

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
JUNE 17, 2021

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, June 17, 2021, at 4:00 p.m. at the Grand Haven Community Center, 421 Columbus in Grand Haven, Michigan and electronically via live Zoom Meeting.

The meeting was called to order at 4:00 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, Power Supply Manager; and Rob Shelley, Distribution and Engineering Manager.

21-06A Director Kieft, supported by Director Witherell, moved to approve the meeting agenda.

The motion was unanimously approved.

21-06B Director Witherell, supported by Director Kieft, moved to approve the consent agenda. The consent agenda includes:

- Approve Minutes of the May 20, 2021 Board Meeting
- Accept and file the May 2021 Financial Statements, Power Supply & Sales Dashboard, and MPPA Resource Position Report
- Approve paying bills in the amount of \$1,762,201.44 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$514,779.51 from the Renewal and Replacement Fund
- Confirm Purchase Order #21454-11 to Ottawa County Farms Landfill in the amount of \$122,517 for landfill disposal fees
- Confirm Purchase Order #21477-9 to Cordes, Inc. in the amount of \$17,328 for trucking expenses associated with landfill disposal
- Confirm Purchase Order #21631-1 to Power Line Supply Company in the amount of \$7,058 for wire for Glendale Circle
- Confirm Purchase Order #21814 to Precision Trenching, LLC in the amount of \$5,863 for directional boring on Memory Lane
- Confirm Purchase Order #21820 to Exit 16 Fleet Repair in the amount of \$5,950 for truck repair
- Confirm Purchase Order #21840 to WGHN Radio Station in the amount of \$6,960 for 2021-2022 community outreach program

WGHN is used for public service announcements and monthly radio ads.

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Item 21-05L in the May 20, 2021 meeting minutes shall be revised to state our Financial Advisors recommended establishing a timeline for the bond issue and the BANs will be paid by the Bonds.

The motion was unanimously approved.

21-06C Public Comment Period – A summary of comments received is below.

- Jim Hagen, 400 Lake, heard the CHP will supply power to the community if there is a grid failure and would like the limitations to be shared publicly.
- Oliver Champine, 12296 Lakeshore Dr., stated he is the student class president speaking on behalf of the youth in the community and he feels the BLP has done little to protect the community.
- Jeff Miller, 1120 S. Harbor Drive, wants to have the project paused for further evaluation.
- Andy Cawthon, 50 Howard, said it seems premature to go forward with the Bond issue before we know the cost of remediation and wants a pause.
- Walter Davis, 209 S. Third St., thanked the General Manager for his friendship and responses to all questions asked. According to a report from NASA, the planet's heat has roughly doubled. What we do locally affects us globally. He feels natural gas is destructive to the planet.
- The General Manager stated no employees will lose their job. That is a promise of the Board. No change of employment is based on whether we build a plant or not.
- Mark VanPutten, 122 Crescent Dr., urged the Board to not move forward with the project. He feels remediation efforts need to be resolved before moving forward.
- Kurt Luttermouser, 117 Washington St. A, asked the Board to say no to the Bond issue and take a pause. He feels the Sims site is prime real estate.
- Nick Pietrangelo, 19212 North Shore Dr., has lived in the community since 1982 and is a former anesthesiologist. He has been involved in solar for 35 years and batteries for 30 years. He said if all natural gas is halted, people will freeze to death. He appreciates everything this utility has done, especially the work of the General Manager.
- Beau Ryther, President of the UWUA Local 582 stated on behalf of the Union, they support moving forward with the project and Bond issue. He believes it is a good plan for the community and BLP employees.
- James Clifford, 555 Gidley, Unit J, received a flyer from GHEO. He didn't know who sent it but feels people should listen to the experts. He asked the Board to pause and take more time to listen to these experts.
- Annette Allen, 15718 Grand Point Drive, supports what the Board is doing. She stated the utility needs to pay attention to reliability. You need backup to provide reliable, affordable power to help against price spikes. Gas provides quick start, reliable backup

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in the event the wind doesn't blow, and the sun doesn't shine. She feels the utility needs backup to control costs.

- Geri McCaleb, 1234 Slayton, encouraged the Board to move forward with the Bond project. We need a backup system that provides a hedge, and we need to take care of our community.
- Andrea Hendrick, 1415 Pennoyer, feels this should be a collaborative process. She wants it to be a community discussion. Almost 1,000 people signed GHEO's petition.
- Shawn Kuck, 15417 Pine Street, stated he has worked for the BLP for 25 years and he appreciates the Board and the process. The Board has been evaluating this since 2016. We have had public meetings, he sat through them. All the information has been provided on the BLP's website. He wants the Board to move forward.
- Shannon Donley, 15857 Brucker, has been involved by participating in meetings. She feels putting natural gas pipelines near Harbor Island is a bad idea (from a water perspective). She asked the Board to pause and feels the water is in danger.

No formal action taken.

21-06D Director Naser, supported by Director Witherell, moved to approve the following purchase orders:

- Approve Purchase Order #21822 to Power Line Supply Company in the amount of \$6,534 for underground locating equipment
- Approve Purchase Order #21833 to RESCO in the amount of \$13,143 for wood power poles for the 178th Avenue project
- Approve Purchase Order #21834 to Power Line Supply Company in the amount of \$5,457 for five 25 kVA pole-mount transformers
- Approve Purchase Order #21835 to Newkirk Electric Associates in the amount of \$263,458 for the Osipoff Substation transformer upgrade project
- Approve Purchase Order #21838 to Power Line Supply Company in the amount of \$26,205 for 178th Avenue project miscellaneous materials
- Approve Purchase Order #21842 to Power Line Supply Company in the amount of \$29,077 for 178th Avenue project Hendrix order

The motion was unanimously approved.

21-06E Director Crum, supported by Director Kieft, moved to opt out of the Public Act 95 LIEAF surcharge participation for FY2022. Under this Act, the State can collect up to \$1 per meter per month to fund its low-income assistance program. The Act allows municipal utilities to opt out; however, when we opt out, we as a utility are not allowed to perform shutoffs for delinquent residential customers and our customers are not eligible for assistance through the State's low income energy assistance program during the winter months.

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

21-06F Director Witherell, supported by Director Kieft, moved to approve a MERS Joint Transfer Agreement and MERS Health Care Savings Program Uniform Resolution to separate the BLP's Health Care Savings Program from the City of Grand Haven.

We separated BLP Defined Benefit Plans from the other City groups previously. This is the next step in that process. We already manage our HCSP's and will continue to do so.

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

21-06G Erik Booth, Operations & Power Supply Manager, updated the Board on Sims site contamination test results that we received on Monday, June 7:

In preparation for further closure work of the coal ash impoundments at the previous Sims Power Plant site, additional sampling was conducted by the BLP's sampling and testing firm to determine what sort of handling for groundwater to be pumped at the site would require. Results of these recent tests received last week confirmed the presence of elevated contaminant levels on the Sims site for the following constituents above regulatory criteria (in addition to those contaminants already present from the coal ash):

- Ammonia and total inorganic nitrogen
- Cyanide
- Perfluorooctanoic Acid (PFOA)
- Perfluorooctanesulfonic Acid (PFOS)

The test results are available to the public on the BLP's [CCR Rule Compliance Data and Information](#) webpage at ghblp.org. This was the first set of tests conducted for chemical constituents unrelated to coal ash. A second set of confirmatory sampling is scheduled within the next 10 days to verify these results. The results of these future confirmation/validation tests will also be made available to the public as soon as possible.

The BLP tested for these non-ash related compounds due to projected future remedial activities which may include significant dewatering and discharges to the river, to drawdown the groundwater near these waste deposits to facilitate required excavation of ash (which could impact nearby or underlying waste materials disposed of at the site historically and could also result in an uncontrolled release to the river). These contamination constituents are not present in the coal ash produced by Sims and are not the result of BLP operations on the site which began in the early 1960s. While the BLP has repeatedly stated that we are seeking a compliance strategy that avoids negatively impacting the in-situ materials (both ash and trash) that have been undisturbed in the ground for very long periods of time, the BLP will likely be required by EGLE and/or EPA to conduct some ash removal during site closure activities. The goal of any ash removal plan should be to avoid exacerbation of contaminant levels in the groundwater, or any release of these contaminants to the Grand River from these other materials historically disposed of on the site. Therefore, testing of this water needed to be conducted before a removal strategy could be effectively developed. This new information needs to be evaluated as part of the development of the ash impoundment closure and future development of the Sims Site.

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Future actions of the BLP include, 1) verify test results, 2) determine impact on future development at the site, if any, and 3) confirm what PFAS does impact.

We have confirmed with our environmental consultant and attorney that the BLP can proceed with our current site development plans. These results will impact the proposed public use of the remaining property and will very likely be restricted. These contaminants are not from coal ash, and we were not required to test for these – this was voluntary testing the BLP requested to ensure, in the event we were required to excavate and dewater, that we would not release contaminants into the river. The General Manager explained we do not want to conjecture on the source of the contaminants. We need to address the island holistically (ash and trash together) as we have advocated from the start. We shared the results with EGLE this afternoon and will work together to establish a strategy to address the additional contaminant issues.

No formal action taken.

21-06H Director Witherell, supported by Director Crum, moved to approve the Combined Heat and Power Plant, Operations and Technical Center and Sims Site Redevelopment Project as has been previously presented to the Board.

The General Manager stated the project has been presented and discussed several times over the last six months. Staff is requesting approval or disapproval for direction.

Director Naser feels the project is ill defined. He asked what the Board is being asked to approve. He is not in favor of proceeding and wants to pause to re-evaluate and to also look at other potential options. He is concerned, if the grid goes down, there will not be gas available to run the CHP.

Director Witherell stated we have been blamed repeatedly over the last year of not listening. GHEO has been gathering petition signatures and is working to convince our customers we have not listened or gotten the proper evaluations done on this project. Director Witherell stated this is not true. The Board has listened; however, the majority does not agree with much of what is being suggested by GHEO and others.

Director Kieft said there is no call option on the CHP – the analysis is flawed. In the cost structure, we only used natural gas, which is going up 15-20%. He said the cost structure also doesn't have operational expenses factored in and the interest on the Bonds is \$24 million, which doesn't cover the \$5 million we get back over the next 20 years.

Director Witherell added the BLP will receive \$1 billion in revenue over the next 20 years. The bonds repayment represents approximately only 6% of that revenue.

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.

21-06I Director Witherell, supported by Director Crum, moved to approve a Resolution to Approve the Second Supplemental Revenue Bond Resolution and Recommending Approval by the City Council.

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This Resolution was developed by bond counsel, Dickenson Wright. We are now anticipating a \$45 million bond issue. The maximum figure is set at \$50 million for contingency. 50% of construction drawings were fully presented. We are now looking at the overall project and the funding mechanism.

This is a supplemental resolution that amends the resolution approved last year and is the next supplemental that will allow us to issue these particular bonds. We still anticipate a 20-year, \$45 million bond issue for upwards of a \$57 million project with \$12 million in cash reserves used for the additional remediation work. The BANs, which come due the end of July, will be paid by the Bonds.

Portions of the Resolution were discussed. Section 3 – Useful Life is the depreciation time. Section 10 includes parameters for the sale of Bonds. The last maturity date is not to exceed September 1, 2043, up to \$50 million.

Director Naser restated he feels the project is not well defined and he also feels that the Bond issue is ill defined.

Chris Lover, PFM anticipates less than a 3% all in rate. The parameter resolution is a common practice in utilities and was utilized in Holland and Lansing.

Kester So, Dickenson Wright explained the 3-year rule. The BAN is a short-term construction facility which allowed the City to borrow at a low interest rate for a short term. This is used with the anticipation of rolling the loan to long-term debt. The 3-year rule requires the City to spend Bond proceeds within three years, so it is important to time the loan appropriately. If you wait, you expose the utility to financial risk. It is now more common to issue bonds with parameters versus approving the actual sale. With this format, exact numbers and terms are not known at this point. The downside to issuing more BANs will be finding a credit provider. Transactional costs apply to BANs and bonds.

Chris Lover explained the municipal market is very strong this year. He feels PFM can get us in less than the 3% level. Rating agencies provide grades to utilities. Most will be rated in the high AAA to low A range. Rating agencies do not critique the engineering of the project but do review the financial analysis. They look at the utility's ability to pay for the project (revenues to meet debt service requirement).

The next step will be to bring the Resolution to City Council at their July 19, 2021 meeting for review and approval.

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.

21-06J Other Business – Director Naser received a copy of a letter from our attorney Dale Rietberg written to West Michigan Environmental Action Council (WMEAC). He asked if the BLP is requesting information from WMEAC. The General Manager stated our understanding is WMEAC is a 501c tax exempt organization structured to provide education and information. Funds that are being donated to WMEAC are being provided to GHEO and may be being used to

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support GHEO's political action activities, which is not allowed under IRS rules and regulations. The General Manager said we are asking for transparency of WMEAC, as they are of GHBLP. The General Manager asked if any of the other Board members objected to seeking this information. Director Crum said he does not. No other Board members responded. Director Naser stated it is none of your business.

No formal action taken.

At 6:19 PM. by motion of Director Witherell, supported by Director Crum, the June 17, 2021 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

RM