

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
OCTOBER 15, 2020

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, October 15, 2020 at 4:00 p.m. at the Board's office located at 1700 Eaton Drive in Grand Haven, Michigan and electronically via a live Zoom Meeting.

The meeting was called to order at 4:05 p.m. by Chairperson Smart.

Present were Directors Crum, 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 & Finance Manager; Erik Booth, Operations & Power Supply Manager; Rob Shelley, Distribution and Engineering Manager; Greg Holcomb, Urban Innovations LLC; and Tiffany Johnson & David List, Golder Associates Inc.

20-12A Director Crum, supported by Director Kieft, moved to approve the meeting agenda. The motion was unanimously approved.

20-12B Director Witherell, supported by Director Kieft, moved to approve the consent agenda. The consent agenda includes:

- Approve Minutes of the October 1, 2020 Board Meeting
- Accept and file the September 2020 Financial Statements and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$2,196,881.20 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$1,162,948.26 from the Renewal and Replacement Fund
- Confirm Purchase Order #21453-2 to Trace Analytical in the amount of \$20,000 for an addition to the blanket CCR testing and laboratory services for ongoing Sims site remediation
- Confirm Purchase Order #21477-4 to Cordes, Inc. in the amount of \$12,651 for CCR and coal pile material trucking to landfill for ongoing Sims site remediation
- Confirm Purchase Order #21477-5 to Cordes, Inc. in the amount of \$50,000 for an addition to the blanket CCR and coal pile material trucking to landfill for ongoing Sims site remediation
- Confirm Purchase Order #21514 to Double L Enterprises in the amount of \$14,629 to disconnect city water lines as part of Sims demolition activities

Director Naser requested the October 1, 2020 meeting minutes be amended to show he asked about Sections 6, 10, 17, 20, 21 and 22 in the Bylaws.

The General Manager reported sales volume is up approximately 2.7%. The Auditors made substantial Final Year End adjustments to unfunded liabilities and for demolition/site remediation efforts. Unfunded liabilities have not been added to the

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financial statements; therefore, approximately \$2.6 million will be added as an operating expense. Sims demolition and site remediation expenses will add another \$3.4 million as a non-operating expense. This will result in the GHBLP showing a reduction in our fiscal year net position. We are also already substantially increasing renewable energy by 51% this fiscal year. Solar will continue to be brought online over the next two years, bringing the BLP's renewable energy mix to about 25% of our total power supply portfolio in 2022.

The motion was unanimously approved.

20-12C Public Comment Period — Shannon Donely, 15857 Brucker, Grand Haven is opposed to a local peaking plant and feels there are better ways to meet peak needs, possibly through renewables. She feels the Board is not listening to what the community wants.

Chairperson Smant stated the Board watched and listened to the entire presentation by GHEnergy, not together as a group, but individually. He stated the committee did a commendable job. The Board will continue to provide information and looks forward to the next meeting of this group.

Kent Blohm, 1820 Pine Ct., Grand Haven asked the Board to gather more input from the community before proceeding with redevelopment of the Sims site.

Nicholas Pietrangelo, 19212 North Shore, Spring Lake stated he is not soliciting business for his battery company. He said the General Manager has been nothing but helpful and professional, he listens and is cooperative. He does, however, ask the BLP to consider further encouraging of local private industry (both commercial and industrial) to make their own investments in photovoltaic (PV) with or without battery storage. He submitted an email to the Board Secretary and asked the Board to review it.

The General Manager stated the only way a municipal utility may gain the Federal tax credits (for renewables) is through long term purchase power commitments with private entities that are taxable – either directly or through MPPA. BLP is one of the largest participants in the Ranger Power solar project in Shiawassee County with 14.4 MWs on approximately 80 acres of land. BLP net-metering policies are easy to work through if individuals want to install their own rooftop solar. The General Manager would be pleased to work with Mr. Pietrangelo to determine if there are further cost effective changes that can be made in the agreements to further encourage private local investment in solar.

Andrea Hendrick, 1514 Pennoyer, Grand Haven asked the Board to table adoption of the Master Plan and open additional conversations with the community.

Roy Overway, 425 Sand, Grand Haven sent a letter to Chairperson Smant and the City Manager regarding the Diesel Plant. He is an owner in Sandpiper Condominiums and has concerns about development on that site.

The General Manager said he and Director Crum met with the Sandpiper Condo Association last week. There will be a presentation on the Diesel Plant at tonight's meeting.

The General Manager added, when the GHBLP evaluated its energy plan, a substantial element in that process included collecting public comment. The Board contracted with Boileau Communications to implement that same process over the next year. There will be a direct input

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location for public comments on the website so we may answer questions and respond accordingly.

The Board received emails from Elizabeth Pell, Kevin McLaughlin, Field Reichardt, Jeffrey Miller and Brendon Thomas, which were read during public comment period. All Board members were provided copies. In summary:

Elizabeth Pell, 407 Ohio Ave, Grand Haven is asking the Board to pause and reconsider the Conceptual Master Plan.

Kevin McLaughlin, 407 Ohio Ave, Grand Haven is asking the Board to gain a side by side cost analysis for upgrades to its Eaton Drive facility vs the conceptual master plan facility on the BLP's Harbor Island site before acting.

Field Reichardt, 427 Sand, Grand Haven invited BLP Board members to view Grand Haven Energy Organization's Tuesday evening forum on YouTube and invited the Board to attend its future forums.

Jeffrey Miller, 1120 South Harbor Drive, Grand Haven expressed concerns regarding the process the Board is using.

Brendon Thomas, 10 Clinton Ave., Grand Haven expressed concerns with the proposed 12.5 MW RICE plant. He feels the BLP could invest in sustainable energy infrastructure, including storage and energy efficiency.

No formal action taken.

20-12D Director Witherell, supported by Director Naser, moved to approve the following purchase orders:

- Approve Purchase Order #21525 to RESCO in the amount of \$55,182 for wood poles for the upcoming fall/winter voltage conversion project
- Approve Purchase Order #21527 to Irby Utilities in the amount of \$16,930 for 2 x 150 kVA padmount transformers to replenish stock
- Approve Purchase Order #21528 to Irby Utilities in the amount of \$54,293 for 33 x 25-100 kVA polemount transformers for the upcoming fall/winter voltage conversion project

We are purchasing materials for the upcoming voltage conversion project on 1st Street. We are converting lower voltage to higher voltage for higher reliability.

The motion was unanimously approved.

20-12E Director Witherell, supported by Director Kieft, moved to accept the recommendations of Golder Associates and to file the documents with EGLE and the EPA.

Tiffany Johnson, Engineer, presented an overview of CCR impoundment closure efforts at the Sims site.

There continues to be significant flooding on the site, delaying closure of Units 1 and 2 impoundments. The Unit 3 East and West impoundments are above ground with clay liners. Coal

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combustion residuals and spillways were removed. Piping was removed from the center berm. The Board will work through Golder on quality control assurance that the Unit 3 impoundments meet closed requirements.

In June 2020, GHBLP notified EPA (based on Golder's recommendation) that testing would be conducted on the surrounding waters of the site to help in the development of a plan for addressing Units 1 and 2 impoundments given the inability to remove CCR material due to high water conditions. Detailed results were provided to EPA and EGLE in September 2020. If the Board approves moving forward at tonight's meeting, a mixing zone request will be submitted to EGLE in October 2020.

Dave List, Engineer, said Golder recommends a mixing zone determination because there are site-wide groundwater issues due to materials that pre-date the impoundments at Sims. They recommend making use of the existing provision, Part 201, which provides the ability to receive an EGLE approved mixing zone at the site. The data proves Sims ground water constituents do not exceed the requirements. Ten monitoring wells were installed in the mixing zone and adjacent to Units 1 and 2 impoundments. We have been monitoring those wells for more than 3 years. According to the data, a mixing zone is feasible. There is elevated chloride in some of the wells along the water's edge. List believes the chloride is from road salt or other waste on the site, not coal ash. There were 2 results over the three year period of elevated sulphate. Because of the flow in the river, plenty of mixing will occur once ground water surfaces. This study is at the river face and is showing there is no contamination at the river. In summary,

- Golder has documented the closure process for Unit 3 and is working with EGLE on the final closure mechanism.
- Golder is pursuing closure options and remedial strategies (Act 641 and the mixing zone determination) as suggested by EGLE (on 10-18-2019) for surface impoundment Units 1 and 2.
- Golder is pursuing a mixing zone determination from EGLE based on the site data that meets the requirements of mixing zone-based GSI criteria
- Golder will continue dialog with both State and Federal agencies to ensure that our approach meets acceptable closure requirements and achieve compliance with applicable criteria at the site
- Both the public and the Board can be confident that Golder has gathered the necessary data, has properly assessed the site, and that the recommended strategy provides proper protection for human health and the environment

Staff and Golder is asking for approval on the alternate strategy as presented.

In a roll call vote of the Board, those in favor: Directors Crum, Kieft, Naser, Witherell and Smart; those absent: none; those opposed; none. The motion was unanimously approved.

20-12F Director Witherell, supported by Director Crum, moved to approve the conceptual master plan and program statement presented to the Board by ProgressiveAE at the September 17, 2020 Board meeting and to direct staff to solicit proposals for more detailed architectural design and engineering services for the Board's approval in November to enable decisions by the Board and City Council on Project approval and bond financing by May 2021.

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Erik Booth, Operations & Power Supply Manager, stated the Board has been studying how best to manage its power supply over the past eight years. The biggest decision the Board made was to diversify its power supply portfolio and spread risk.

Booth reported the demolition is going well. The snowmelt project is nearly complete and will be operational in the next 30 days at a cost much lower than originally estimated. Staff reductions were made with no layoffs or terminations, all done through attrition and ahead of schedule at a substantial cost savings. The Conceptual Master Plan includes a combined heat and power source for snowmelt. The last piece of the puzzle, as presented at tonight's meeting, is the environmental issues on the site.

Booth suggested we have not discussed what we have done with our "diversified power supply portfolio." Our recent Purchased Power Commitment for solar at the Ranger Power project will get us to about 25% renewables by 2022, well above State requirements. The capacity/energy cost for the solar commitment is \$1 million per year, and at the end of the 20 year contract, we will not own anything. The debt service on a 12.5 MW RICE Plant is \$16 million, approximately \$1 million per year, and we own it at the end. Having a diversified power supply portfolio gives small utilities the flexibility they need. It allows us to invest in multiple power supply components. The proposed RICE plant is a very small piece of our total power supply portfolio. Booth assured the Board that Staff will not recommend anything that does not make economic sense.

The Harbor Island Conceptual Master Plan solves a lot of problems for this community. It makes economic sense for a piece of our diversified portfolio. It includes space for emerging technologies and a community solar garden. Booth recommends the Board approve the Conceptual Master Plan and direct Staff to move forward on necessary architectural and engineering design work.

The General Manager stated he agrees with Booth. We are also listening to the public. If we are going to proceed with the Master Plan, we need to move forward on the next phase of design work and getting firm costs and engineering design and specifications developed. We will continue the dialogue with the public and gathering their input during this process.

Director Naser thanked Booth for his work. He is concerned about the opinion that, if we answer the questions of the community, all will be resolved. He feels the community is not ready to accept the Master Plan as proposed and that this is a step toward finalizing the Plan. He is not willing to proceed without a lot more information.

Motion to table: Director Naser, supported by Director Kieft, moved to table the vote on the Conceptual Master Plan.

Director Witherell stated he does not agree that there are "a lot" of citizens concerned with the proposed Master Plan as Director Naser continues to claim. He feels we have done a lot of work on this Master Plan and the public is generally in favor of us moving forward if the project can be completed without raising rates.

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

Original Motion: Director Witherell, supported by Director Crum, moved to approve the conceptual master plan and program statement presented to the Board by ProgressiveAE at the September 17, 2020 Board meeting and to direct staff to solicit proposals for more detailed architectural design and engineering services for the Board's approval in November to enable decisions by the Board and City Council on Project approval and bond financing by May 2021.

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.

20-12G Director Witherell, supported by Director Naser, moved to establish a subcommittee of the Board to work with Greg Holcomb, a subcommittee of City Council, the City Manager and the Planning Commission.

Greg Holcomb, Urban Innovations LLC, was introduced. Greg has worked on community projects in Grand Haven over the past 20 years and presented the Diesel Plant RFP results to the Board.

The RFP was sent to over 70 companies (contractors, real estate agents, and developers). All parties were encouraged to tour the Diesel Plant and review the documents. Several "teams" were formed. We have also been working with the City on property line encroachment issues.

We received six proposals with four meeting the RFP criteria in two broad categories: 1) save the building and reuse, or 2) demolish and build new.

CL Real Estate/Lakewood Construction – Proposed reusing the Diesel Plant and retaining two of the engines to develop a restaurant, event center and office space. They are proposing a \$5.4 million dollar investment with a site bid offer to GHBLP of up to \$400,000. CL/Lakewood is an accomplished developer in Illinois and Michigan.

Melching Inc. – Proposed reusing the Diesel Plant to develop 13 condominium apartments, an entertainment venue, and an outside deck. They also proposed constructing 5 townhomes along Sherman for an \$8 to \$9 million dollar investment and a site bid offer to GHBLP of up to \$400,000. Melching is a local re-developer.

Capstone Real Estate – Proposed demolishing the Diesel Plant and reusing Diesel Plant materials to develop 8 new duplex townhomes for an approximate \$10 million dollar investment and site bid offer to GHBLP of \$1.525 million. Capstone also proposed donating \$35,000 to the Museum, reuse materials from existing structure, and is a local developer with recent successful projects.

Elite Hospitality Group – Proposed demolishing the Diesel Plant and developing a 6-story 90 room hotel with 90 parking spaces for a \$12 to \$15 million dollar investment and a site bid to GHBLP of up to \$1 million. Elite Group is a Michigan developer with recent projects including the Spring Lake Holiday Inn.

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One additional Letter of Interest was received from Jeff Ward, and another developer expressed interest if nothing moves forward from this group. Ward's Letter of Interest was incomplete but suggested reusing the Diesel Plant for an industrial museum with a bid offer to GHBLP of \$100,000. The investment level was unstated.

Director Naser stated the property is owned by the City. The General Manager informed Director Naser the title to the property is in the name of the City; however, the property has obviously been used for BLP purposes, and under Section 16.5 of the Charter, "in the name of the city for its purposes". It would seem the Board's obligation to its customers is to liquidate the property for a fair return. City Council, who must also approve of the sale by 4 of 5 council members, may have a broader responsibility to ensure the proposal is in line with the City's vision.

Next steps include discussing the proposals with subcommittees of the Board and City Council.

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

Chairperson Smart appointed Director's Witherell and Crum to work on the BLP subcommittee for this sale.

20-12H Other Business:

Chairperson Smart asked the Board to consider how the Board shall better handle letters that are submitted by the public; do we want them read out loud during public comment period or do we want to accept the letters for the record. Discussion to be held at the Board's next meeting.

Director Naser reminded the Board of the next two meetings scheduled by Grand Haven Energy Organization. They will be held at the Grand Haven Community Center at 7 PM on October 27 and November 10, 2020.

The General Manager cautioned the Board on actively participating in such meetings where a quorum of members are present. No deliberations or discussions are to occur among or between the Board members outside of Board meetings. Director Naser disagreed, stating that only discussion or deliberation of Board members on BLP business matters applies.

No formal action taken.

At 7:48 p.m. by motion of Director Witherell, supported by Director Crum, the October 15, 2020 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

RM