

GRAND HAVEN BOARD OF LIGHT AND POWER  
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A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, September 16, 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; Danielle Martin, Administrative Assistant; Erik Booth, Power Supply Manager; and Rob Shelley, Distribution & Engineering Manager.

21-10A Director Witherell, supported by Director Kieft, moved to approve the meeting agenda.

The motion was unanimously approved.

21-10B Director Witherell, supported by Director Kieft, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the August 19, 2021 Board Meeting as amended
- Accept and file the August 2021 Financial Statements and Power Supply & Sales Dashboard
- Approve paying bills in the amount of \$3,830,882.46 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$825,013.21 from the Renewal and Replacement Fund
- Confirm Purchase Order #21700 to Zervas Facility Maintenance in the amount of \$12,000 for annual janitorial services at Eaton Drive facility
- Confirm Purchase Order #21946 to Golder Associates, Inc. in the amount of \$59,000 for annual CCR compliance reporting
- Confirm Purchase Order #21947 to Trace Analytical in the amount of \$13,597 for surface water sampling and testing
- Confirm Purchase Order #21966 to Futura Systems, Inc. in the amount of \$23,400 for monthly mapping software fees

The Public Comment from Jeff Miller in the August 19, 2021 meeting minutes shall be revised to specify what the petitions delivered by GHEO requested.

Item 21-09E in the August 19, 2021 meeting minutes shall be revised to note Director Naser's suggestion for the make-up of a work committee and what it would be tasked to do.

The financial statements reflect only two months of the fiscal year. The Income Statement shows year-over-year net power purchases of \$643,000 over last year, an increase of 24.3%. This is largely due to timing issues with the weekly bills we receive. We received five weekly bills in August of this year, while September had five bills last year. This year-over-year difference will

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correct next month when we will have received 13 bills in the same three-month period for both years. Power supply costs are up 8-10% in the short term.

The motion was unanimously approved.

21-10C Public Comment Period –

Bob Monetza, Mayor, 945 Washington, stated City Council has been asked to weigh in on the BLP's air permit application. Council has rescinded their requirement for the BLP to have local generation. With action the Board took at its August meeting, the air permit would now be useless. Mr. Monetza feels letting the permit process proceed is a waste of time and effort for anyone involved.

Jeff Miller, 1120 S. Harbor, urged the BLP to pass a resolution to withdraw the application for the air permit. Mr. Miller would like to see all stakeholders brought together to discuss remediation and snowmelt issues. He would like conservation to be included in the solutions. He urged the BLP to develop a citizen advisory group. He would like to see the BLP recognize those who are making a positive impact with energy conservation through annual awards.

Gerry McCaleb, 1235 Slayton, asked who would pay for the experts to conduct further studies. She stated it is easy to propose actions but paying for them is another story.

Jim Hagen, 400 Lake, stated he would like the Sims site to be repurposed with a small solar array through a community solar garden or private project. He stated local firms could purchase REC's and increase their renewable usage. He referenced the EPA's Repowering America program and views the solar array as a win-win solution.

The General Manager asked the Board if they would like to add the air permit discussion to the agenda. Chairperson Smart asked that it be added for next month.

The General Manager stated he agrees with Mr. Hagen's suggestion for placing a small solar array at the former Sims site, but that is a long way out at this point in time.

The General Manager stated sustainability committees are typically a city function, not a utility function, and that the GHBLP would be happy to participate in and dedicate staff to a sustainability committee if one is established by the City.

No formal action taken.

21-10D Director Witherell, supported by Director Naser, moved to approve the following purchase orders:

- Approve Purchase Order #21961 to Kent Power Inc. in the amount of \$199,035 for Ferrysburg 2400V conversion project contractor labor

This Purchase Order is for the labor associated with the Ferrysburg 2400V conversion project. Supplies for the project have been approved previously. Request for proposals were sent out and Kent Power was the winning bid. This is the last of the 2400V conversion north of the bridge.

The motion was unanimously approved.

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21-10E Director Naser, supported by Director Kieft, moved to approve the Resolution Authorizing Revised Notice of Intent to Issue Revenue Bonds for Electric Utility Facilities, Equipment, and Site and System Improvements.

This step is to re-notice the revised project, not approve the bond issue. It is the point the Board was at 18 months ago. The Board must provide the notice and referendum period to the public with the changed project definition. The not-to-exceed amount has been reduced from \$75 million to \$28 million and the generation component, office facilities, and snowmelt items have been removed. Newly added items include distribution improvements and substation upgrades from the approved Capital Improvement Plan. Bond proceeds must be spent within three years. Using bond funding for the better-defined items within the Capital Improvement Plan will ensure the money can be used within this timeline in the event environmental unknowns take more time to be finalized. The bonds would be issued later this year or in January 2022.

New buildings were not included in the Project definition. Bond counsel feels it is important to include only well defined items and there is not enough information regarding how the Board may address facility needs at this time.

Approximately \$11-\$12 million of the bond money will be needed to repay the BAN's.

Director Naser stated the public will want to know more specifically how the \$28 million will be spent. The General Manager explained the purpose of the Notice is to establish the not-to-exceed amount and more generally define the Project. It alerts the public of our intentions and provides the opportunity to ask questions. There is flexibility within the Notice so our Financial Advisors can help define our plans in more detail before the bonds are actually issued. The entire Capital Plan has been approved and what portions are financed through bonds or by using cash does not make a significant difference in implementing the plan.

**RESOLUTION AUTHORIZING REVISED NOTICE OF INTENT  
TO ISSUE REVENUE BONDS FOR  
ELECTRIC UTILITY FACILITIES, EQUIPMENT,  
AND SITE AND SYSTEM IMPROVEMENTS**

**REVISED NOTICE OF INTENT TO ISSUE BONDS**

WHEREAS, The City of Grand Haven, Michigan (the "City") provides in its City Charter that subject to the general direction of the Council, the Board of Light and Power of The City of Grand Haven, Michigan (the "Board") shall have charge of the City's electric services, and the Board operates facilities for the generation and distribution of electricity, including all plants, works, instrumentalities and properties used or useful in connection with the generation and distribution of electricity (the "System"); and

WHEREAS, the Revenue Bond Act, Act 94, Public Acts of Michigan, 1933, as amended ("Act 94") permits the City to issue revenue bonds payable solely from the net revenues derived from the operation of the System (the "Revenue Bonds") in order to finance plants, works,

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instrumentalities, and properties used or useful in connection with utility systems such as the System; and

WHEREAS, a notice of intent to issue revenue bonds must be published before the issuance of the Revenue Bonds in order to comply with the requirements of Section 33 of Act 94; and

WHEREAS, the Board previously approved the publication of the original notice of intent, which described a project that included: disassemble and demolish the City's existing Sims plant and conduct environmental and general remediation and mitigation of the existing site; construct or renovate a System substation; construct, renovate and equip electric utility office and control facilities; acquire and install hot water heaters or other heat sources for use by the City's snow melt system; acquire and install automated meters; acquire, construct and install natural gas-fired reciprocating internal combustion engines to produce electricity, including all equipment and any appurtenances and attachments thereto; and make other improvements to the System; and

WHEREAS, the Board has decided to: reduce the principal amount of Revenue Bonds to be issued; exclude from the project (i) the gas-fired reciprocating internal combustion engines and all equipment and any appurtenances and attachments thereto; (ii) the office and control facilities; and (iii) the heat sources for the snow melt system; and add certain improvements to the System described below; and

WHEREAS, the Board has determined that it is or may become necessary for the public health, safety and welfare of the City and the users of the System to: disassemble and demolish the City's existing Sims plant and conduct environmental and general remediation and mitigation of the existing site; acquire and install automated meters; construct or renovate a System substation on Harbor Island; make additional substation improvements to the Board's Osipoff, North, and Sternberg substations and certain distribution circuit upgrades, and make other improvements to the System included in the Board's Capital Plan (as revised, the "Revised Project"); and

WHEREAS, issuance of Revenue Bonds as permitted by Act 94 in an amount not-to-exceed Twenty-Eight Million Dollars (\$28,000,000) appears to be the most practical means to finance the Revised Project; and

WHEREAS, the Internal Revenue Service has issued Treasury Regulation § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended, governing proceeds of debt used for reimbursement, pursuant to which the Board must declare official intent to reimburse expenditures with proceeds of such debt before making the expenditures.

NOW, THEREFORE, BE IT RESOLVED THAT:

Publication of Revised Notice of Intent. The City shall publish a revised Notice of Intent to issue the Revenue Bonds once as a display advertisement at least one-quarter (1/4) page in size in substantially the following form:

**REVISED NOTICE  
TO ELECTORS OF THE CITY OF GRAND HAVEN  
OF INTENT TO ISSUE REVENUE BONDS**

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**FOR ELECTRIC UTILITY FACILITIES, EQUIPMENT  
AND SITE AND SYSTEM IMPROVEMENTS  
AND RIGHT OF REFERENDUM**

PLEASE TAKE NOTICE that The City of Grand Haven, Michigan intends to authorize the issuance and sale of Revenue Bonds pursuant to Act 94, Public Acts of Michigan, 1933, as amended, payable solely from Revenues received by the Board of Light and Power ("Board") from the operations of the Electric Utility System ("System"). The City previously published an initial notice of intent on March 6, 2020 for the purpose of notifying the electors of a proposed issuance of not to exceed \$75,000,000 in Revenue Bonds for the purpose of providing funds to: disassemble and demolish the City's existing Sims plant and conduct environmental and general remediation and mitigation of the existing site; construct or renovate a System substation; renovate and equip electric utility office and control facilities; acquire and install hot water heaters or other heat sources for use by the City's snow melt system; acquire and install automated meters; acquire, construct and install natural gas-fired reciprocating internal combustion engines to produce electricity, including all equipment and any appurtenances and attachments thereto; and make other improvements to the System (collectively, the "Initial Project").

This revised notice is to notify the electors of two changes: 1) the not to exceed principal amount of the Revenue Bonds will be reduced and shall not exceed \$28,000,000; and 2) the project description is revised to a) exclude i) the gas-fired reciprocating internal combustion engines and all equipment and any appurtenances and attachments thereto; ii) the office and control facilities; and iii) the heat sources for the snow melt system; and b) add certain improvements to the System described below. A portion of the Initial Project was financed with bond anticipation notes.

As revised, the Project will now include the following: disassemble and demolish the City's existing Sims plant and conduct environmental and general remediation and mitigation of the existing site; acquire and install automated meters; construct or renovate a System substation on Harbor Island; make additional substation improvements to the Board's Osipoff, North, and Sternberg substations and certain distribution circuit upgrades, and make other improvements to the System included in the Board's Capital Plan (as revised, the "Revised Project"). The proceeds of the Revenue Bonds will be used to pay for the costs of the Revised Project, to pay a portion of the bond anticipation notes and to pay costs of issuance.

**SOURCE OF PAYMENT OF REVENUE BONDS**

THE PRINCIPAL OF AND INTEREST ON THE REVENUE BONDS SHALL BE PAYABLE solely from the net revenues received by the Board from the operations of the System. The revenues will consist of rates, fees and charges billed to the users of the System, a schedule of which is presently on file at <https://ghblp.org>. The rates, fees, and charges may from time to time be revised to provide sufficient net revenues to provide for the expenses of operating and maintaining the System, to pay the principal of and interest on the Revenue Bonds and any other bonds of the System, and to pay other obligations of the System. The Revenue Bonds will **not** pledge the full faith and credit of the City. The Revenue Bonds will **not** be a general obligation of the City.

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The Revenue Bonds may be issued in one or more series and may be combined with bonds issued for other purposes, and each series will mature in not to exceed thirty-five (35) annual installments with interest at such interest rate or rates to be determined at public or negotiated sale but in no event to exceed such rates as may be permitted by law.

**RIGHT OF REFERENDUM**

THE REVENUE BONDS WILL BE ISSUED WITHOUT VOTE OF THE ELECTORS UNLESS A VALID PETITION REQUESTING AN ELECTION ON THE QUESTION OF ISSUING THE REVENUE BONDS, SIGNED BY NOT LESS THAN 10% OF THE REGISTERED ELECTORS OF THE CITY, IS FILED WITH THE CITY CLERK OF THE CITY OF GRAND HAVEN WITHIN FORTY-FIVE (45) DAYS AFTER THE DATE OF PUBLICATION OF THIS NOTICE. If a valid petition is filed, the Revenue Bonds cannot be issued unless approved by a majority vote of the electors of the City voting on the question of their issuance. This notice is given pursuant to the requirements of Section 33 of Act 94, Public Acts of Michigan, 1933, as amended.

ADDITIONAL INFORMATION may be obtained at the administrative offices of the Board of Light and Power of The City of Grand Haven, Michigan, 1700 Eaton Drive, Grand Haven, Michigan 49417.

Sufficiency of Notice. The City Clerk is hereby directed to publish the revised Notice of Intent in the Grand Haven Tribune, a newspaper of general circulation in the City qualified under State law to publish legal notices, which is hereby determined to be the newspaper that will reach the largest number of persons to whom the notice is directed. The Board hereby determines that the revised Notice of Intent and the manner of publication directed is the method best calculated to give notice to the electors of the City and the users of the System of the Board's intent to issue the Revenue Bonds, the purposes of the Revenue Bonds, the source of payment of the Revenue Bonds, and the right of referendum relating thereto.

Statement of Intent under Treas. Reg. § 1.150-2. The City hereby makes the following amended declaration of intent for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended:

(1) The City reasonably expects to reimburse itself for the expenditures described in (2) below with proceeds of debt to be incurred by the City.

(2) The expenditures described in this paragraph (2) are to pay certain costs associated with the Revised Project which were or will be paid subsequent to sixty (60) days prior to the date hereof (or in the case of the portions of the Initial Project that will be included in the Revised Project, sixty (60) days prior to March 2, 2020, when the City Council made its declaration of intent with respect to the Initial Project) or which will be paid prior to the issuance of the debt from the funds of the System.

(3) As of the date hereof, the estimated maximum principal amount of debt expected to be issued for reimbursement purposes, including reimbursement of debt

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issuance costs, is \$14,000,000, which debt may be issued in one or more series and/or together with debt for other purposes.

(4) A reimbursement allocation of the expenditures described in paragraph (2) above with the proceeds of the borrowing described herein will occur not later than 18 months after the later of (i) the date on which the expenditure is paid, or (ii) the date the Revised Project are placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid. A reimbursement allocation is an allocation in writing that evidences the City's use of the proceeds of the debt to be issued for the Revised Project to reimburse the either the Board or the City for a capital expenditure made pursuant to this Resolution.

(5) The expenditures for the Revised Project are "capital expenditures" as defined in Treas. Reg. § 1.150-1(b), which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of "placed in service" under Treas. Reg. § 1.150-2(c)) under general Federal income tax principles (as determined at the time the expenditure is paid).

(6) No proceeds of the borrowing paid to the Board or the City in reimbursement pursuant to this Resolution will be used in a manner described in Treas. Reg. § 1.150-2(h) with respect to abusive uses of such proceeds, including, but not limited to, using funds corresponding to the proceeds of the borrowing in a manner that results in the creation of replacement proceeds (within Treas. Reg. § 1.148-1) within one year of the reimbursement allocation described in paragraph (4) above.

Financial Advisor. PFM is appointed Financial Advisor to serve the Board and the City as Financial Advisor for the Revenue Bonds.

Bond Counsel. Dickinson Wright PLLC, Lansing, Michigan, is appointed to serve the Board and the City as bond counsel for the Revenue Bonds. The Board and the City acknowledge that Dickinson Wright PLLC has represented from time to time, and currently represents various underwriters, financial institutions, and other potential participants in the bond financing process, in matters not related to the issuance and sale of the Revenue Bonds.

Conflicting Resolutions. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

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.

21-10F Director Kieft, supported by Director Witherell, moved to schedule a Board Work Session to discuss snowmelt.

A September 17, 2020 Memorandum from the City Attorney was reviewed. It addresses the question of what the BLP can pay for regarding the snowmelt system and what functions the BLP can perform. It was appropriate to use bond money to pay for snowmelt equipment that would be coupled with a generation system. Now that the BLP is not planning to install a

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generation system, the Board must determine how to pay for the already approved and installed equipment. There is about \$1 million in dedicated snowmelt equipment that we cannot use electric revenue bonds to pay for. The Board must determine who is responsible to pay for this equipment and how, who will operate the system, and how operating costs will be paid. The provided Memorandum establishes the guidelines for making these decisions.

Staff is looking for Board direction soon as the system will need to be operated in the approaching winter season. The BLP is not staffed to operate the system in its current condition and there is no money budgeted for the operation of the system as it was expected to be self-funded by the system users and city. The Board will meet to form a consensus prior to meeting with the snowmelt working group that was previously established.

The motion was unanimously approved.

21-10G Director Witherell, supported by Director Kieft, moved to remove from the BLP 5-Year Strategic Plan, Power Supply Priority, Goal 3.

This goal included completing the design and construction of an operations and technology center and local generation by June 2023. Given the Board's redirection on this project it is appropriate to remove this goal from the Strategic Plan.

The motion was unanimously approved.

Other Business – The Board was provided copies of the GHBLP Business Readiness Risk Assessment (dated January 2021) and GHBLP Strategic Plan Fiscal Years 2022-2026 (approved April 2021). The General Manager stated the Board and staff have spent most of the last year and a half discussing one item within the Strategic Plan, which has now been removed. Staff has still been working on other goals within the plan. Not one risk, opportunity, or consideration within the Business Readiness Risk Assessment focused on building a power plant. Staff is hoping recent Board actions will shift focus away from the generation issue and on to the rest of the plan. New Strategic Plan goals and objectives can be added if desired and appropriate.

The Board of Light and Power will be celebrating its 125<sup>th</sup> Anniversary on September 29, 2021 with an event at the Service Center. It will be held from 5 to 7pm and will include a tent, live music, and refreshments. This is a significant event in the BLP's history, and we are looking forward to celebrating with the community.

The Board was provided a copy of a letter from Joy Ditto, President and CEO of the American Public Power Association. Significant revisions are being proposed to the energy industry and the General Manager encouraged the Board to review the information within the letter and get involved if they desire.

No formal action taken.

At 5:43 PM. by motion of Director Kieft, supported by Director Witherell, the September 16, 2021 Board meeting was adjourned.



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Respectfully submitted,

Danielle Martin  
Acting Secretary to the Board

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