconded by R. Goodney, and unanimously carried to authorize payment to Trident Automation, Inc. totaling $8,575 for the purchase of a Unit No. 3 Boiler Digital Control System Input Hardware for the new flame scanners.

4 . **Recommendations to Award:**

A. Sale of Three (3) Transformers and a Neutral Grounding Reactor.
B. Replacement of Lighting Display.
C. Transmission Pole Purchase.
D. Purchase of 69kV Material.

It was moved by R. Goodney, seconded by K. Wanberg, and unanimously carried to award the sale of three (1) transformers and one(1) trench electric neutral grounding reactor to ABN Transformer Disposal Solutions per their bid of $12,118. The MBLP will remove and dispose of the non-PCB oil. C. Piirala questioned the term of the quote. J. Reynolds responded the quote is firm through 10-29-08. Executive Director Kirby Juntila commented on the volatility of the commodities market. R. Goodney commented positively on the utility selling items that are no longer used. T. Humphrey questioned the removal of the oil from the transformers. J. Reynolds said a contractor was hired to remove the oil and transport it to a disposal facility in Milwaukee.

On a motion by C. Piirala, seconded by T. Humphrey, and carried, the Board awarded the replacement of the lighted Shiras Plant Christmas Tree Display to Cook Sign Services per their proposal meeting specifications totaling $3,662.50. C. Stien said he voted against the installation of the display 15 years ago and will vote in opposition tonight as

the utility should be promoting energy conservation – not encouraging use. C. Piirala disagreed saying the lights are very welcoming as you enter Marquette from Harvey. C. Stien suggested the possibility of just having the tree outlined in lights. R. Goodney questioned if quotes were solicited. J. Reynolds responded in the negative as Cook Sign has maintained the display for the utility. C. Stien voted in opposition.

It was moved by R. Goodney, seconded by C. Stien, and unanimously carried to award the purchase of transmission poles to be used to replace deteriorated distribution poles to Power Line Supply per their low quote meeting specifications totaling $6,990.

On a motion by K. Wanberg, seconded by C. Piirala and unanimously carried, the Board awarded the purchase of transmission pole framing kits for the replacement of deteriorated distribution poles to Border States per their low quote meeting specifications totaling $7,502.30.

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

K. Juntila advised the Board: 1). Board hydro consultant STS has submitted additional information requested by FERC regarding the reconstruction of the Tourist Park Dam. W.
Pyle is working to conduct a second teleconference in the near term between Board staff and consultant STS, FERC, and the three (3) members of the Independent Board of Consultants after FERC review of the submittal. If a favorable response is received, STS would be asked to prepare different design possibilities for the dam as the process continues; 2) CCI is revisiting language in the Renewafuel Contract prior to signing a five (5) year agreement with the Board. He said they are still proceeding the project which includes building a facility at the former Sawyer Air Force Base to produce the biomass product. C. Stien questioned the cost of Eastern coal. J. Reynolds said the market is still tight, and; 3) He thanked outgoing Board members T. Humphrey and C. Stien for their support and efforts during the past six (6) years on behalf of the utility and the community. He outlined utility projects and accomplishments during C. Stien's first election to the Board in 1989 including upgrades to the utility dock, instituting a brushing program which has been invaluable to system reliability, standardization of light fixtures throughout the service territory, the decommissioning of the diesel plant facility along with numerous community service projects including lighting the Blueberry Ridge Ski Trail, donation of land for soccer and ball fields at River Park Sports Complex and sponsorship of the Noquemanon Ski Race and Ore to Shore Bike Race. C. Stein served as Board Chair in 1993, 1994, 2004, 2005, 2006 and as Vice Chair in 2003. T. Humphrey was elected in 2002 and re-elected in 2005 and has served as Vice Chair in 2004, 2005, 2006 and as Chair in 2007 and 2008. During the last six (6) years the utility received a new Hydro License, experienced the destruction of the Tourist Park Dam due to flood in May of 2003, is continuing the reconstruction of the Tourist Park Dam, constructed a Fiber Optic Loop, invested in infrastructure to further improve system reliability, expanded substations, and recently approved the contract to burn biomass and to implement the Automated Metering Infrastructure Project. Community projects included donation of additional land for a third soccer field at River Park, conversion of overhead to underground service along Lakeshore Blvd. and will include the illumination of the Fit

Strip Ski Trail this winter. P. Kitti also thanked the outgoing Board members for their support of new technology over the years which have made personnel and operations more efficient. He also complimented Legal Counsel Laura Reilly and Board Legal Counsel Kenneth Seavoy for their recent state legal accolades. K. Juntila thanked C. Stien and T. Humphrey for their hard work and senses of humor.

5-A. **Executive Director Annual Performance Review Evaluation**.

C. Piirala said she and C. Stien of the Board Personnel Committee met with P. Kitti to review the Board evaluations which were all positive. She noted his excellent evaluations included comments on K. Juntila's approachability, his ability to keep the Board well informed, and that he readily gives credit to staff members and their accomplishments. As outlined in the current contract along with his positive evaluations, C. Piirala recommended that based on the Board's previously determined compensation range, that K. Juntila's salary be increased to $135,260 which is 102 percent of market midpoint effective January 1, 2009. C. Stien seconded the recommendation which carried unanimously. C. Stien commented the increase is appropriate based on K. Juntila's performance and also due to the fact that utility managers are fairly rare and the market is what it is. K. Wanberg questioned the market guidelines used. P. Kitti responded the guidelines are from the American Public Power Association. He added Towers Perrin is used to adjust the rest of the staff and salaried employees in Juanary. R. Goodney said he is extremely happy with K. Juntila's performance. T. Humphrey commented on K. Juntila's leadership and ability to juggle a variety of projects and responsibilities easily. C. Stien appreciated K. Wanberg's comments on the management staff adding the Board has worked to compensate all utility professionals appropriately.

6. **Time for Citizen Comments.**

W. LaFountain said he will look forward to a response from the Board.

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

K. Wanberg thanked T. Humphrey and C. Stien for their help to educate him on his role as a Board member.

R. Goodney said C. Stien and T. Humphrey had been knowledgeable leaders and he thanked them for their support and guidance as he learned about the utility business as a Board member.

C. Piirala agreed adding she will miss their expertise and thanked them for their service.

C. Stien said the utility is in good hands with a knowledgeable staff and employees.

T. Humphrey said the utility has talented legal counsel and also complimented L. Reilly and K. Seavoy for their state recognition by the legal profession. He said his membership on the Board involved a steep learning curve as he became familiar with the electric business. He said the rate payers are lucky to have the Board of Light and Power as their

electric provider due to the low rates and reliable service. The line personnel do a tremendous job keeping the lights on often under difficult working conditions and the utility's recent RP3 designation as a Reliable Public Power Provider is a testament to those efforts. He said he is impressed with the pool of talented, capable, and progressive management team and that the incoming Board doesn't have to worry about changing things because the utility is a very well run organization.

8. **Adjournment.**

The meeting adjourned at 6:27 p.m.

_____
Carolyn M. Piirala,
Vice Chair/Secretary

The Minutes of the Marquette Board of Light and Power are on file at the City Clerk's Office, Peter White Public Library and the MBLP Main office at 2200 Wright St. The minutes can also be viewed at www.mblp.org.