

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

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, October 19, 2017, at 4:00 p.m. at the Grand Haven Board of Light & Power 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 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 and Finance Manager; Rob Shelley, Distribution and Engineering Manager; Erik Booth, Power Supply Manager, Peter Haefner and Matt Smith, Vredeveld Haefner LLC.

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

17-11A Director Witherell, supported by Director Naser, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the September 21, 2017 Board meeting
- Accept and file the September 2017 Financial Report and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$4,195,636.29 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$197,754.00 from the Renewal and Replacement Fund
- Confirm Purchase Requisition #14580 to Great Lakes Compressed Air in the amount of \$5,853 for filters for the oxidation blower
- Confirm Purchase Requisition #14614 to Renew Valve & Cleveland Valve in the amount of \$7,345 to replace north drum vent

We are 8.9% below budget and approximately 15% below last year in retail sales revenue. kWh sales are approximately 8.7% below last year's sales during the same period primarily due to this year's cooler summer and the reduction in the Power Cost Adjustment. Expenses are in line with the exception of Distribution, which is associated with July's \$130,000 in storm restoration costs. The Deferred Outflow reduction in Pension is due to an annual adjustment based on the actuarial assessment.

The motion was unanimously approved.

17-11B Public Comment Period — Jan O'Connell, Sierra Club, expressed appreciation for a recent meeting with the General Manager, Administrative Services Manager and Power Supply Manager. She looks forward to the Board's next steps for the BLP's future resource planning and hopes the community has an opportunity to provide input. Director Smart indicated the timeline includes receiving an abbreviated staff produced draft resource plan at February's

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meeting with further discussions to begin in May 2018. Evon Olmsted stated she is happy to hear the Board is moving forward.

The General Manager distributed the BLP's Energy Optimization Program and Renewable Energy Plan Annual Summary Report. GHBLP has approximately 9% in Purchase Power Agreements for wind and landfill gas. We recently contracted for another 6% in wind, which will be brought online in 2019. GHBLP is meeting the State's 10% renewable energy requirement because we brought renewable energy resources online earlier than required that produced banked RECs that we are now using. No formal action taken.

17-11C Director Witherell, supported by Director Kieft, moved to approve the following purchase requisitions:

- Approve Purchase Requisition #14597 to Corrosion Fluid Products Corporation in the amount of \$22,442 for a replacement neutralization basin pump
- Approve Purchase Requisition #14600, Michigan Cat, Inc. in the amount of \$25,446 to repair the excavator track, bucket and hydraulic system
- Approve Purchase Requisition #14602 to Resco in the amount of \$6,726 for two 50 kVA padmount transformers to replenish stock
- Approve Purchase Requisition #14604 to Wesco in the amount of \$12,048 for sixteen 25 kVA polemount transformers to replenish stock
- Approve Purchase Requisition #14606 to Irby in the amount of \$20,062 for fourteen 50 kVA polemount transformer to replenish stock
- Approve Purchase Requisition #14607 to Irby in the amount of \$25,584 for ten 25 kVA padmount transformers to replenish stock
- Approve Purchase Requisition #14616 to Pro-Seal Service Group, Inc. in the amount of \$29,698 for a replacement lime slurry pump for module A
- Approve Purchase Requisition #14618 to Shoreline Metal Fabricators in the amount of \$5,100 for a replacement awning for module A
- Approve Purchase Requisition #14621 to Berger Chevrolet in the amount of \$29,209 for a 2018 Chevrolet Colorado 4 x 4 Pickup for meter reading

The motion was unanimously approved.

17-11D FY17 Audit Presentation (Peter Haefner, Vredevelde Haefner LLC) — Director Witherell, supported by Director Kieft, moved to accept the audit presentation as information. Peter Haefner and Matt Smith, Vredevelde Haefner LLC, presented the audit. In summary, it is a clean audit that fairly presents the respective financial position of the GHBLP. The opinion provided on the System of Internal Controls is a new requirement. There were no material weaknesses or deficiencies to bring to the Board's attention. Pension expense decreased by approximately \$1 million in FY17. Capital assets increased due to the payoff of Sims and

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infrastructure investments. Revenue by Source is very consistent. Power production costs are down due to reductions in net wholesale power. The Change in net position, revenues are in excess of expenses every year. This allows the opportunity to purchase capital improvements without having to go into debt. The Board congratulated Lynn Diffell and her staff. The motion was unanimously approved.

17-11E Approve One Year Extension of Coal Contract with C. Reiss— Director Witherell, supported by Director Kieft, moved to approve a one-year extension with C. Reiss. We went out to bid several months ago and received a proposal with a reduction in price; however, we were not comfortable with the proposed coal. C. Reiss provided an offer to extend the current contract for one year. The extension includes a reduction to the required volume of coal, which provides the opportunity to purchase from the spot market. In addition, the extension requires the coal supplier to contract for transportation. The change in price is almost entirely due to the change in transportation costs. The motion was unanimously approved.

At 4:51 p.m. by motion of Director VanderMolen, supported by Director Kieft, the October 19, 2017 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

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