

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
NOVEMBER 8, 2018

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, November 8, 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 Chairperson Smant.

Present were Directors Naser, Witherell and Smant.

Present via telephone: Director Kieft.

Also present were David Walters, General Manager; Danielle Martin, Administrative Assistant; Rob Shelley, Distribution and Engineering Manager; Erik Booth, Power Supply Manager; Lynn Diffell, Accounting and Finance Manager; Mike Borgstadt, Burns & McDonnell; and Peter Haefner, Vredevld Haefner.

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

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

18-11A Director Witherell, supported by Director Naser, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the October 16, 2018 Board meeting
- Receive for information notes from the October 8, 2018 Joint Working Group meeting
- Accept and file the October 2018 Financial Statements and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$2,429,997.72 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$99,525.14 from the Renewal and Replacement Fund
- Confirm Purchase Order #20296 to Fuellgraf Chimney & Tower in the amount of \$5,017 for stack repairs
- Confirm Purchase Order #20302 to Acuren Inspection, Inc. in the amount of \$102,200 for safety inspection testing during fall outage as determined necessary by Black & Veatch and plant management staff
- Confirm Purchase Order #20305 to Double L Enterprises in the amount of \$22,380 for fly ash piping excavation
- Confirm Purchase Order #20319 to Michigan CAT, Inc. in the amount of \$7,720 to reweld broken bucket and replacement of skid steer wheel and hub assembly
- Confirm Purchase Order #20320 to Meekhof Tire Sales and Service in the amount of \$7,520 for replacement tires on 980G

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- Confirm Purchase Order #20321 to Galloup Company in the amount of \$21,627 for repairs made to failed water lines in the scrubber
- Confirm Purchase Order #20327 to Northern Boiler Mechanical Contractors in the amount of \$77,670 for outage repairs
- Confirm Purchase Order #20330 to Buist Electric in the amount of \$43,893 for electrical outage work
- Confirm Purchase Order #20336 to Double L Enterprises in the amount of \$15,471 for excavation on failed ash lines from ponds to the scrubber building
- Confirm Purchase Order #20351 to R-V Industries, Inc. in the amount of \$20,015 for a replacement part for B-1 cast burner nozzle

The motion was unanimously approved.

18-11B Public Comment Period — Chairperson Smart opened the floor for public comments.

Pat McGinnis, City Manager, informed the Board of the Grand Haven Musical Fountain Audio Project. The city is planning an investment of \$150,000 to replace the musical fountain sound system and for work on the building. A fundraiser will be held on Tuesday, November 20th at Noto's restaurant with proceeds benefiting the musical fountain project.

Chairperson Smart inquired how the Washington and Harbor Drive project is going. Mr. McGinnis advised the City is committed to completing the project, but weather is becoming a concern. He stated that contingency efforts would be discussed on Monday.

Jan O'Connell, Sierra Club, 201 Ivanhoe Grand Rapids, MI, gave her compliments to Mike Borgstadt and the Burns and McDonnell team and the BLP for the forum presentations.

No formal action taken.

18-11C Director Witherell, supported by Director Naser, moved to approve the following purchase orders:

- Approve Purchase Order #20294-1 to Treeworks, Inc. in the amount of \$27,500 for additional tree trimming work
- Approve Purchase Order #20295 to Power Line Supply in the amount of \$14,583 for the fiscal year 2018 uniform order including required fire retardant and high visibility clothing

An additional area for tree trimming work was bid out because we received a good price on the previous contract with Treeworks, Inc.

The motion was unanimously approved.

18-11D Accept the Fiscal Year 2018 Financial Audit- Director Witherell, supported by Director Naser, moved to accept the financial audit as presented.

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Peter Haefner of Vredeveld Haefner presented the Board of Light and Power's financial audit for the year ended June 30, 2018. He stated it is the opinion of the auditors that the financial statements are presented fairly, and no deficiencies or material weaknesses are present. On page four of the audit, Mr. Haefner noted a change in long-term liabilities of \$6 million as a result of the payments made to the MERS pension plan. On page five, Mr. Haefner noted a decline in operating revenue attributed to a reduced power cost adjustment and lower sales from 2017 to 2018. Operating expenses also declined. The overall change in net position was a positive \$4.7 million. The BLP has seen consistent revenue from year to year, with lower power production costs and an increase in wholesale purchases. The picture of the defined benefit pension plan is from the perspective of the city as a whole, and a decrease in liability differential can be seen from year to year. Mr. Haefner reported a presentation was done for the city earlier this week and a finalized report is coming soon.

The motion was unanimously approved.

18-11E Approve Resolution to Exempt BLP Employees from Public Act 152 – Director Witherell, supported by director Kieft, moved to approve the Resolution to Exempt BLP Employees from the Requirements of the Publicly Funded Health Insurance Contribution Act (Act 152 of the Michigan Public Acts of 2011) for the January 1, 2019 – December 31, 2019 Medical Benefit Plan Year.

PREAMBLE AND RESOLUTION
FOR ACT 152 EXEMPTION FOR THE
JANUARY 1 – DECEMBER 31, 2019 MEDICAL BENEFIT PLAN YEAR
(Under the Publicly Funded Health Insurance Contribution Act)

PREAMBLE:

WHEREAS, the Board, in the interest of maintaining a competitive benefit package, desires to exempt all of its employees (i.e. whether or not they are in the UWUA bargaining unit) from the requirements of the Publicly Funded Health Insurance Contribution Act (Act 152 of the Michigan Public Acts of 2011 as amended – the “Act”) for the January 1, 2019 – December 31, 2019 medical benefit plan year; and

WHEREAS, such exemption is authorized by Section 8 of the Act upon a 2/3 vote of the Board's governing body inasmuch as the Board qualifies as a “local unit of government” as a municipal electric utility system (pursuant to Section 2(d) of the Act);

RESOLUTION:

NOW, THEREFORE, BE IT RESOLVED, by the governing body of the Board of Light and Power, as follows:

1. That, pursuant to Sections 8(1) and 8(2) of the Act, the Board hereby determines, upon a 2/3 vote of its governing body, to exempt itself from the requirements of Sections 3 and 4 of the Act with respect to all Board employees (i.e. whether or not they are subject to or covered by a collective bargaining agreement); and

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2. That the Board's exemption of itself from the requirements of the Act, as provided in Paragraph 1 (above) of this Resolution, shall be effective for the medical benefit plan year commencing January 1, 2019 and ending December 31, 2019.

In a roll call vote of the Board, those in favor: Directors Kieft, Naser, Witherell and Smart; those opposed: none; those absent: VanderMolen. Motion passed.

18-11F Burns and McDonnell Review of IRP Forums - Mike Borgstadt presented a summary of the feedback received at the forums held in the past week and stated Burns & McDonnell recommends path 2 to the Board. He outlined a timeline for the next steps. Tonight, the Board is asked to authorize finalizing the power supply plan and initiating a Project Definition Report (PDR). The completed PDR is expected to be presented to the Board in April or May 2019. The Board's full project approval would be needed about one year prior to Sims closure. After the Board's full project approval, City Council approval would be sought in June/July 2019. Director Naser stated the City Council is planning to vote on the closure of Sims in February and asked if the PDR can be completed by then. The General Manager responded we will move as quickly as possible, but we do not want to force through an incomplete report. More importantly, City Council's approval will be required before many activities in the PDR can be completed. Director Naser stated negotiating our four-year capacity purchase plan before the City Council has voted on Sims closure is premature. The General Manager stated if we do not negotiate for the next four years, MPPA will do it on our behalf. Capacity must be purchased regardless of the City Council's decision since we will not have any coal inventory for generation at Sims. He stated approving the proposal for the PDR will show the Board's commitment to moving forward with building a new generating facility. Our desire is for the Board to make the necessary commitments to satisfy City Council's concerns as soon as possible, so activities within the PDR process requiring a firm Sims closure date can be completed in the time frame proposed.

Director Smart opened the floor for public comment.

Jeff Miller, resident, stated the City Council has a resolution before it to mandate local generation by 2022 with at least fifty percent of the energy sold in Grand Haven being produced locally.

Mayor McCaleb stated the resolution has been tabled. With the additional information provided by Burns & McDonnell, the resolution may be reworded, and a Sims closure authorization may be provided based on commitments made by the Board.

Dennis Scott, City Council, stated he understands the benefit of purchasing from the grid when it is cheaper, and the City Council will need to discuss it further. He stated they now have better information to act on.

Director Witherell, supported by Director Kieft, moved to approve finalizing the power supply plan and Phase I Project Development Support and development of a Project Definition Report. This includes a plan for the decommissioning/demolition of the Sims Generating Station and concept design of a reciprocating engine generation site at a cost of \$195,000. The Board requested that Burns & McDonnell return in December or January to present the finalized power supply plan report.

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In a roll call vote of the Board, those in favor: Directors Kieft, Naser, Witherell and Smart; those opposed: none; those absent: VanderMolen. Motion passed.

18-11G 2017 Michigan Electric Utility Average Revenue per kWh Annual Comparison. The General Manager stated this is a comparison covering three years. New to this year's comparison is a chart showing Michigan's forty municipalities in order of sales. The BLP is benchmarked against the municipalities from Coldwater to Sturgis. Only three out of forty municipalities operate baseload units; Lansing Board of Water and Light, Holland Board of Public Works, and Grand Haven Board of Light and Power.

No formal action taken.

18-11H Calendar Year 2019 Schedule of Meetings - Director Witherell, supported by Director Naser, moved to approve the calendar year 2019 schedule of meetings as presented.

The motion was unanimously approved.

18-11I Director Witherell issued a statement thanking the Sims employees for attending various meetings over the recent months. He is happy to see City Council members at tonight's meeting and would like to see if rotating attendance at future meetings is possible. Director Naser stated if the Council attends the Board meetings, the Board should do the same for Council meetings.

No formal action taken.

18-11J The Board was informed of snowmelt issues. Two underground valves are leaking, and the maintenance crew is working as quickly as possible to make the repairs. Water can circulate through the system to prevent freezing pipes but will not be able to melt snow until after the repair is completed.

No formal action taken.

At 5:24 p.m. by motion of Director Witherell, supported by Director Kieft, the November 8, 2018 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board
(by Danielle Martin)

RM/dm