

MINUTES

BOARD OF LIGHT AND POWER

REGULAR MEETING OF JULY 1, 2010

- I. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order by Board Chairman Canfield at 5:30 p.m. Present were Beachum, Canfield, Hall, Johnston, and Valentine. Also present were General Manager Pierce, Utility Foreman Russo, Office Manager Sawka, Mayor Hodges, and public Adam McGregor, Tom Torres, and Jon Francis.

- II. **APPROVAL OF AGENDA:** There was a motion by Beachum and a second by Hall to accept the agenda as presented. The motion passed by unanimous vote of the Board.

- III. **APPROVAL OF MINUTES:** (June 3rd, 2010 Regular Board Meeting) There was a motion by Hall and a second by Johnston that the minutes of the June 3rd, 2010 Regular Board minutes be approved as written. The motion passed by unanimous vote of the Board.

- IV. **PUBLIC COMMENTS:** (Items not on the agenda) There were no public comments.

- V. **ACTION ITEMS:**
 - A. **Dental Renewal and LLP Paid Time Off Policy:** The Board reviewed the current dental policy with Best Life Dental proposing a premium increase of 15% along with a proposal from Met Life Dental showing an increased rate of 2.78% over our current Best Life rate. After discussion there was a motion by Johnston and a second by Hall to accept the new proposal from Met Life. The motion passed by unanimous vote of the Board.

The Board discussed the utility's current paid time off (PTO) policy. Pierce explained the City's current policy. Pierce also provided to the Board a classification and compensation study comparing the utility's benefits with several other municipalities. After lengthy discussion and a question regarding the PTO purchase plan, which Pierce will investigate, the Board decided to table this subject to the next regular meeting in August 2010.

B. Pension Plan Update: Pierce informed the Board that he received the MERS 2009 Valuation Report, and a letter from MERS announcing a one time opportunity to make contributions to the retirees' Cost of Living (COL) benefit. Pierce reported that because of the economy and poor financial markets the relative value of the Utility's fund has dropped from 77% funded in 2008 to 75% funded in 2009. The City also dropped from 78% funded in 2008 to 76% funded in 2009. The report offered options to expedite reaching the 100% level of funding. One option is to pay an additional 3.28% of payroll each year and achieve the 100% funded level in 15 years. This option would also allow us to reach the 80% funded level by approximately 2012. After more discussion by the Board there was a motion by Beachum and a second by Johnston to approve a 3.28% increase to MERS to accelerate the pension funding process. The motion passed by unanimous vote of the Board.

Pierce also informed the Board that the MERS Board, in its report, has included a new Benefit E clause that allows a division like Lowell Light and Power to adopt the COL increase for its retirees without being 80% funded when it pays for the cost of the benefit in advance. The requirement for the utility to make this special Benefit E adoption is that the utility request a special Actuarial Valuation by July 30th, 2010. The valuation will determine the actuarial cost for the benefit which must be paid in full by October 15th, 2010. The cost of the special valuation is \$150.00. There was a motion by Beachum and a second by Valentine that Lowell Light and Power request from MERS the special valuation at a cost of \$150.00. The motion passed by unanimous vote of the Board.

VI. INFORMATIONAL ITEMS:

- A. **Performance Data:** Pierce reported to the Board that the utility had a good increase in May 2010 in total electric requirements and total sales were up over last year. He also reported that residential customers are still growing and that the utility had lost two (2) more commercial customers in May. Residential sales and (kWh) were both down slightly, however commercial sales and kWh were both up over last year. Delinquent accounts were about the same as last year at this time.
- B. **Income Statement (May 2010):** Pierce reported to the Board that the utility had an unusually good month (May). He reported a strong operating income of \$37,505 with a net income for the month of May as \$12,005.

Canfield related to Pierce that initially the graphs for the income statement that Pierce provided each month were helpful and gave the Board a better understanding of the income statement. However, he said that he didn't feel the graphs were necessary now and that Pierce did not need to provide them in the future unless the Board requested.

- C. **Manager's Report:** Pierce updated the Board on the following items.

MPPA/MMEA/APPA. Pierce reported to the Board that the annual APPA meeting he attended was the most informative that he has attended.

System/Generation Upgrade Progress: Russo reported a small snag in getting the generators up and running. Final stage in testing revealed wrong type of one of the control/monitoring pieces of equipment had been spec'd wrong and installed. The correct piece has been ordered and will be delivered the third week of July. Pierce reported that much more tree trimming is being done by the utility's employees/staff.

Expansion: Pierce updated the Board on the 1961 City resolution that gave Consumers Energy the right to service Atwood. He will continue to review and possibly talk with the city attorney to determine if a new resolution is needed in order for the utility to pursue Atwood.

Strategic Planning: Pierce attached a copy of the approved Strategic Plan and an updated review of goals and objectives for review by the Board. Pierce felt that in light of the lengthy agenda for this meeting, it would be appropriate to postpone discussion to another board meeting. The Board agreed.

Former Line Shack Lease Request: Pierce said he had sent a letter to Kim at Greenridge and at the present has not heard back from him. He will keep the Board updated.

New Position: The Energy Services Coordinator position has been posted on the utility's website and Piece has received a couple of responses. He also has interviewed two people who he solicited. One is not interested and the other is planning a trip to Lowell as the next step.

New Plants: New greenery has been placed throughout the office by a local business giving the office a fresh look.

Payables: Pierce provided a list of payables for the Board's review.

D. Schedule of Meetings: The Board reviewed the schedule of meetings provided by Pierce.

E. Complaint Register: There was a complaint brought to the GM by Canfield who had received the letter from the customer that day. It was turned over to Pierce to handle.

Beachum asked that the Board comments be put ahead of the Executive Session/General Manager Evaluation.

IX. BOARD COMMENTS: Beachum related to the Board that instead of the utility sending flowers for the Ivan Blough funeral he would rather see something more

in the way of some special recognition in light of the service Ivan Blough had done for LCTV, the utility and the community. He suggested a Memorial Scholarship Fund be set up in Ivan Blough's name in the amount of \$1,000. Hall also asked that Pierce apply for the LCTV fund to match the \$1,000 the utility is funding. Beachum requested that Pierce also pursue matching donations from the Lowell Area Community Fund and the Look Memorial fund. Following discussion there was a motion by Hall and a second by Valentine for the utility to donate \$1,000 to the IKB Community Service Memorial Scholarship Fund and to ask the three local funds for a match. The motion passed by unanimous decision of the Board.

Johnston said he will be gone for the August regular meeting. Valentine will also be out of town. Canfield suggested that the meetings could possibly be moved to the second Thursday of each month. With the move it would give staff more time to prepare reports for the Board. Beachum made a motion to move the meeting times for the new fiscal year to be the second Thursday of each month at 5:30 p.m. There was a second by Hall. The motion passed by unanimous vote of the Board.

Valentine said along with the recognition of Ivan he would like to see a plaque purchased and placed in the utility's office recognizing of the service and contribution Ivan Blough has done for Lowell Light and Power and Lowell Cable TV and the community. He said it would be a legacy in the building. Hall suggested using the picture that is on the Grand Rapids Foundation website of Ivan and his wife Jane in front of the showboat. Beachum suggested that Lowell Granite could do the etching work on the plaque. Pierce will follow up with this request.

Hall wanted to thank the employees of Lowell Light and Power who attended Ivan Blough's funeral and for the effort that was put into taking the utility's truck there as a salute to Ivan.

Canfield echoed Hall's thanks to the employees. He said Ivan's daughter Melinda told him the warmth and comfort of the community was very nice and much appreciated by the family.

Mayor Hodges said the City was at the utility with Greenville for Mayor Exchange Day. He also said that the City had adopted the budget.

VII: EXECUTIVE SESSION/GENERAL MANAGER EVALUATION: There was a motion by Hall, seconded by Valentine to move into Executive session at 7:20 pm to review the General Managers Evaluation. The motion passed by unanimous vote

There was a motion by Hall, seconded by Johnston to leave Executive session and move to Closed session, at Pierce’s request, at 8:04 pm. The motion passed by unanimous vote.

There was a motion by Hall and a second by Beachum to return to regular session at 9:00 p.m. The motion passed by unanimous vote of the Board.

There was a motion by Beachum and a second by Hall to grant a 1% raise for the general manager (in addition to the 1% COL being awarded to all employees), to increase the General manager’s car allowance by \$100 per month and to require an annual physical for the General Manager where any costs incurred that are not covered by insurance would be paid by LLP. The motion passed by unanimous vote of the Board.

VIII: NEXT REGULAR LLP BOARD MEETING (Thursday, August 12, 2010.)

There was a motion by Beachum and a second by Hall to adjourn the meeting at 9:04 pm. The motion passed by unanimous vote of the Board.

Chairman Canfield

Date