

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
January 19, 2017

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, January 19, 2017, at 4:00 p.m. at the Board's office located at 1700 Eaton Drive in Grand Haven, Michigan.

The meeting was called to order at 4:00 p.m. by Vice Chairperson Witherell.

Present were Directors Kieft, Naser, VanderMolen and Witherell.

Also present were David Walters, General Manager; Renee Molyneux, Administrative Services Manager and Secretary to the Board; Lynn Diffell, Controller; and Rob Shelley, Distribution & Transmission Engineer.

Director Kieft, supported by Director VanderMolen, moved to excuse Director Smant from the meeting. The motion was unanimously approved.

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

17-01A Director VanderMolen, supported by Director Kieft, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the December 15, 2016 Board meeting
- Accept and file the December 2016 Financial Report and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$2,057,479.91 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$290,521.02 from the Renewal and Replacement Fund
- Confirm Purchase Requisition #13911 to Brenner Oil Company in the amount of \$5,219 for urea
- Confirm Purchase Requisition #13914 to State of Michigan in the amount of \$8,700 for our annual NPDES permit
- Confirm Purchase Requisition #13928 to Jackson-Merkey Contractors in the amount of \$46,596 for the underground tail water and firewater line repair at Sims
- Confirm Purchase Requisition #13949 to Northern Boiler Mechanical Contractors in the amount of \$23,290 to reline the slaker main mixing chamber in the scrubber
- Confirm Purchase Requisition #13950 to Northern Boiler Mechanical Contractors in the amount of \$342,148 for Fall 2016 shutdown work including repairs to ducts, PA fans, pulverizer, boiler, pyrite pit, precipitator, backflow preventers and coal chutes
- Confirm Purchase Requisition #13952 to State of Michigan in the amount of \$38,395 for the annual air quality fee

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- Confirm Purchase Requisition #13960 to Dubric Packing & Seals in the amount of \$9,917 for repairs to the recirculation pump impeller and sleeve

The motion was unanimously approved.

17-01B Public Comment Period — Jan O’Connell, Sierra Club, asked about the results of the customer service survey, which were distributed last month to the Board. We may have a follow-up survey at some point in time. No formal action taken.

17-01C Director Kieft, supported by Director Naser, moved to approve the following purchase requisitions:

- Approve Purchase Requisition #13943 to Air Components Inc. in the amount of \$6,895 to replace the oil cooler on 3A air compressor
- Approve Purchase Requisition #13954 to Irby Utilities in the amount of \$58,633 for PMH switchgear for the diesel sub/Harbor Drive underground project
- Approve Purchase Requisition #13963 to Anixter Power Solutions, LLC in the amount of \$87,120 for Okonite 15 kV 500 MCM CU underground wire for diesel sub/Harbor Drive underground project
- Approve Purchase Requisition #13965 to Power Line Supply in the amount of \$9,050 for Okonite 15 kV 4/0 and #2 cable for diesel sub/Harbor Drive underground project and for stock
- Approve Purchase Requisition #13967 to Gorno Ford in the amount of \$81,568 for a 2017 Ford F650 5-yard dump truck
- Approve Purchase Requisition #13970 to Power Line Supply in the amount of \$6,172 for UG fault indicators for the diesel sub/Harbor Drive underground project and stock replenishment
- Approve Purchase Requisition #13971 to Integrity Tree Services in the amount of \$89,817 for transmission line tree trimming
- Approve Purchase Requisition #13973 to IPA Commercial Real Estate in the amount of \$10,538 for a six month interim office rental agreement
- Approve Purchase Requisition #13975 to Interphase Office Interiors in the amount of \$95,874 for office furniture to be installed after reconstruction

Tree trimming for Purchase Requisition #13971 will be between the North Sub and the Island Sub. In addition, the purchase of the 2017 Ford F650 5-yard dump truck was not budgeted in the current year. We moved this truck up on the replacement schedule because it needs a whole new engine. Staff will be reducing the average replacement life of vehicles down from over 10 years to 7-8 years. The motion was unanimously approved.

17-01D Leidos Engineering Technology Report and CIS/FMS System Procurement Recommendations — Leidos has reviewed the GHBLP’s IT associated with the CIS and FMS systems and are recommending moving to a hosted solution. This is due to not having an

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adequate staffing level to support all of our IT systems. Next steps include meeting with the recommended vendors to evaluate their products and IT support level. Following our evaluation process, we will bring a recommendation to the Board for consideration. By consensus, Directors Kieft, VanderMolen and Witherell approved moving forward as recommended, which includes using Leidos for the evaluation process; Director Naser, no; Director Smant, absent.

17-01E Calendar Year 2016 Sims III Must Run Model to Actual Comparison — The Board and General Manager reviewed the results of calendar year 2016 Sims III Must Run Model to Actual. Sims experienced 27 days of forced outages in the first quarter of 2016. The spring and fall planned outage durations were reduced accordingly. Total annual days of operation in 2016 were 99.0% of modeled. Annual GVTC testing resulted in an average monthly capacity increase of 6.7%. Annual demonstrated plant availability and utilization were slightly lower than modeled; however, the higher capacity provided increased output above what was originally modeled. The net result was Sims III actual annual output exceeded the 2016 model by 4.8%. Sims III produced more power in 2016 than any year since 2008. Our net 2016 power supply includes 90.5% from Sims, 7.9% from renewables and 1.6% from net wholesale market purchases. The Board reviewed the Sims III Fuel Cost and Heat Rate Comparison provided by the General Manager. This is a relatively low risk strategy and we met most of our power supply goals in 2016. No formal action taken.

17-01F Approve Calendar Year 2017 Safety Incentive Program — Director Naser, supported by Director Kieft, moved to extend our Safety Incentive Program for 2017 with a maximum potential payout of \$7,300 if employees meet all safety incentive goals for the year. The motion was unanimously approved.

17-01G Approve Governmental Agency Performance Resolution for Annual MDOT State Highway ROW Permit — Director Kieft, supported by Director VanderMolen, moved to approve the following resolution:

**PERFORMANCE RESOLUTION FOR
GOVERNMENTAL AGENCIES**

This Performance Resolution is required by the Michigan Department of Transportation for purposes of issuing to a municipal utility an "Individual Permit for Use of State Highway Right of Way", or an "Annual Application and Permit for Miscellaneous Operations Within State Highway Right of Way".

RESOLVED WHEREAS, the _____
(city, village, township, etc.)

hereinafter referred to as the "GOVERNMENTAL AGENCY," periodically applies to the Michigan Department of Transportation, hereinafter referred to as the "DEPARTMENT," for permits, referred to as "PERMIT," to construct, operate, use and/or maintain utilities or other facilities, or to conduct other activities, on, over, and under State Highway Right of Way at various locations within and adjacent to its corporate limits;

NOW THEREFORE, in consideration of the DEPARTMENT granting such PERMIT, the GOVERNMENTAL AGENCY agrees that:

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1. Each party to this Agreement shall remain responsible for any claims arising out of their own acts and/or omissions during the performance of this Agreement, as provided by law. This Agreement is not intended to increase either party's liability for, or immunity from, tort claims, nor shall it be interpreted, as giving either party hereto a right of indemnification, either by Agreement or at law, for claims arising out of the performance of this Agreement.
2. If any of the work performed for the GOVERNMENTAL AGENCY is performed by a contractor, the GOVERNMENTAL AGENCY shall require its contractor to hold harmless, indemnify and defend in litigation, the State of Michigan, the DEPARTMENT and their agents and employee's, against any claims for damages to public or private property and for injuries to person arising out of the performance of the work, except for claims that result from the sole negligence or willful acts of the DEPARTMENT, until the contractor achieves final acceptance of the GOVERNMENTAL AGENCY. Failure of the GOVERNMENTAL AGENCY to require its contractor to indemnify the DEPARTMENT, as set forth above, shall be considered a breach of its duties to the DEPARTMENT.
3. Any work performed for the GOVERNMENTAL AGENCY by a contractor or subcontractor will be solely as a contractor for the GOVERNMENTAL AGENCY and not as a contractor or agent of the DEPARTMENT. The DEPARTMENT shall not be subject to any obligations or liabilities by vendors and contractors of the GOVERNMENTAL AGENCY, or their subcontractors or any other person not a party to the PERMIT without the DEPARTMENT'S specific prior written consent and notwithstanding the issuance of the PERMIT. Any claims by any contractor or subcontractor will be the sole responsibility of the GOVERNMENTAL AGENCY.
4. The GOVERNMENTAL AGENCY shall take no unlawful action or conduct, which arises either directly or indirectly out of its obligations, responsibilities, and duties under the PERMIT which results in claims being asserted against or judgment being imposed against the State of Michigan, the Michigan Transportation Commission, the DEPARTMENT, and all officers, agents and employees thereof and those contracting governmental bodies performing permit activities for the DEPARTMENT and all officers, agents, and employees thereof, pursuant to a maintenance contract. In the event that the same occurs, for the purposes of the PERMIT, it will be considered as a breach of the PERMIT thereby giving the State of Michigan, the DEPARTMENT, and/or the Michigan Transportation Commission a right to seek and obtain any necessary relief or remedy, including, but not by way of limitation, a judgment for money damages.
5. The GOVERNMENTAL AGENCY will, by its own volition and/or request by the DEPARTMENT, promptly restore and/or correct physical or operating damages to any State Highway Right of Way resulting from the installation construction, operation and/or maintenance of the GOVERNMENTAL AGENCY'S facilities according to a PERMIT issued by the DEPARTMENT.
6. With respect to any activities authorized by a PERMIT, when the GOVERNMENTAL AGENCY requires insurance on its own or its contractor's behalf it shall also require that such policy include as named insured the State of Michigan, the Transportation Commission, the DEPARTMENT, and all officers, agents, and employees thereof and those governmental bodies performing permit activities for the DEPARTMENT and all officers, agents, and employees thereof, pursuant to a maintenance contract.

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- 7. The incorporation by the DEPARTMENT of this resolution as part of a PERMIT does not prevent the DEPARTMENT from requiring additional performance security or insurance before issuance of a PERMIT.

- 8. This resolution shall continue in force from this date until cancelled by the GOVERNMENTAL AGENCY or the DEPARTMENT with no less than thirty (30) days prior written notice provided to the other party. It will not be cancelled or otherwise terminated by the GOVERNMENTAL AGENCY with regard to any PERMIT which has already been issued or activity which has already been undertaken.

BE IT FURTHER RESOLVED, that the following position(s) are authorized to apply to the DEPARTMENT for the necessary permit to work within State Highway Right of Way on behalf of the GOVERNMENTAL AGENCY.

Title and/or Name: _____

I HEREBY CERTIFY that the foregoing is a true copy of a resolution adopted by

the _____
(Name of Board, etc)
of the _____ of _____
(Name of GOVERNMENTAL AGENCY) (County)

at a _____ meeting held on the _____ day
of _____ A.D. _____.

Signed _____ Title _____

The motion was unanimously approved.

17-01H FY 2017 2nd Quarter Goals and Monitoring Update — The General Manager provided the Board with a Strategic Plan goals update for informational purposes. No formal action taken.

17-01I Other Business — The General Manager provided a copy of a Transmission Line Project update that was sent via e-mail to customers who were interested in receiving updates.

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Directors Naser and Witherell asked to be added to the list. Director Smart will be added also. No formal action taken.

27-01J Service Center Remodel Project — During the upcoming Service Center Remodel Project, Board meetings will be held in the Woodbine Room at the Grand Haven Community Center. Construction is to begin the first of April through approximately September 2017. No formal action taken.

At 6:15 p.m. by motion of Director Naser, supported by Director VanderMolen, the January 19, 2017 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

RM/ak