

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
April 28, 2016

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, April 28, 2016, 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 Chairperson Smart.

Present were Directors VanderMolen, Witherell and Smart.

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

Director Witherell, supported by Director VanderMolen, moved to excuse Directors Kieft and Naser from the Board meeting. The motion was unanimously approved.

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

16-04A Director Witherell, supported by Director VanderMolen, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the March 17, 2016 Board meeting
- Accept and file the March 2016 Financial Report
- Approve paying bills in the amount of \$2,378,121.82 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$329,880.15 from the Renewal and Replacement Fund
- Approve paying bills in the amount of \$304,357.62 from the Transfer Fund
- Approve paying bills in the amount of \$215,659.32 from the Receiving Fund
- Confirm Purchase Requisition #13351 to Renew Valve & Cleveland Valve in the amount of \$79,516 to rebuild valves and actuators during April outage
- Confirm Purchase Requisition #13356 to United Conveyor Supply in the amount of \$23,396 to purchase parts for the precipitator valves and row gates
- Confirm Purchase Requisition #13357 to Babcock & Wilcox Company in the amount of \$13,084 to purchase parts for C-pulverizer
- Confirm Purchase Requisition #13366 to Golder Associates, Inc. in the amount of \$11,500 for consulting services pursuant to Section 316(b) of the Clean Water Act Permit
- Confirm Purchase Requisition #13367 to Muskegon Community College in the amount of \$6,248 for the winter session maintenance apprentice classes

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
April 28, 2016

- Confirm Purchase Requisition #13370 to Northern Boiler Mechanical Contractors in the amount of \$33,918 for repairs to the boiler and tail water line
- Confirm Purchase Requisition #13374 to Loprest Water Treatment Company in the amount of \$7,114 for demineralizer resins
- Confirm Purchase Requisition #13383 to FIS Sungard Public Sector, Inc. in the amount of \$7,400 for CIS system programming and training related to our new rate structures
- Confirm Purchase Requisition #13385 to Dubric Packing & Seals in the amount of \$7,119 for the chlorine injection pump
- Confirm Purchase Requisition #13401 to Network Environmental, Inc. in the amount of \$9,750 for annual RATA testing on Sims CEMS
- Confirm Purchase Requisition #13405 to GRP Engineering, Inc. in the amount of \$9,200 for a change order on the Stickney Ridge project
- Confirm Purchase Requisition #13406 to Dubric Packing & Seals in the amount of \$63,235 to rebuild the condensate pumps
- Confirm Purchase Requisition #13407 to Gardner Denver Nash, LLC in the amount of \$13,241 for a remanufactured condenser exhaust pump exchange
- Confirm Purchase Requisition #13417 to Northern Boiler Mechanical Contractors in the amount of \$12,655 for repair work on the Johnston boiler and H frame for 824G coal bucket
- Confirm Purchase Requisition #13436 to Clean Air Engineering Inc. in the amount of \$9,300 for equipment rental for the Hg stack testing to comply with MATS

The motion was unanimously approved.

16-04B Public Comment Period — No comments were received.

16-04C Director VanderMolen, supported by Director Witherell, moved to approve the following purchase requisitions:

- Approve Purchase Requisition #13394 to GRP Engineering, Inc. in the amount of \$117,000 for design engineering for Osipoff to Island 69 kV transmission line project
- Approve Purchase Requisition #13398 to Brown Wood Preserving Company, Inc. in the amount of \$11,805 to purchase 31 poles for the Ferrysburg voltage conversion project

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
April 28, 2016

- Approve Purchase Requisition #13400 to Resco in the amount of \$22,537 to purchase 22 polemount transformers for stock and the Ferrysburg voltage conversion project
- Approve Purchase Requisition #13420 to Power Line Supply in the amount of \$16,833 to purchase cutouts, insulators, crossarms, and other materials as needed for the Ferrysburg voltage conversion project

The motion was unanimously approved.

16-04D Via Design Initial Presentation of BLP Office Addition and Renovation Project — The General Manager introduced Nathan Funk from Via Design to the Board. We contracted with Via Design to review our existing office facilities and recommend building and remodel improvements. We then worked together for layout and design and are recommending remodeling the current space as well as adding on some additional space to accommodate our needs. Nathan Funk presented the overall concept of the proposed project to the Board. The estimated cost of this project has been incorporated into fiscal year 2017's budget for Board consideration at its May meeting. By consensus, the Board accepted the project as presented and authorized staff to continue moving forward and include the project in the Capital Improvement Plan and necessary rental expenses in the budget.

16-04E Final Approval of FY 2017-2021 Strategic Plan — The General Manager presented the final strategic plan publication to the Board. Director Witherell, supported by Director VanderMolen, moved to approve the final plan with the addition of a Board goal to develop and approve a process and complete a Board self-evaluation by June 30, 2017. The motion was unanimously approved.

16-04F Final Approval of Electric Rate Modifications (effective July 1, 2016) Discussed at March Meeting — At the March Board meeting, Mark Beauchamp and Dan Kasbohm of Utility Financial Solutions presented the results of their cost of service study along with their 13 recommended rate design changes. Rate sheets implementing these recommendations effective July 1, 2016 have been prepared by staff for Board consideration. Director Witherell, supported by Director VanderMolen, moved to approve the electric rate modifications as proposed. The motion was unanimously approved.

16-04G Initial Presentation FY 2017 Initial Business Plan (with approval expected at May meeting) — The General Manager presented the proposed business plan for fiscal year 2017 to the Board. We have assumed zero percent sales growth in the budget based on what we are seeing. Wholesale sales and purchases are proposed in our current Sims operating schedule. The Grand Landing payment to the City of approximately \$120,000 began in April, 2016 and will be factored into the budget. We are increasing our contribution to MPIA this year. We are also accelerating the depreciation schedule at Sims and the Diesel Plant to depreciate new assets sooner. We are working toward rebuilding our cash reserve fund. The current proposed budget assumes \$5.8 million will be added to the cash reserve fund; however, we may need to use some

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
April 28, 2016

of that for distribution projects as our longer term distribution system plan is developed. No formal action taken.

16-04H Review Black & Veatch Sims Performance and Equipment Health Monitoring and Diagnostic Software and Services Proposal (using their ASSET360 Platform) — The General Manager presented a proposal from Black & Veatch for Sims performance and equipment monitoring and diagnostic software and services. This software will allow us to instantaneously monitor heat rates and the efficiency of the plant. We have incorporated this software into fiscal year 2017's budget for consideration at the May meeting. The Board agreed this service should remain in the budget. No formal action taken.

16-04I Discussion of Potential MPPA Long-Term Wind Project PPA — The General Manager presented a potential wind project opportunity through MPPA. The PTC is ending in 2019. In order to benefit from the PTC, we have to work with a private entity. MPPA has identified a need of almost 150 MW of renewable energy among its members. Incorporating 6 MW of wind will bring the Board of Light and Power to approximately 16.5% in renewables. We are currently at about 10%. This project will come on-line in the 2018-2019 timeframe. The starting price is \$41.50 per megawatt-hour which is competitive in the market. MPPA has signed the development agreement and we have approximately two months to decide if we want to commit to our portion. The General Manager feels Grand Haven should commit to the 6 megawatt level for 20 years. We will be looking for Board approval at the May meeting. No formal action taken.

16-04J APPA 2014 Report on Payments and Contributions by Public Power Utilities to State and Local Governments — This report was provided to the Board for informational purposes. No formal action taken.

16-04K Chamber 1st Quarter Economic Development Report — This report was provided to the Board for informational purposes. No formal action taken.

16-04L Review Schedule for Upcoming Meetings — The General Manager advised the Board we may be having a joint Board/City Council meeting in May. We will advise the Board once that is confirmed. No formal action taken.

At 7:11 p.m. by motion of Director Witherell, supported by Director VanderMolen, the April 28, 2016 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

RM/ak