

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
May 18, 2017

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, May 18, 2017, at 4:00 p.m. at the Grand Haven Community Center located at 421 Columbus Avenue in Grand Haven, Michigan.

The meeting was called to order at 4:02 p.m. by Chairperson Smart.

Present were Directors Kieft, Naser, VanderMolen, Witherell and Smart.

Also present were David Walters, General Manager; Renee Molyneux, Administrative Services Manager and Secretary to the Board; Lynn Diffell, Accounting & Finance Manager; and Trina Robinson, City of Grand Haven Accounting Supervisor.

Director Witherell, supported by Director Kieft, moved to approve the meeting agenda. The motion was unanimously approved.

17-05A Director Witherell, supported by Director Kieft, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the April 27, 2017 Board meeting
- Accept and file the April 2017 Financial Report and Power Supply and Sales Dashboards
- Approve paying bills in the amount of \$1,943,782.66 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$264,226.62 from the Renewal and Replacement Fund
- Confirm Purchase Requisition #14225 to Buist Electric in the amount of \$67,500 to upgrade the obsolete PLC control on Diesel Plant Engine #1
- Confirm Purchase Requisition #14247 to Erickson's Inc. in the amount of \$5,708 for crane rental to remove the unused stacks at the Diesel Plant
- Confirm Purchase Requisition #14250 to J.O. Galloup Company in the amount of \$5,414 for new water pipe for slakers
- Confirm Purchase Requisition #14251 to Shoreline Metal Fabricators in the amount of \$7,857 to manufacture parts for scrubber recirculation pump guard and parts for slaker rebuild
- Confirm Purchase Requisition #14252 to Renew Valve & Cleveland Valve in the amount of \$10,813 for safety valve work
- Confirm Purchase Requisition #14254 to Corrosion Fluid Products Corp. in the amount of \$10,867 for scrubber valves and strainer
- Confirm Purchase Requisition #14262 to Northern A-1 in the amount of \$10,940 for vacuum truck services needed during the spring shutdown

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- Confirm Purchase Requisition #14263 to Duratech Systems LLC in the amount of \$20,019 for rubber work in the scrubber

Monthly fuel related expenses were \$506,093 last year and are -\$777,488 this year due to our inventory verification, which is conducted each April. This year's survey was completed with a drone, which is a more accurate survey than what has been provided in past years. The negative expense is equal to an increase in inventory, which substantially impacted this year's income statement.

Purchase Requisition #14225 to Buist Electric is to replace obsolete equipment on the #1 Engine at the Diesel Plant. We are unable to run the engine without this equipment.

The motion was unanimously approved.

17-05B Public Comment Period — Jan O'Connell from the Sierra Club introduced Sarah Vonck who is an intern. No formal action taken.

17-05C Director Kieft, supported by Director Naser, moved to approve the following purchase requisitions:

- Approve Purchase Requisition #14206 to SPX Flow Control in the amount of \$84,308 for fall shutdown Sims critical valve trim set repairs
- Approve Purchase Requisition #14212 to Corrosion Fluid Products Corp in the amount of \$101,326 to purchase replacement recirculation slurry pumps for installation during the fall shutdown
- Approve Purchase Requisition #14218 to Babcock & Wilcox Company in the amount of \$164,730 for 3B Module WFGD spray header replacement for installation during fall shutdown
- Approve Purchase Requisition #14243 to Babcock & Wilcox Company in the amount of \$6,651 for shipping on PR #14218

The motion was unanimously approved.

17-05D FY 2017-2018 Budget Approval — Director Kieft, supported by Director Witherell, moved to approve the FY 2017-2018 Business Plan.

The General Manager provided a budget overview to the Board. In 2006, we were at approximately \$0.08 per kWh. Following 2006, we increased rates on average 5.6% per year for the next 9 years primarily due to decreased sales in both retail and wholesale. In 2014, the Board passed the last rate increase of 4.0% effective July 1, 2014; however, we only achieved a 2.4% increase because we passed fuel savings through the PCA. In FY's 2015 and 2016, we held rates constant. On July 1, 2016, we imposed a 2.0% general rate decrease plus another 1.1% adjustment through the PCA for an overall 3.1% decrease. This year, we are expecting another 3.2% decrease through further adjustments in the PCA.

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The updated budget includes updated sales and costs on fuel and purchased power with a reduction in rates.

Some of the unfunded liability will be expensed, some will be a balance sheet transaction. We anticipate we will pay down the unfunded liability by approximately \$6,000,000. Our Goal is to get the employer contribution as a percent of payroll to MERS down to 10.0%. This number will be determined after our employees decide whether they want to remain in the MERS Defined Benefit Plan or if they are going to convert to the ICMA 401a Plan. Following their determination, MERS will recalculate what is required. Pension estimates are included in the Budget. When we have final numbers, we will bring it back to the Board for final approval.

The motion was unanimously approved.

17-05E Approve resolution to exempt BLP employees from the requirements of the Publicly Funded Health Insurance Contribution Act (Act 152 of the Michigan Public Act of 2011) — Director Kieft, supported by Director Witherell, moved to approve the Preamble and Resolution for Act 152 Exemption under the Publicly Funded Health Insurance Contribution Act.

**PREAMBLE AND RESOLUTION
FOR ACT 152 EXEMPTION FOR THE
JULY 1, 2017 – JUNE 30, 2018 MEDICAL BENEFIT PLAN YEAR***
(Under the Publicly Funded Health Insurance Contribution Act)

PREAMBLE:

WHEREAS, the Board, in the interest of maintaining a competitive benefit package, desires to exempt all of its employees (i.e. whether or not they are in the UWUA bargaining unit) from the requirements of the Publicly Funded Health Insurance Contribution Act (Act 152 of the Michigan Public Acts of 2011 as amended – the “Act”) for the July 1, 2017 – June 30, 2018 medical benefit plan year; and

WHEREAS, such exemption is authorized by Section 8 of the Act upon a 2/3 vote of the Board’s governing body inasmuch as the Board qualifies as a “local unit of government” as a municipal electric utility system (pursuant to Section 2(d) of the Act);

RESOLUTION:

NOW, THEREFORE, BE IT RESOLVED, by the governing body of the Board of Light and Power, as follows:

1. That, pursuant to Sections 8(1) and 8(2) of the Act, the Board hereby determines, upon a 2/3 vote of its governing body, to exempt itself from the requirements of Sections 3 and 4 of the Act with respect to all Board employees (i.e. whether or not they are subject to or covered by a collective bargaining agreement); and

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2. That the Board's exemption of itself from the requirements of the Act, as provided in Paragraph 1 (above) of this Resolution, shall be effective for the medical benefit plan year commencing July 1, 2017 and ending June 30, 2018.

In a roll call vote of the Board, those in favor: Directors Kieft, Naser, VanderMolen, Witherell, and Smant; those opposed: none; those absent: none. The motion was unanimously approved.

17-05F Strategic Plan FY 2017 3rd Quarter Monitoring Report — Director Witherell, supported by Director VanderMolen, moved to accept the 3rd Quarter Monitoring Report as information. The General Manager provided an update on Strategic Plan goals. The majority is on track and progressing. The motion was unanimously approved.

17-05G April 2017 MPPA Quarterly Power Supply Plan for Grand Haven — The General Manager reviewed MPPA's recommendations with the Board. This report is a short-term energy focused plan. We will make a one-month purchase for the fall shutdown similar to last year. No formal action taken.

17-05H Set Date for General Manager Evaluation and Board Self-Evaluation — The Board scheduled a Special Meeting for 1:00 p.m. on Friday, June 9, 2017, for the General Manager Evaluation and Board Self-Evaluation. No formal action taken.

At 5:45 p.m. by motion of Director Witherell, supported by Director Naser, the May 18, 2017 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

RM/ak