

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
FEBRUARY 21, 2019

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, February 21, 2019, 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 Kieft, Naser, 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; and Dale Rietberg, Varnum.

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

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

19-02A Director Witherell, supported by Director Kieft, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the January 17, 2019 Board meeting
- Accept and file the January 2019 Financial Statements and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$879,061.15 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$39,985.49 from the Renewal and Replacement Fund
- Confirm Purchase Order #20010-1 to Power Line Supply Company in the amount of \$11,605 for a Change Order to add additional poles to the North to Sternberg 69kV line project
- Confirm Purchase Order #20460 to Aerial Hydraulic Repair, Inc. in the amount of \$5,229 to repair hydraulics on a bucket truck
- Confirm Purchase Order #20512 to Northern A-1 in the amount of \$15,612 for fly ash removal and disposal
- Confirm Purchase Order #20515 to Double L Enterprises in the amount of \$22,128 for the excavation of ash/firewater piping for repair work
- Confirm Purchase Order #20528 to State of Michigan in the amount of \$41,830 for the annual air quality program fee
- Confirm Purchase Order #20534 to Corrosion Fluid Products Corporation in the amount of \$8,842 for an ash strainer replacement

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- Confirm Purchase Order #20543 to Buist Electric in the amount of \$7,665 for contract electric services at Sims
- Confirm Purchase Order #20547 to Network Environmental, Inc. in the amount of \$6,238 for 1st Quarter 2019 MATS Compliance Stack Testing
- Confirm Purchase Order #20559 to Northern Boiler Mechanical Contractor in the amount of \$18,085 for emergency repairs to tailwater system
- Confirm Purchase Order #20561 to Northern Boiler Mechanical Contractor in the amount of \$17,241 for emergency welding repairs
- Confirm Purchase Order #20574 to City Farmer Lawn and Landscape in the amount of \$5,098 for January snow removal

Discussion of the Financial Report was held. There is a substantial increase in assets year over year. There was a \$5 million contribution to the Pension Plan in 2017 and another \$1 million contribution in 2018. Inventory is down by \$1 million and is on schedule. Non-current assets for MPPA has increased over \$700,000. Deposits held by MPPA are increasing by approximately \$100,000 per month. Our Energy Service contract requires one month working capital to be held at MPPA so they may pay bills on Grand Haven's behalf. This is how they manage it for all MPPA members. We should have \$1.5 million to \$2 million at MPPA for these purposes.

Capital assets are growing rather than depreciating.

Income Statement Revenues are up approximately 2.73%. We are selling more power at a 4.3% growth. Rates are up approximately 3%. The volume increase is a result of the 2018 summer heat.

Expenses are in line with expected amounts. Plant unit costs are up substantially because we are running at low loads, which is leading to higher heat rates and less efficiency. This is being offset because we are buying more power at lower costs.

The General Manager reviewed the BLP's four year power supply sources with the Board. The 2005 – 2015 trend shows we were generating less over time and buying more. We would have continued to purchase more had we not changed operations in 2015 (run the plant at higher loads to reduce heat rates for higher efficiency). This was done to give Sims one last shot to become more competitive. We are now completing the path we were on since 2005.

The motion was unanimously approved.

19-02B Public Comment Period — No comments were heard. No formal action taken.

19-02C Director Witherell, supported by Director Naser, moved to approve the following purchase orders:

- Approve Purchase Order #20522 to Bridgewell Resources, LLC. in the amount of \$12,125 for power poles
- Approve Purchase Order #20566 to Babcock & Wilcox Company in the amount of \$5,168 for outage access door inlet Duct B module

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- Approve Purchase Order #20567 to Renew Valve & Cleveland Valve in the amount of \$9,572 for outage stop check valve.
- Approve Purchase Order #20571 to Resco in the amount of \$14,178 for 25 kVA and 100 kVA pole mount transformers for stock
- Approve Purchase Order #20572 to Power Line Supply Company in the amount of \$20,459 for 50 kVA and 75 kVA pole mount transformers for stock
- Approve Purchase Order #20573 to Kent Power Inc. in the amount of \$196,518 for FY2019 2400 kV conversion work – Phase 2
- Approve Purchase Order #20575 to Resco in the amount of \$12,139 for a pad mount transformer for Musical Fountain

Purchase Order #20573 is for ongoing efforts to remove the 2400 kV portion of our distribution system and convert to the higher voltage level we have on the rest of our system.

Rob Shelley, Distribution and Engineering Manager provided an update on the Transmission Line project. CC Power has completed the first two miles of Phase III and is starting work on the third section of that phase. Our goal is to have Phase III complete no later than June 2019, which will complete the Transmission Line Upgrade Project. When we move to Network Transmission, we will dedicate this portion of our system to the Network for a revenue stream to help offset some of the costs of transmission.

The motion was unanimously approved.

19-02D Director Witherell, supported by Director Kieft, moved to accept the Engineering Services proposal from Golder Associates, Inc. for development of the Harbor Island Remediation Plan pending attorney review.

This proposal is one of two received for engineering services to develop a site remediation plan for BLP property on Harbor Island. Harbor Island is a unique remediation site due to the former City dump and the BLP ash ponds. Environmental Resource Management also submitted a proposal and has site experience as a national firm; however, they have not performed similar work in Michigan while Golder Associates has done nearly all Consumer Energy closures in the State. Golder is not the least costly, but they have the most experience and have worked with the DEQ. Staff feels their proposal meets all the requirements and recommends approval.

The motion was unanimously approved.

19-02E Director Witherell, supported by Director Naser, moved to adjourn the open session and enter into closed session pursuant to Section 8(h) of the Open Meetings Act to consider written communications protected by the attorney-client privilege and exempt from disclosure under Section 13(1)(g) of the Freedom of Information Act. In a roll call vote of the Board, those in favor: Directors Kieft, Naser, Witherell, and Smant; those absent: VanderMolen; those opposed: none.

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The motion was unanimously approved.

19-02F Director Witherell, supported by Director Kieft, moved to adjourn the closed session and reenter open session. In a roll call vote of the Board, those in favor: Directors Kieft, Naser, Witherell, and Smant; those Absent: VanderMolen; those opposed: none.

The motion was unanimously approved.

19-02G Director Witherell, supported by Director Kieft, moved to authorize Attorney Dale Rietberg to draft a letter to the Mayor and City Council under Director Witherell's signature for the Board's consideration and approval at an upcoming Special Meeting.

In a three to one vote of the Board, those in favor: Directors Kieft, Witherell, and Smant; those opposed: Director Naser; those absent: Director VanderMolen. The motion passed.

At 6:16 p.m. by motion of Director Witherell, supported by Director Kieft, the February 21, 2019 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

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