

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
MARCH 15, 2018

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, March 15, 2018, 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, Accounting and Finance Manager; Rob Shelley, Distribution and Engineering Manager; and Erik Booth, Power Supply Manager.

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

Director Kieft, supported by Director VanderMolen, moved to approve the meeting agenda. Director Naser requested the City's Annual Appreciation Dinner be added to Other Business. The motion was unanimously approved.

18-3A Director Kieft, supported by Director Witherell, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the February 14, 2018 Board meeting
- Accept and file the February 2018 Financial Statements and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$1,329,925.01 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$300,060.65 from the Renewal and Replacement Fund
- Confirm Purchase Requisition #14833 to Northern Boiler Mechanical Contractor in the amount of \$28,861 for emergency repairs and replacement of the recirculation discharge piping in Sims III scrubber
- Confirm Purchase Requisition #14846 to CSX in the amount of \$8,150 for a permit application review fee for the 2018 Transmission Line project
- Confirm Purchase Requisition #14854 to Datavoice International Inc. in the amount of \$15,792 for CY 2018 hosting services for the OMS software
- Confirm Purchase Requisition #14860 to Futura Systems, Inc. in the amount of \$11,400 for CY 2018 mapping software services

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- Confirm Purchase Requisition #14864 to Trivalent Group in the amount of \$6,000 for 3-year support renewal for the Dell Equal Logic SAN
- Confirm Purchase Requisition #14872 to Townley Engineering & Manufacturing in the amount of \$15,393 to purchase replacement valves for the Scrubber to be installed during the spring shutdown
- Confirm Purchase Requisition #14909 to Itron Energy Info. Systems in the amount of \$7,069 for annual hardware support for metering handheld units

The motion was unanimously approved.

18-3B Public Comment Period — No public comments. No formal action taken.

18-3C Director Kieft, supported by Director VanderMolen, moved to approve the following purchase requisitions:

- Approve Purchase Requisition #14870 to Irby Utilities in the amount of \$13,729 for one 1,000 kVA 3-phase padmount transformer to replenish stock inventory
- Approve Purchase Requisition #14873 to NISC in the amount of \$14,814 for Remit Plus hardware and software associated with check reading for new CIS system
- Approve Purchase Requisition #14889 to Gorno Ford in the amount of \$36,084 for replacement of a 4 x 4 pickup for the Distribution/Engineering Department
- Approve Purchase Requisition #14902 to Westshore Consulting in the amount of \$24,210 for a topographic survey for the 2019 North to Morford/Sternberg 69 kV Transmission Project
- Approve Purchase Requisition #14904 to Resco in the amount of \$21,018 to purchase seven single-phase 100 kVA padmount transformers to replenish inventory and for use in Piper Lakes and a new development on Robbins Road
- Approve Purchase Requisition #14908 to GRP Engineering in the amount of \$152,000 for engineering design services for the 2019 North to Morford/Sternberg 69 kV Transmission Project
- Approve Purchase Requisition #14910 to Power Line Supply in the amount of \$7,864 for secondary triplex to replenish inventory
- Approve Purchase Requisition #14913 to Dykstra Landscape Management in the amount of \$10,537 for the first year - 2018 - of 3-year contract for GHBLP lawn care services

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- Approve Purchase Requisition #14916 to Mindutopia in the amount of \$9,000 for GHBLP website redesign services

The motion was unanimously approved.

18-3D Discussion on BLP Staff recommendations presented at February meeting — Staff is moving forward with developing a budget for FY 2019. Some of February's discussion items will be included because we need to make assumptions prior to formal action being taken on February's recommendations. Staff has yet to provide alternatives to those recommendations. Staff provided a condition assessment of Sims III and how they recommend proceeding. The alternative best-case scenario is investing a minimum of \$15.5 million in plant repairs. For the last 5 years, we have been repairing whatever was needed to keep the plant operating. Even if the BLP invests the \$15.5 million, there is no guarantee the plant will continue to run. BLP options are very limited. The General Manager recommends the BLP change operations at Sims to preserve the remaining life of the plant, limit investments, and close the plant in June 2020. The recommendation would be to invest the absolute minimum required to keep it operating to that date.

Non-plant capital is approximately \$5 to \$6 million per year. We have been expensing large investment items at Sims for the last 2 to 3 years rather than capitalizing these items to ensure the plant will be fully depreciated by July 1, 2020. This was done in preparation for the plant closure between 2020 and 2025. We will budget for emergency repair items at Sims based on previous years plus some contingency. If a breakdown exceeds the 2019 budget, the BLP will need to determine how much we are not willing to spend to keep the plant running until its anticipated closure.

Discussion regarding point-to-point service ensued. Currently, MISO makes a decision on whether we will be provided point-to-point transmission service during a breakdown. If there were a concern that not enough transmission is available, Grand Haven could be curtailed. The State now requires a 3-year forward capacity commitment. We are committed to 77 MW's of capacity to MISO for that period. If we cannot meet our commitment, we will be required to purchase replacement capacity.

No formal action taken.

18-3E MPPA Quarterly Power Supply Plan — Grand Haven has chosen the "Self-directed" hedge plan under MPPA's Hedge Policy, so actions by MPPA are at the direction of Grand Haven. The GHBLP is 104% hedged with coal and renewables. When we set a closure date, the BLP will be out of compliance with our established hedge plan and will need to establish a resource adequacy plan going forward. The General Manager recommends contracting with an expert risk manager to assist in establishing the Board's revised risk management policy for the

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community. This is where the Board will begin developing a diversified portfolio. No formal action taken.

18-3F City of Grand Haven's Annual Appreciation Dinner – The April Board meeting falls on the same evening as the City's Annual Appreciation Dinner. Director Naser asked if the Board meeting could be rescheduled so the Board may attend the dinner. By consensus, the Board moved the April Board meeting to Tuesday, April 24, 2018, at 4:00 PM.

The Board is invited to attend a closed session legal review with City Council on Monday, March 19, at 8:00 PM. No formal action taken.

The Board is invited to attend the MPPA Stakeholders Meeting on May 23, 2018 in Grand Rapids. City Council members may also attend if desired. No formal action taken.

At 5:35 p.m. by motion of Director Kieft, supported by Director VanderMolen, the March 15, 2018 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

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