

**MINUTES
BOARD OF LIGHT AND POWER
REGULAR MEETING OF DECEMBER 4, 2008**

Call to Order and Roll Call: The meeting was called to order by Board Chairman Canfield at 5:30 pm. Present were Beachum, Canfield, Hall, Johnston, and Valentine. Also present were General Manager Pierce, Administrative Manager Sawka, Administrative Assistant Simmons, Mayor Pro tem Hodges, Councilman Altoft and Dale Dehaan from Creative Benefits. Pierce welcomed new Board member Andrew Johnston and said he looked forward to his tenure with this Board.

Approval of Agenda: Canfield suggested that the agenda item “Public Comments” be moved to the beginning of the meeting to relieve the public from having to sit through the entire meeting before making any comments they wished to make. He noted that the City Council has changed their agenda to this format. Valentine asked if there would be a “Public Comment” period at the end of the meeting where the public could comment on items that the Board had discussed during the meeting. Beachum said at City Council meetings the “Public Comment” is at the beginning of the meeting but that the public still has an opportunity to make comments after individual items are discussed and before any council vote. Councilman Altoft confirmed this. Beachum felt it would be good to mirror what the council does and made a motion to move “Public Comment” to the beginning of this meeting and all future regular Board meetings. There was a second by Hall. The motion passed by unanimous decision of the Board.

PUBLIC COMMENT

Councilman Altoft said that the City Council had recently made a new set of rules about how their meetings are run and it was his suggestion that the Light and Power Board may want to consider having a Sergeant at Arms designated for its meetings. Johnston said that if meetings get out of hand that the Roberts Rules of Order would be implemented which is what a Sergeant at Arms would do. Roberts Rules address the conduct and protocol of meetings such as allowing for only one person to speak at a time. After a little more discussion, Canfield said that the Board would take note of Altoft’s comment.

Approval of November 6, 2008 Regular Board Meeting: There was a motion by Beachum to approve the minutes of the meeting of November 6, 2008 as presented. It was supported by Valentine. The motion passed by unanimous decision of the Board.

ACTION ITEMS

Accounts Payable of October 2008: Valentine asked for an explanation of the item Mullins high capacity battery. Sawka explained that it was for a Nextel cell phone battery. Canfield asked what the L & A rental was for. Pierce said that it was for a saw rented for asphalt cutting. Canfield also asked what ICFL was. Pierce explained that it was for outside services when he was a consultant for Light and Power. With no further

discussion, there was a motion by Beachum and a support by Hall to approve the accounts payable as presented. The motion passed by unanimous decision of the Board.

2009 Employee Benefits Revisions (Dale DeHaan-Creative Benefits): Pierce explained to the Board that there was a sub unit of the Board consisting of himself, Beachum and Hall who reviewed the health insurance options presented by DeHaan. They have presented, in their opinion, the best three options for the Board to consider that would allow LLP to provide the best coverage while keeping the cost down. Valentine asked if adopting either of these plans would require the employees to change their health care providers. DeHaan said that neither plan would require any employee to change their doctors because the plan is still with Priority Health. Pierce said that the reason for considering other coverage was because of an 18% increase in premium in the current coverage. Canfield asked if the utility had budgeted for an increase in insurance premiums. Pierce explained that the utility had budgeted for an increase but not 18%; more like 3-5%. DeHaan gave a brief explanation of the self insured option and other related subjects. After more brief discussion, there was a motion by Johnston and a second by Beachum to adopt the Health-by-Choice Incentives #2 plan.

Valentine asked how the pretax Basic Flex plan figures in with this plan. Pierce said that very few employees take advantage of this option but it would be a good idea for the utility to encourage each employee to enroll in the Basic Flex plan.

The motion passed by unanimous decision of the Board. Beachum asked that DeHaan make plans to have a meeting with the employees and explain the plan.

Pierce asked the Board their feelings about him moving forward with plans for the utility to offer YMCA membership to employees. After discussion the subject was tabled and will be discussed at the next meeting. Beachum asked Pierce to check on MVP to see what they had to offer. Hall felt that MVP was comparable to the Y.

2009 Employee Dental Benefits: Pierce felt that the Best Life Dental Plan would be the best plan to adopt. After a little more discussion there was motion by Beachum and a second by Johnston to adopt the Best Life Dental Plan. The motion passed by unanimous decision of the Board.

Employee Sick Time and Short Term Disability: Pierce discussed the current policy of employee sick time and short term disability insurance. He said the current policy allows the employee to earn 12 sick days and 5 personal days a year. It was his proposal to group together the sick and personal as compensated absences and have the maximum earned to be 15 days. It was also his proposal to allow the employee to bank up to 5 days a year of those 15 days earned annually to be placed into a short term disability bank to be used with the short term disability which pays 60% of the employees pay.

Another option Pierce suggested would be to allow the employee to cash in up to 5 days of compensated absences time that was unused, which could be cashed in the first pay period of December.

An area that needed clarification and included in this compensated absence proposal was how to handle employee's currently banked sick days.

After more discussion by the Board, it was decided that this subject would be tabled for another month.

Cost of Living Adjustment: Pierce updated the Board on the Cost of Living Adjustment that the City adopted. City employees got a 2% increase and the police negotiated a 2.6% increase. After more discussion there was a motion by Beachum and a second by Valentine that the utility's cost of living increase would be 2%. Motion passed unanimously.

Retiree's Health Plan: After much discussion it was decided that the Priority Health Standard High Plan was the most appropriate plan for retiree insurance coverage. There was a motion by Johnston and a second by Hall to adopt the Standard High Plan. The motion passed by unanimous decision of the Board.

Cell Phone Policy: Pierce, in a memo to the Board, recommended that the Board adopt a cell phone policy. He presented two options. The first option, and the option that the City of Lowell implemented, is to make the cell phone a benefit and tax the employee for the value of the benefit. Also, if the employee exceeds the allotted number of minutes, they also pay for the overage and the taxes on that amount as well. This option would meet the IRS requirements. Option number 2; the employee may choose to have their own personal phone and not use the company phone for personal calls. This would not be a taxable benefit to the employee if they have a personal cell phone and less than 20 minutes per month of personal calls on their company phone. It was his opinion that offering both of these options would allow the employees flexibility and yet meets the utility's need to meet the regulations of the IRS. Currently Lowell Light and Power has no cell phone policy and is not in compliance with the IRS regulations. It would be Pierce's recommendation that the Board adopt a policy offering the two options. Beachum made a motion to adopt both options and Hall seconded the motion. The motion passed by unanimous decision of the Board.

INFORMATIONAL ITEMS

Performance Data: The Board reviewed the performance data presented by Pierce. Canfield noted that residential customers were up to 2,209 from the previous month of 2,175. Beachum noticed the current month delinquent account was \$8,238 up from \$6,109 in the previous month and the balance after shut off collections \$697. Sawka explained that this is the balance from customers who have made arrangements to pay by the end of the month.

Income Statement October 2008: The Board reviewed the income statement. Beachum asked about the deficiency energy charge and Pierce gave a brief explanation. Canfield questioned the credit from reconciliation adjustment and Pierce explained that it was a power pool credit.

Manager's Report: Pierce presented to the Board:

- MPPA Update
- Tree Trimming Update along with the progress of Matt from Central Michigan Tree Service, who was injured in an accident during tree trimming on Alden Nash
- MERS update of the 2% cost of living adjustment for the retired employees in 2009
- Compensation Survey update
- Lowell Light and Power/ City Council Working Session of November 20th
- Strategic Planning Update
- The 2007-2008 Audit has been completed and a final report will be presented at the January Board meeting for Board approval
- Web Page update
- Good Neighbor Fund
- City staff and LLP staff joint Holiday potluck scheduled for December 18th
- Board Member Compensation and Citizens Compensation Committee
- Advertising in the local paper
- Customer budget program
- Snowplow purchase request
- Slow down your meter products update

Schedule of Meetings: The Board reviewed the schedule of meetings and events

Date of Next Regular LLP Meeting: The next regularly scheduled Lowell Light and Power Board meeting will be held January 15, 2009.

PUBLIC COMMENTS

There were no public comments.

BOARD COMMENTS

Valentine inquired about time of use metering and as a company is the utility ready for time of use meters. Pierce said this is a good time to start looking at that option.

Hall inquired about why the “How to read your bill” had disappeared from the back of the bill statement. Sawka explained new statements had been purchased and need to be taken to Hooper Printing to have the “How to read your bill” printed on the back of the bill statement. Hall asked about the cost and Sawka will look in to it. Hall also added that Andrew Johnston was a good addition to this Board.

Beachum stated that we need to make sure the snow is removed from the street to the sidewalk for our customers’ safety and ease of entry.

Johnston said it was a pleasure to serve on this Board and he had no other comments.

Canfield also welcomed Johnston to this Board and felt he was a good asset for this utility.

ADJOURNMENT

There was a motion by Beachum and a second by Hall to adjourn the meeting. Motion passed by unanimous decision of the Board.

The meeting was adjourned at 7:50 p.m.

Chairman, Greg Canfield

Date