

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
June 15, 2017

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, June 15, 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 4:00 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 & Customer Service Manager; Rob Shelley, Distribution and Engineering Manager, and Erik Booth, Power Supply Manager.

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

17-06A Director Witherell, supported by Director Kieft, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the May 18, 2017 and June 6, 2017 Board meetings
- Accept and file the May 2017 Financial Report and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$4,031,588.34 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$522,627.49 from the Renewal and Replacement Fund
- Confirm Purchase Requisition #14275 to K & G Tool in the amount of \$5,725 to fabricate parts for breakers and the 3B Pulverizer
- Confirm Purchase Requisition #14281 to Northern Boiler Mechanical Contractor in the amount of \$384,164 for mechanical work performed during the spring shutdown in the boiler and precipitator
- Confirm Purchase Requisition #14298 to Cole Parmer Instrument Company in the amount of \$5,097 for replacement parts for R12LU pump
- Confirm Purchase Requisition #14316 to Wylie Electric Motor Service in the amount of \$9,830 for repairs to the ID fan motor
- Confirm Purchase Requisition #14321 to MacAllister Rentals in the amount of \$13,062 for lift rental during spring outage work

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- Confirm Purchase Requisition #14322 to Star Crane & Hoist Service Inc. in the amount of \$6,607 for annual crane and hoist inspections and preventative maintenance
- Confirm Purchase Requisition #14334 to PCM Sales Inc. in the amount of \$27,322 for fiber optic switches for substation SCADA

The balance sheet is consistent with past balance sheets. Cash is up \$9.5 million primarily because of not having to pay debt service. The net result is approximately \$3.1 million in reductions due to fuel and PCA reductions.

The motion was unanimously approved.

17-06B Public Comment Period — Jan O'Connell from the Sierra Club discussed a large solar project approved by the Morland Planning Commission. The General Manager advised MPPA currently has approximately six solar projects they are evaluating and this project is one of them. MPPA would aggregate muni's to buy into a project. Jeff Miller requested a copy of the customer survey results. No formal action taken.

17-06C Director Witherell, supported by Director Kieft, moved to approve the following purchase requisitions:

- Approve Purchase Requisition #14265 to United Conveyor Supply in the amount of \$5,617 for a replacement valve for pyrite line
- Approve Purchase Requisition #14267 to RS Technical Services, Inc. in the amount of \$10,622 to purchase parts to rebuild 3A slaker
- Approve Purchase Requisition #14268 to RS Technical Services, Inc. in the amount of \$2,585 to purchase parts to rebuild 3A slaker
- Approve Purchase Requisition #14269 to RS Technical Services, Inc. in the amount of \$27,369 to purchase parts to rebuild 3A slaker
- Approve Purchase Requisition #14270 to RS Technical Services, Inc. in the amount of \$12,077 to purchase parts to rebuild 3A slaker
- Approve Purchase Requisition #14271 to RS Technical Services, Inc. in the amount of \$19,421 to purchase parts to rebuild 3A slaker
- Approve Purchase Requisition #14325 to Babcock & Wilcox Company in the amount of \$13,196 for feed tube assembly for soot blower replacements
- Approve Purchase Requisition #14330 to Grace Consulting Inc. in the amount of \$6,360 for quarterly stack testing for MATS compliance

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- Approve Purchase Requisition #14339 to Altec Industries, Inc. in the amount of \$179,143 for a 70' replacement bucket truck for use by the tree clearance crew

We are pre-ordering parts for the scheduled fall outage. Most are for the slaker at \$72k. The other items include quarterly testing for MATS and a new truck to replace the 2007 tree clearance truck. We will be moving the replacement schedule up to 7-9 years as opposed to the current 10-year replacement schedule.

The motion was unanimously approved.

17-06D Approve FY 2018-2021 Labor Agreement with UWUA Local 582, Director Witherell, supported by Director VanderMolen moved to approve the FY 2018-2021 Labor Agreement with UWUA Local 582 as proposed.

We renegotiated the Collective Bargaining Agreement (CBA), which was ratified by the Union this week. There are approximately 40 changes to the CBA, including correcting some issues on both sides of the table. The big-ticket items include:

- Convert all time to PTO system consistent with the general employee group. We swapped out time for time making this a zero cost item
- Letters of Understanding were either eliminated or rolled into the CBA
- Negotiated lower PTO accrual banks. PTO banks are now capped at 320 hours. Will pay off current banks June 30, 2017, honoring previously negotiated terms.
- Added Short Term Disability to replace the sick banks.
- Increased employee premium copays from 13% to 20% for the Buy-up medical insurance plan. The Core Plan stayed at 5%
- Negotiated closing of the Defined Benefit Plan to new hires effective July 1, 2017
- Increased retiree premium copays (for those employees who are eligible for this benefit) from 20% to 25%, which is consistent with the general employee group
- Wage scales are extended out 1 year making progression a little slower. This only affects new hires. Others will be where they are in the scale.
- Added lead line man position
- Eliminated COLA
- Negotiated a 4 year contract at 3% wage increase per year with minor changes in year 1

The motion was unanimously approved.

17-06E Spring Sims III Shutdown Review — Director Witherell, supported by Director Kieft, moved to accept the update for informational purposes only. General Manager Walters provided an update on the spring shutdown. The only item on the income statement that's over budget is non-fuel related fixed costs at Sims. Unbudgeted items were related to non-outage

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related expenses. Staff planned \$1.2 million for FY 2017 outages, \$500,000 for the spring and \$700,000 for the fall. Some of the non-outage items paid this year is from the previous year, some is related to running the plant more. The majority is related to a tube leak last June. Unbudgeted items over \$5,000 were reviewed and approved by the Board and, primarily, were not outage related. They were unexpected repairs. Funds are available to handle these unbudgeted items.

The motion was unanimously approved.

17-06F Approve Contract Renewal with Northern Boiler Mechanical Contractor — Director VanderMolen, supported by Director Kieft, moved to approve a three-year contract renewal with Northern Boiler Mechanical Contractors. Our primary expense for outage or project work at Sims is contract work. We select a preferred vendor to handle this type of work. They then work for us to develop our planned maintenance work and act as a member of our team. It's important to maintain consistency with these contractors because they are familiar with our plant. They use union hall rates. This contract does not obligate us to use them. When we have smaller jobs that we can bid out – we do so to ensure our contractors are competitive. If something unexpected arises, we go to the selected preferred vendor.

The motion was unanimously approved.

17-06F Public Act 95 Opt Out Annual Approval (Low Income Energy Assistance Fund) — Director Witherell, supported by Director Kieft, moved to approve opting out of Public Act 95 for FY 2018 as allowed by the Act.

This is an annual opt-out from the State's low-income assistance fund, which allows muni's to opt-out. If we opt-out, we are not allowed to do shutoffs during the winter months for residential customers. If we are unable to collect past due balances, we may place a lien on the property. We have a high collection rate. We also try to work with our customers when they get into a bad situation.

The motion was unanimously approved.

17-06G Appoint Erik Booth as Alternate MPPA Commissioner and EPA Alternate Designated Representative for JB Sims Generating Station — Director Witherell, supported by Director VanderMolen, moved to appoint Erik Booth as Alternate MPPA Commissioner and EPA Alternate Designated Representative for JB Sims Generating Station.

The motion was unanimously approved.

17-06H – We received a violation notice for mistesting for MATS requirement. We have responded to the violation. We are required to do quarterly testing at Sims and may use an alternate method for that purpose. We had a verbal approval for the alternate test from the DEQ; however, we did not have a formal approval. We did not exceed the limits. Going forward, we

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will perform the quarterly test via the normal method. The next test is to be performed in July. We may be subject to a penalty. No formal action taken.

17-06J – The transmission line is fully built and energized. Distribution poles are set on Ferry. It will be another five to six months to complete the project. No formal action taken.

At 5:09 p.m. by motion of Director Witherell, supported by Director Naser, the June 15, 2017 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

RM/ak