

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
MAY 21, 2020

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held electronically via a live Zoom Meeting on Thursday, May 21, 2020, at 4:00 p.m. in Grand Haven, Michigan.

The meeting was called to order at 4:10 p.m. by Chairperson Smart.

Present were Directors Crum, Naser, Witherell and Smart.

Also present were David Walters, General Manager; Renee Molyneux, Administrative Services Manager and Secretary to the Board; Lynn Diffell, Accounting & Finance Manager; Rob Shelley, Distribution & Engineering Manager; and Erik Booth, Power Supply Manager.

Director Witherell, supported by Director Naser, moved approve the meeting agenda.

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

20-05A Director Witherell, supported by Director Naser, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the April 23, 2020 meeting
- Accept and file the April 2020 Financial Statements and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$2,141,537.04 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$1,287,356.96 from the Renewal and Replacement Fund
- Confirm Purchase Order #21295 to Bridgewell Resources LLC. in the amount of \$12,098 for wood power poles to replenish inventory
- Confirm Purchase Order #21298 to Mid-Michigan Railroad in the amount of \$14,280 for 2018 railroad flagman services during the 69kV transmission rebuild project
- Confirm Purchase Order #21301 to Holland Litho Printing Service in the amount of \$5,082 for printing FY2021 Plugged In newsletters
- Confirm Purchase Order #21305 to Arch Environmental Group in the amount of \$6,745 for LabPack disposal of old and unused chemicals and mercury switches prior to Sims demolition
- Confirm Purchase Order #21306 to Northern A-1 Services, Inc. in the amount of \$10,473 for disposal of acid, cleaning of demineralizer sulfuric acid and sodium hydroxide tanks, and cleaning of neutralization basin
- Confirm Purchase Order #21315 to Michigan Electric Co-op Association (MECA) in the amount of \$55,650 for a three-year contract for distribution safety training at \$18,550 annually

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- Confirm Purchase Order #21321 to CDW Computer Government in the amount of \$9,355 for computers and monitors
- Confirm Purchase Order #21322 to Power Line Supply in the amount of \$8,460 for secondary triplex wire for Taylor Street Project
- Confirm Purchase Order #21329 to Vivid Learning Systems, Inc. in the amount of \$5,400 for FY2021 online safety training

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

20-05B Public Comment Period — A letter from Nancy O’Neill, resident, was received and read to the Board.

Director Witherell, supported by Director Naser, moved to accept the letter and to respond to the letter as a Board.

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

Rob Mersereau, resident, was experiencing internet issues and will send an email to David Walters as a follow up to correspondence they were having regarding power generation and the future of Harbor Island. He looks forward to being involved with Progressive AE.

No formal action taken.

20-05C Director Witherell, supported by Director Naser, moved to approve the following purchase order:

- Approve Purchase Order #21317 to Power Line Supply in the amount of \$24,523 for 15 Polemount Transformers to replenish inventory

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

20-05D Director Witherell, supported by Director Naser, moved to approve setting the FY2021 Power Cost Adjustment (PCA) to zero.

There are no rate change recommendations in the FY2021 Budget; however, we are requesting a change to the PCA due to fixed costs moving to rolling costs. Keeping it as is would require monthly PCA changes. This recommendation will eliminate the PCA for FY2021, which results in about a 2% decrease in rates for the year. We will reinstitute the PCA in July 2022.

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

At 4:21 PM, Director Kieft joined the meeting.

20-05E Director Witherell, supported by Director Crum moved to approve the FY2021 Budget as presented.

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Power supply changes from 2001 – 2021 were reviewed. The BLP's renewable energy portfolio will increase to approximately 17% in 2020. Sales are difficult to estimate due to the anticipated recovery from the COVID-19 crisis. This year, we are expected to finish the year down 5.5% overall. April was the worst sales month in 20 years, with industrial sales down approximately 30%. The proposed budget may be slightly aggressive, which may mean we make budget adjustments later in the year if sales do not turn around. We will continue to provide monthly updates via the sales dashboard.

Director Naser is concerned about the revenue projections. He stated he feels we are being extremely optimistic and opts for a more conservative approach. General Manager Walters reviewed the sales estimates and forecast for FY2020 and FY2021. It is a plan for lower revenue and expenses. There is a fair amount of net income. If it is worse than projected, we will still be able to make it up. Revenues will be enough to cover the expenses.

Chairperson Smant stated we are all aware this is an estimate and we do not know what is going to happen. He agrees we have no better numbers to plug in. We will track monthly via the sales dashboard. If expenses are on track and revenues are below, we may want to consider an adjustment. Estimates are in line with what other utilities are doing. Director Smant suggests we move forward as is and review each month going forward.

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

20-05F Director Witherell, supported by Director Crum, moved to approve the 5-Year Capital Improvement Plan (CIP) as presented.

Recognizing we will not be building a 36 MW plant on Harbor Island; the CIP was reduced by approximately \$31 million and now includes approximately \$11.5 million for a 10 MW RICE plant that has yet to be approved. The Board will be presented with project recommendations for consideration and approval before they are built.

Director Naser stated he is not in favor of the plan being pursued. He stated 10 MW's is not what Council requested, if the grid goes down, gas is vulnerable to attack, and we have not adequately invited the public to participate in further discussions.

Director Witherell stated he is not sure why we have to have this conversation at every Board meeting. He has heard it for five years and feels it is a waste of everyone's time.

Chairperson Smant asked, if the grid goes down, is there any power supply source we can now access? The General Manager said there is none. We are evaluating installing something (to the maximum amount we can install given the current gas system) and we hired a firm to help determine the right sized plan for Grand Haven. Installing wind or solar in the City would require hundreds of acres of land we do not have and will not be able to acquire at a competitive price.

Director Naser's goal is to have backup. He feels we can accomplish that by using rooftop solar.

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Director Kieft referenced a Fox report he reviewed which indicated it was determined Red China hacked in and took classified information from the Pentagon. Red China has the capability to shut down a major portion of the U.S. Grid. He asked what can the BLP do to mitigate that, and should we? If we have a 30-40 MW plant opportunity available in Ottawa County, why would we spend \$11 million on a facility in Grand Haven? Should we reserve that money to invest in a potential larger facility in Ottawa County? He feels a time-out may be in order while we go through a period of discovery.

The General Manager advised the Board no one is suggesting a cyber or EMP attack on the grid is something we should not be concerned with, but we need to ask who is responsible for protecting against such an event? Industry experts are not recommending all municipalities build generation or install solar on every rooftop to mitigate this potential threat. This is not the solution anyone is suggesting to counter these threats. The industry experts are responsible for ensuring these assets are protected and are working on everyone's behalf to do so. This is not the responsibility of local municipalities. We are dependent on the grid and these other experts who operate it. The question Grand Haven should be asking is, how much do we want to spend of limited revenue dollars that could be better utilized elsewhere? Rooftop solar is all behind the meter. We would have to rework the entire utility infrastructure to support such an endeavor.

Director Naser stated he is not suggesting there is a specific solution. He wants additional robust discussion of other ways we can generate power if the grid goes down. The General Manager reminded the Board these questions were asked during our power supply planning process and the most suitable response was recommended by our consultants. They did evaluate our options.

The General Manager said local generation of any nature is not being proposed as a solution for this. Nothing is included in the 5-Year CIP to address critical infrastructure because Grand Haven does not own any critical infrastructure. The CIP is the same as last month. Harbor Island redevelopment represents approximately \$40 million of a \$50 million 5-year CIP plan. CIP's purpose is to plan an amount of capital that is going to be spent.

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

20-05G Discussion regarding the resumption of customer disconnects. The Board approved delaying disconnects to June 1st at April's meeting. The number of past due accounts has gone down somewhat. When customers call, our Customer Account Representatives are directing those who are struggling to seek assistance. We have over \$90,000 past due. Most other municipals are resuming disconnects and Staff recommends resuming June 1 as approved at the April meeting.

No formal action taken to further delay resumption of disconnects.

20-05H Director Witherell, supported by Director Crum, moved to approve proposals from ProgressiveAE for the Harbor Island Redevelopment Project as presented.

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The BLP received a series of proposals from ProgressiveAE to address the decision making process for the Harbor Island Redevelopment Project:

1. Harbor Island Master Plan - \$22,500
2. Conceptual Design Services for System Operations and Control Facility, Phase 1 - \$30,000
3. Conceptual Design Services for Engine Hall - \$20,000
4. Harbor Island Program Management (time and expenses as needed only)

Director Naser stated his comments should not reflect negatively on Erik Booth, Power Supply Manager. He feels Erik is doing a good job; however, he feels these proposals are the tip of the iceberg on costs. He feels costs will be a lot higher than proposed. Also, nothing is included for working with the Grand Haven Planning Commission.

Chairperson Smant stated the purpose of these proposals is to develop a plan to follow. We need this to get started.

The General Manager advised fees are at an hourly rate at a not to exceed amount. The BLP will involve the Grand Haven Planning Commission as required of all such projects.

In a roll call vote of the Board, those in favor: Directors Crum, Witherell and Smant; Those absent: none; those opposed: Directors Kieft and Naser. Motion Passed.

05-20I The General Manager provided a bond financing update. We need to get funding for over \$15 million of previously approved expenditures, and we need to pass a Bond Ordinance. The Bond Ordinance base document has not been updated in over 30 years. Bond counsel and the City attorney are amending and restating the Bond Ordinance and supplemental ordinances to a single document for Board review at its June 2020 meeting. If the Board cannot agree on financing already approved project elements, we will have to drain cash. In order to issue debt, the Board will have to approve a bond ordinance. Short term notes need to be issued in the next several months. The General Manager is unsure how to gain Board consensus on a project and its financing, but we are hopeful we will get there.

05-20J Two months ago, Staff presented a plan to permit CCR removal for Units 1 & 2 and Unit 3 ash ponds. Contracts have not been executed. A significant portion of this project cannot be completed this year due to flooding on the island. Units 1 & 2 impoundments are below the water table. Unit 3 is above and may proceed this year. This full \$3 million project approved in March is then canceled. We are currently in talks with EGLE and the EPA on how to proceed.

No formal action taken.

05-20K Other Business – Director Witherell stated he has been told the General Manager has him in his back pocket, and Director Witherell said that is true. The Board hired a general manager to guide the BLP through a very difficult process. The General Manager has hired a staff that is the envy of utilities across the State. Director Witherell is weary of hearing the same rhetoric every month and it is not going to get the Board where it needs to go. The majority has spoken and continues to speak.

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The General Manager updated the Board of his discussions with Rob Mersereau. City Council rejected a request to have a Citizen's Advisory Committee appointed to review the redevelopment of Harbor Island and proposed energy solutions. Council has suggested these individuals review information from the BLP and provide any comments they may have to the Board. The General Manager is meeting with Mr. Mersereau on Friday and has offered to present information to the group. They will then be able to generate a report to present to the Board if they wish. The General Manager committed to update them on where we are, what we have done to date, and allow a subgroup to participate in ProgressiveAE's review in some fashion.

Director Naser requested a work session to discuss the time allowed from BLP bill delivery to due date. Additionally, Board members received a letter from Village Green requesting a reconsideration of deposit amounts. Chairperson Smart will work with Staff to schedule a work session in the next 2 – 3 weeks.

Director Crum stated we did not allow enough time for Public Comment and asked if the public would like to add any comments at this time.

Rob Mersereau thanked the General Manager for remarks on his behalf. He feels his points were covered well and looks forward to working with BLP Staff and members of the Board.

Director Crum stated he listened to the City Council meeting and feels the information the BLP is sharing with the City and Mayor has been very helpful and places the BLP/City in a good line for decision making.

No formal action taken.

At 5:45 p.m. by motion of Director Naser, supported by Director Crum, the May 21, 2020 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

RM