

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
JUNE 18, 2020

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, June 18, 2020 at 4:00 p.m. at the Board's office located 1700 Eaton Drive in Grand Haven, Michigan and electronically via live Zoom Meeting.

The meeting was called to order at 4:01 p.m. by Chairperson Smart.

Present were Directors Crum, Kieft, Naser, Witherell and Smart.

Also present were David Walters, General Manager; Danielle Martin, Administrative Assistant; Lynn Diffell, Accounting & Finance Manager; and Erik Booth, Power Supply Manager. Rob Shelley, Distribution and Engineering Manager, moderated the public conference call.

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

20-06A Director Witherell, supported by Director Kieft, moved to approve the consent agenda. The consent agenda includes:

- Approve Minutes of the May 21, 2020 Board Meeting and the June 11, 2020 Board Work Session
- Accept and file the May 2020 Financial Statements and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$2,054,794.95 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$1,229,744.89 from the Renewal and Replacement Fund
- Confirm Purchase Order #20888-8 to Jaffe Raitt Heur & Weiss in the amount of \$15,288 for legal services for CCR compliance issues
- Confirm Purchase Order #20934-2 to Trace Analytical in the amount of \$5,224 for additional groundwater sampling required for CCR compliance
- Confirm Purchase Order #20985-1 to Newkirk Electric Associates in the amount of \$5,620 for a change order for the West Spring Lake Road phase 2 project
- Confirm Purchase Order #21337 to Precision Trenching, Inc. in the amount of \$12,224 for a directional bore on 168th Avenue
- Confirm Purchase Order #21338 to McCormick Sand, Inc. in the amount of \$13,149 for bottom ash disposal
- Confirm Purchase Order #21341 to BMM Diesel Service, LLC in the amount of \$8,178 for backyard machine repair
- Confirm Purchase Order #21344 to Golder Associates, Inc. in the amount of \$5,431 for monitoring well engineering

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
JUNE 18, 2020

- Confirm Purchase Order #21348 to PCM Sales, Inc. in the amount of \$6,367 for a 3-year renewal of Sophos antivirus software
- Confirm Purchase Order #21358 to WGHN Radio Station in the amount of \$6,960 for FY 21 community outreach programming
- Confirm Purchase Order #21359 to Z Services, LLC in the amount of \$7,200 for six months cleaning services at Eaton Drive

Sales are down approximately 20% by volume for the months of April and May and down approximately 8% fiscal year to date. The General Manager is watching the data daily and June sales are rebounding. We are currently 6% behind last June. Last June was mild and sales were below normal. Peak demand has hit 58MW during the day but is still down during the night.

The motion was unanimously approved.

20-06B Public Comment Period — No comments.

20-06C Director Witherell, supported by Director Kieft, moved to approve the following purchase orders:

- Approve Purchase Order #20621-1 to Golder Associates, Inc. in the amount of \$32,000 for additional Sims site groundwater monitoring program management
- Approve Purchase Order #21330 to Northern Boiler Mechanical Contractors in the amount of \$316,000 for snowmelt hot water heater installation
- Approve Purchase Order #21339 to R. L. Deppmann Company in the amount of \$26,250 for a snowmelt system air/dirt separator replacement
- Approve Purchase Order #21351 to Northern Boiler Mechanical Contractors in the amount of \$5,500 for snowmelt concrete pads
- Approve Purchase Order #21354 to GRP Engineering Services in the amount of \$32,000 for engineering services for the North Substation transformer relocation project
- Approve Purchase Order #21355 to GRP Engineering Services in the amount of \$73,000 for engineering services for the Osipoff Substation transformer and reclosure upgrade project
- Approve Purchase Order #21361 to Border States Electric in the amount of \$13,017 for wood power poles to replenish inventory

Two of the Purchase Orders are to GRP Engineering for substation capital improvements. A new transformer will be purchased for the Osipoff substation and the transformer currently at Osipoff will be moved to the North substation. This will take place in the next calendar year.

The Board was provided with a letter from Erik Booth regarding snowmelt. The budget was set at \$750,000. Total costs are now expected to be approximately \$1 million. A discussion was held regarding how the city will be billed for snowmelt expenses. Director Witherell and

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
JUNE 18, 2020

Chairperson Smart attended a meeting with city council snowmelt representatives and the city is aware they will be billed for an expected total of \$1 million. Director Kieft does not want the BLP to pay for any portion of this \$1 million while he is fine with the BLP financing it and recovering it over time. The BLP and the city have an agreement in place through December 31, 2020 stating the city has responsibility for snowmelt costs incurred by the BLP. The equipment being installed is a short to long term solution. It can be relocated into a permanent structure in the future.

The motion was unanimously approved.

20-06D Director Witherell, supported by Director Kieft, moved to approve increasing the snowmelt budget from \$750,000 to \$1 million.

The motion was unanimously approved.

20-06E Director Witherell, supported by Director Kieft moved to approve the MPIA-GHBLP Administrative Services Agreement.

MPIA is a licensed insurance authority within the State of Michigan. The agreement is between MPIA and the GHBLP. By signing, the BLP is agreeing to provide MPIA services. Zeeland BPW provides services as the treasurer and GHBLP provides services as the secretary.

The motion was unanimously approved.

20-06F Director Naser moved to reduce security deposits on mobile homes from \$400 to \$200 effective immediately. No support gained.

Customer deposits were discussed at the June 11, 2020 Work Session. The BLP normally resumes disconnects April 15th; however, the Board delayed disconnects to June 1st due to the COVID-19 pandemic. No disconnects occurred between November 1, 2019 and June 1, 2020. Of the 204 disconnects conducted to date in June, 83 were in mobile home parks. Last year, mobile homes were 40% of write off's by volume and 60% by dollar value. The 83 mobile homes that were disconnected had an average past due amount of \$430 to be paid for reconnection. The BLP's current \$400 deposit would not cover the average bill if the customer had left. The BLP had to additionally send to collections approximately \$17,000, with an average balance of \$300 per account, from mobile home parks fiscal year to date. Staff recommends keeping the \$400 deposit amount in place and work with mobile home park owners to collateralize a portion of the deposit so we may lower the deposit amount to the homeowners.

Director Kieft moved to have the General Manager provide the Board with all written policies on deposit and collection procedures, and to make a proposal to the three mobile home park owners to collateralize resident deposits, for review at the Board's next meeting. No support gained.

Director Naser, supported by Director Crum, moved to direct the General Manager to work with the three mobile home parks on entering an agreement with the GHBLP for park owners to collateralize a portion of customer deposits before the July meeting.

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
JUNE 18, 2020

The motion was unanimously approved.

20-06G Director Naser, supported by Director Crum, moved to opt out of Public Act 95.

Staff recommends the Board not opt out of PA-95. Allowing customers to go six months with no shutoffs is unusual for most customers in Michigan and the nation. Director Naser stated the MMEA data sheet shows 24 out of 40 utilities, or 60%, opt out. The General Manager reminded the Board that all MMEA utilities represent only about 5% of all electric customers in the State of Michigan and no other states, to his knowledge, have a similar state law requiring no winter disconnections in these circumstances for almost six months.

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

20-06H Discussion was held regarding the Bond Resolution, which was 30 years old and in need of updates. The updated Bond Resolution was provided by Bond Counsel and reviewed by the city attorney (both of Dickinson Wright). The Supplemental Bond Resolution is passed when new debt is issued. By approving these items, the Board is agreeing to send them to City Council for their approval.

The Supplemental Resolution allows the Board to obtain financing for items that have already been approved, which total almost \$15 million at this point. Staff and our financial advisor, PFM, recommend using Huntington Bank for the short-term notes. Huntington has offered the BLP a line of credit up to \$30 million at 1.64% in bond anticipation notes (BANs).

Over the next year, the Board will evaluate and finalize the project and assess the total cost to be financed. A Second Supplemental Bond Resolution will then be required to pay off the short-term borrowing, and any additional financing needed. Director Naser stated he will not vote yes on this item unless all references to RICE units are replaced with the term "generation equipment". The General Manager stated the wording must be consistent with the wording used in the Notice of Intent.

Director Witherell, supported by Director Crum, moved to approve the Bond Resolution and First Supplemental Bond Resolution.

A RESOLUTION TO APPROVE THE REVENUE BOND RESOLUTION
AND FIRST SUPPLEMENTAL REVENUE BOND RESOLUTION AND
RECOMMENDING APPROVAL BY THE CITY COUNCIL
OF THE CITY OF GRAND HAVEN, MICHIGAN

WHEREAS, The City of Grand Haven, Michigan (the "City"), through the Board, operates a municipal electric system (the "System") to serve users both within and without its City limits and has provided, by resolution, for rates and charges to the users of the System; and

WHEREAS, the Board has proposed a project, which includes: (i) the disassembly and demolition of the City's existing Sims plant and conducting environmental and general remediation and mitigation of the existing site; constructing or renovating a System substation; constructing, renovating and equipping electric utility office and control facilities; acquiring and installing hot

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
JUNE 18, 2020

water heaters or other heat sources for use by the City's snow melt system; acquiring and installing automated meters; acquiring, constructing and installing natural gas-fired reciprocating internal combustion engines to produce electricity, including all equipment and any appurtenances and attachments thereto; and to make other improvements to the System (collectively, the "2020 Project") and (ii) paying the costs of issuing notes and bonds; and

WHEREAS, from time to time, the City has issued revenue bonds pursuant to the Revenue Bond Act, Act No. 94, Public Acts of Michigan, 1933, as amended ("Act 94") to finance the acquisition, construction, improvement, installation and equipping of the System; and

WHEREAS, the Board and City desire to adopt a new bond authorizing resolution providing for the issuance of bonds and notes under and in accordance with Act 94 and the Revised Municipal Finance Act, Act No. 34, Public Acts of Michigan, 2001, as amended, and a First Supplemental Revenue Bond Resolution, pursuant to which short term notes can be issued to finance a portion of the costs of the 2020 Project; and

WHEREAS, a form of a revenue bond resolution (the "Bond Resolution"), which provides for the flow of funds and requirements for issuing bonds and notes and a form of first supplemental revenue bond resolution (the "First Supplemental Revenue Bond Resolution") authorizing the issuance of bond anticipation notes for consideration by the City Council, have been placed on file with the Board prior to this meeting.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF LIGHT AND POWER OF THE CITY OF GRAND HAVEN, MICHIGAN, as follows:

1. The Board hereby requests that the City Council authorize the issuance of the Notes for the purpose of paying all or part of the cost of the 2020 Project and paying the costs of issuing the Notes.
2. The Board hereby approves the Bond Resolution and the First Supplemental Revenue Bond Resolution, requests that both be submitted to the City Council for its consideration, and recommends approval of each resolution by the City Council.
3. All prior resolutions or orders, or parts thereof, insofar as they may be in conflict with the provisions of this Resolution, are hereby repealed or rescinded, as applicable.
4. This Resolution shall be effective immediately upon its adoption.

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

20-06I Director Kieft, supported by Director Crum, moved to approve using Huntington Bank for the Bond Anticipation Note and Bank of America for Bond Underwriting Services.

RFP's were sent to several large national and regional banks to provide both services. The BLP expected to get better terms by bundling the two services, but as it turned out, the two services can be obtained cheaper by separating the services.

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
JUNE 18, 2020

The motion was unanimously approved.

20-06J Discussion was held regarding the Diesel Plant Redevelopment RFP Solicitation. A phase I environmental assessment has been completed. Information that developers would want to know is being gathered and clutter at the plant is being cleaned up. An American Land Title Association (ALTA) survey will be completed in late July. As of now, insurance coverage on the Diesel Plant expires June 30, 2020. Insurance carriers have not shown interest in insuring a vacant building; therefore, MPIA likely will insure the building and BLP funds held at MPIA will be used if any incidents occur. A RFP is being put together by Urban Innovations at a cost of \$4,000 to solicit interest from developers. The RFP will be sent to developers along with the Coast Guard, local realtors, and any other interested parties.

No formal action taken.

20-06K Director Kieft requested a work session to discuss plant development, island work and to discuss a plan B if the island is not suitable for building. Progressive A&E and PEC are scheduled to present their findings at the July meeting. The Board agreed to wait to schedule a work session if needed following the July presentation. If the Board has specific questions they want addressed during the presentation, Chairperson Smart instructed questions are to be submitted to the General Manager by June 25, 2020.

No formal action taken.

20-06L Director Kieft requested an upgraded sound system be installed in the Boardroom in the next 60 days. He would like a t-coil system. The General Manager will get pricing and bring a purchase order to the Board for approval if needed.

No formal action taken.

At 6:08 p.m. by motion of Director Kieft, supported by Director Crum, the June 18, 2020 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board
(by Danielle Martin)

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