

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
SEPTEMBER 24, 2021

A special work session of the Grand Haven Board of Light and Power was held on Friday, September 24, 2021 at 1:30 PM at the Board's office located at 1700 Eaton Drive in Grand Haven, Michigan and electronically via live Zoom Meeting.

The meeting was called to order at 1:31 PM by Chairperson Smant.

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

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

Discussion was held regarding snowmelt operations and a repayment strategy. In light of City Council's July 2021 decision to postpone approval of the proposed Bond issue and City Council's August 2021 decision to rescind their November 19, 2018 Resolution, which allowed for the closure of Sims on June 1, 2020, conditioned on the commitment of GHBLP to have the capacity to generate the majority of the community's electricity within the BLP's service territory and to include capacity to partner and support the City's snowmelt system, Director Witherell feels snowmelt can no longer be considered an electric function of the Board of Light & Power and that responsibility should be transferred to the City immediately.

Directors Kieft and Crum support Director Witherell's recommendation.

Director Naser feels there is more to snowmelt than whether the system is an electrical function of the GHBLP. Director Naser suggested a committee be formed to include members from the city, Downtown DDA and the GHBLP to develop an agreement on operational processes and a repayment strategy.

Chairperson Smant agrees with Directors Witherell, Crum and Kieft. GHBLP no longer has waste heat to provide to the snowmelt system and he does not view snowmelt as an electric operation. Smant added we have been helping the city with snowmelt since its inception including advancing \$1 million for the interim system. Now it is time to step back to let the city manage the heat source as well as the rest of the system. We no longer have the staff to support operations.

The General Manager advised the Board they have two questions to answer:

1. Is the stand alone heat source considered a capital asset of the electric utility?
2. Can the GHBLP Board spend electric revenues operating non-electric utility assets, or should this too be transferred to the city?

Director Crum said he agrees with the importance of snowmelt to our downtown merchants; but the system was originally designed to operate off waste heat from Sims. There is no longer a power plant to provide that heat. He feels City Council spoke loud and clear with their recent actions – they do not want the GHBLP to build generation on the former Sims site; therefore, it is no longer feasible for the GHBLP to operate the snowmelt system heat source. Other departments of the city, such as the DPW, are able to operate it. We were directed to build generation and provide an interim solution for snowmelt heating equipment. We provided a

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solution and the city turned it down. He feels GHBLP staff went above and beyond to provide a solution.

The General Manager stated the GHBLP has never shared in any costs associated with the snowmelt system. All costs associated with the system were paid for by the city. All dedicated equipment is owned by the city and providing a dedicated snowmelt heat source is not a GHBLP function. It is a city function. The General Manager will prepare an action item for the Board to remove the system from GHBLP's books. Following that action, the Board has three options:

1. Loan the money to the City and negotiate repayment terms, or
2. Transfer an amount to the City for them to use to pay the BLP, or
3. Collect the money from the City, or a combination of these three

Director Kieft heard from two City Council members that they feel the city should repay GHBLP.

Director Crum stated is not opposed to repayment over time and feels GHBLP should move forward with a repayment strategy.

Director Naser said he wants a committee formed to explore the two issues, repayment and operations.

The General Manager said all costs to operate snowmelt going forward were contained in the combined heat and power plant (CHP), which was canceled. We did not add revenues in our electric rates to pay for snowmelt. Without the CHP, we would need to add those costs to electric rates. We also no longer have adequate staff to operate the system.

Director Crum suggested GHBLP staff should be used to train other City personnel.

Chairperson Smart said this is not about the numbers. This is a philosophical decision. Should the GHBLP be in the snowmelt business or not? Chairperson Smart directed the General Manager to add action items for snowmelt to the October Agenda.

No formal action was taken during this Working Session.

At 2:40 PM by motion of Director Witherell, supported by Director Kieft, the September 24, 2021 work session was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

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