

GRAND HAVEN BOARD OF LIGHT AND POWER  
MINUTES  
NOVEMBER 17, 2022

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, November 17, 2022, at 5:00 p.m. 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 5:00 p.m. by Chairperson Westbrook.

Present were Directors Crum, Hendrick, Knoth, Witherell and Westbrook.

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

22-16A Director Witherell, supported by Director Crum, moved to add a Draft Resolution to item 7.A.,relocate item 5.J. to 7.C. and approve the amended meeting agenda.

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

Public Comment Period – No comments were provided.

No formal action taken.

22-16B Ashley Latsch introduced Lara Zawaiden and Molly Reeves of HDR, who provided an update on Sims site environmental activities to the Board. Latsch said she is committed to present to the Board more regularly going forward. Latsch also invited the Board and staff to attend a Town Hall presentation on December 6.

Zawaiden reviewed activities to date, which includes preparation of the city's communication's plan, obligation register, data gap memo, 2022 CCR Work Plan and Non-CCR Work Plan, community analysis report and engagement plan. The website was launched, and a timeline was created. They held three meetings with EGLE on the Administrative Consent Order, which included multiple iterations of comments.

Upcoming tasks for groundwater sampling include installation of two additional background monitoring wells in the soccer fields. When that is complete, they will begin groundwater sampling and analytics of the 24 monitoring wells every 5 weeks. HDR will prepare and submit a Hydrogeological Monitoring Plan after completion of background sampling.

North Channel matting was installed on 11/16 and the sediment curtain was planned to be installed by MATECO on 11/17 and 11/18.

The next phase for CCR includes ACO negotiations and approval, detection monitoring, assessment monitoring, reporting ACM, closure planning and cleanout of 3A/B.

HDR has advised the city to only post vetted data or required information on the city website. Tasks on hold need to be discussed with the BLP and the city. Dewatering and PFAS are a big component for this discussion. HDR offered to help facilitate a meeting between the BLP and the city to help move this discussion forward. The Board has requested legal representation of its own in such discussions.

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Latsch reported they are looking for grants and funding sources to financially assist with this project.

The General Manager asked if HDR was aware of a report that was released a week ago listing all the worst CCR sites and classified the BLP/Sims site as the 23<sup>rd</sup> worst site in the country. He feels HDR and the City should be prepared to respond to the public to address any concerns they may have regarding this report.

Zawaiden advised holding on a response until after they have more data. HDR suggested they are no longer responsible for communications efforts on behalf of the city.

No formal action taken.

22-16C Director Hendrick, supported by Director Knoth, moved to approve the consent agenda items. The consent agenda includes:

- Approve the Minutes of the October 20, 2022 Regular Board Meeting
- Accept and file the October 2022 Financial Statements and Power Supply & Sales Dashboard
- Accept and file the KPI Dashboard
- Accept and file the MPPA Energy Services Project Resource Position Report dated October 31, 2022
- Accept and file the October Constellation Energy Market Update Graphs from November 7, 2022
- Accept and file the DTE Electric Integrated Resource Plan Summary
- Accept and file the GHBLP FY 2022 Retirement Pension Report
- Accept and file an article regarding Report on Environmental Groups on Power Industry Coal Ash Clean Up
- Accept and file the Harbor Island Timeline developed by HDR for City Council and Harbor Island Community Action Group
- Approve paying bills in the amount of \$2,207,324.94 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$451,825.57 from the Renewal and Replacement Fund
- Confirm Purchase Order #22230-1 to Schweitzer Engineering Laboratories, Inc. in the amount of \$11,450 for North Substation relay panel repairs
- Confirm Purchase Order #22411 to Power Line Supply Company in the amount of \$6,380 for the annual line crew uniform order

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- Confirm Purchase Order #22425 to Dickinson Wright PLLC in the amount of \$10,872 for legal fees through September 30, 2022
- Confirm Purchase Order #22431 to Insight Public Sector, Inc. in the amount of \$26,159 for Cisco SmartNet and ASA Fire Power firewall software subscription renewals

The General Manager reported after FY 2022 final audit adjustments, the net unfunded pension liability now stands at negative \$813,406 and approximately \$10 million was added to Asset Retirement Obligations.

DTE's Integrated Resource Plan was discussed. The General Manager reported municipal utilities are well ahead of CE and DTE with renewables. The BLP currently has 22% of renewables in our power supply portfolio while CE and DTE are at approximately 15%.

Chairperson Westbrook stated the KPI's look good and are a nice dashboard for the BLP.

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

22-16D A discussion regarding repayment of the snowmelt heat source replacement equipment invoice was held.

The General Manager reported the auditors have a concern regarding the 10-month-old invoice to the city that is still on our books. The snowmelt assets were purchased and installed using BANs with the plan to roll them into the Bonds for the power plant. When the plant was canceled, we were no longer able to bond this equipment because it is for non-electric utility purposes. The city booked the assets as a contribution, or a gift. This action looks like the BLP transferred an additional \$1 million above the 5% allowed in the Charter. Therefore, Staff recommends converting the invoice to a loan and establish a written repayment plan.

Director Knoth asked if discussions were held with the city regarding who will pay for this equipment. The General Manager said the city had a study conducted in 2017 to determine what the cost would be to replace the snowmelt equipment. Everyone knew if the BLP did not build a power plant, the cost of the new snowmelt equipment would need to be paid by the city. The BLP never agreed to pay for snowmelt because they are non-electric utility assets.

Director Hendrick stated city council added this item to their agenda. She wants feedback on conversations that were held with Kieft, Westbrook and council. Hendrick feels this is a flaw in governance and asked for an explanation.

Chairperson Westbrook stated former Chairperson Kieft delivered the invoice to the mayor with the authority to do so because he was the Chairperson at that time. Westbrook added the Board has a difficult situation before them and the solution proposed tonight is a positive option for consideration. The city does not have money, so having the payment offset by the additional transfer amount (due to the reimplemented PSCA) is a viable solution. The terms and conditions of the loan are open for negotiation. Westbrook encouraged the Board to approve and move forward.

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The General Manager stated interest on the BANs was billed to, and paid by the city during the construction period.

Director Hendrick stated the objective of having joint Board/Council meetings was to handle the snowmelt issue, then the meetings were stopped. Hendrick proposed tabling this item until the council and the Board hold further discussions.

Director Witherell said there has been a precedence with this, starting with the Diesel Plant. The city asked the Board to take the Diesel Plant off our agenda until they could talk with their constituents and that is still outstanding. The snowmelt item needs to be solved.

Director Hendrick, supported by Director Knoth, moved to table approval of converting the snowmelt replacement equipment invoice to a loan to the City of Grand Haven.

In a roll call vote of the Board, those in favor: Directors Hendrick and Knoth; those absent: none; those opposed: Directors Crum, Witherell, and Westbrook. Motion failed.

A legal opinion provided by City Attorney Ronald Bultje regarding permissible snowmelt expenses was discussed. Bultje suggested the BLP spends money on many non-electric items. The General Manager stated the BLP does not spend electric revenues or reserves on non-electric capital assets.

Mayor McNally stated it is important to understand the audits are for Year Ending June 30, 2022. The auditors said, 'time is of the essence' for settling the outstanding snowmelt equipment invoice. Audits must be finalized by the end of this calendar year. McNally stated everyone on City Council is aware of the outstanding invoice and it needs to be brought to council on Monday. Former Chairperson Kieft, Mike Westbrook, Ryan Cummins and Mayor McNally met several times with no solutions.

Lynn Diffell, Accounting & Finance Manager stated the city was invoiced every month over the entire time period we had the BANs. The current invoice was provided to the mayor by former Chairperson Kieft when the BANs were paid off. The snowmelt invoice will remain on our books as an accounts receivable. If it is not rectified, the auditors will make a qualified opinion. Diffell believes this will affect the city in a more damaging way than the BLP.

The General Manager informed the Board if the Board wants to pay for snowmelt equipment, we will need to include it in our rates, inform our customers and begin collecting the money. We have not included this expense in our rates or expenses to date.

Director Witherell, supported by Director Crum, moved to approve converting the invoice to a loan to the City of Grand Haven in the amount of \$1,037,151 for repayment of snowmelt heat source replacement equipment.

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

22-16E A discussion regarding proposed terms and provisions for the snowmelt loan to the city was held.

The General Manager stated the proposal should include a fair repayment installment schedule and a reasonable interest rate as allowed for in the Charter. Terms and conditions should

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be negotiated between the council and Board. The interest rate now proposed is the current Ten-Year Treasury Rate. We would like to have the loan repaid in ten years or less.

Director's Crum, Witherell, Knoth and Chairperson Westbrook all agreed this is a good faith opportunity to work with the city. Director Hendrick wants it tabled to allow the city to propose something. Chairperson Westbrook proposed the Board assign a subcommittee to work with the city to establish palatable terms and conditions for the loan. The Board agreed the subcommittee for the BLP will include the General Manager, Director Knoth and Director Witherell.

Director Hendrick, supported by Director Knoth, moved to authorize GHBLP's subcommittee members to move forward with negotiating the proposed terms and provisions of the snowmelt loan as a starting point for discussions with city council.

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

22-16F Director Witherell, supported by Director Crum, moved to approve the following Purchase Orders:

- Purchase Order #22367 to Gorno Ford in the amount of \$48,965 for a 2022 Ford F150 4 x 4 cab pickup truck
- Purchase Order #22420 to Landis + Gyr Technology, Inc. in the amount of \$31,056 for 192 electrical meters for BLP stock
- Purchase Order #22434 to CDW Computer Government in the amount of \$14,604 for six replacement laptop computers and docking stations

BLP replacement vehicles are typically purchased through MiDEAL, however, there is a shortage of new trucks at this time. Gorno Ford has agreed to honor MiDEAL's pricing.

MiDEAL is the State of Michigan's extended purchasing program that allows Michigan cities, townships, villages, counties, school districts, universities, colleges, and nonprofit hospitals to buy goods and services from state contracts. Members benefit directly from the reduced cost of goods and services and indirectly by eliminating the time needed to process bids.

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

22-16G Director Hendrick, supported by Director Witherell, moved to approve Authorization of MPPA's Energy Services Project Amended and Restated Power Purchase Commitment (PPC) for MPPA's Invenergy Calhoun Solar Power Purchase Agreement (PPA).

This PPC is consistent with past discussions regarding solar contract amendments. Of the three PPA's, Invenergy's was the easiest for MPPA to renegotiate. MPPA negotiates and approves the contract, then presents it to its members for PPC's. The BLP's solar commitment is the same as our previous commitment at 5.85 MW's with a higher rate and delayed COD.

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

22-16H Director Hendrick, supported by Director Knoth, moved to table consulting with Steve VanderMeer to conduct a Board self-evaluation and follow up Board Development Plan.

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

22-16I The General Manager reviewed MPPA's 2022 Business Model Risk Assessment with the Board. MPPA is verifying the creditworthiness of its members. Contracts include step-up provisions in the event other members default on their commitments. The BLP received an 86% credit rating. MPPA is beginning to look at other elements in their risk assessment including customer rates, customer concentration, and DER readiness.

Chairperson Westbrook suggested distributing a press release with this information.

No formal action taken.

22-16J Director Hendrick, supported by Director Witherell, moved to update the BLP's Board meeting video recording posting requirements to the following:

1. Post meeting recordings on YouTube for one-year
2. Retain video recordings on the network for one-year unless directed to retain longer by the Board or by Staff
3. Post the past 12-months on YouTube

Chairperson Westbrook informed the Board that staff was following the Board's policy on video posting requirements when they removed the August 3<sup>rd</sup>, 2022 meeting. Our employee was only doing her job as directed by the Board in February 2022. Nothing was destroyed and all recordings have been saved on the network since we started recording meetings. The Board's meeting minutes are the formal record of meetings and are required to be retained forever.

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

22-16K The General Manager updated the Board on the October 2022 MPIA meeting, which is the first meeting Chairperson Westbrook has attended. MPIA is an insurance authority formed by GHBLP & Zeeland BPW in March 2004. Grand Haven and Zeeland are the only members. The BLP's investment policy was discussed with MPIA's financial advisors and will be reviewed over the next year.

Chairperson Westbrook informed the Board we have filed a claim with MPIA in response to Director Hendrick's allegations of gender discrimination at the advice of our risk manager.

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MPIA has a duty to indemnify and defend the individuals accused of discrimination. No other information is available to report at this time.

No formal action taken.

22-16L A letter submitted to the Human Relations Commission (HRC) by Chairperson Westbrook on behalf of the Board of Light & Power was discussed.

Director Hendrick asked the Chair why he submitted the letter. Chairperson Westbrook stated he submitted the letter on behalf of the Board of Light & Power because he is the Board Chair and is the spokesperson for the Board. Director Knoth stated he did not agree with the letter. The General Manager reminded the Board the HRC Chair invited everyone to submit letters directly to her (if they would like) for consideration at the HRC's next meeting. Director Hendrick stated she submitted a whole package of information to the HRC.

Chairperson Westbrook said the HRC matter is ongoing, and we are awaiting their report. Director Crum concurred.

No formal action taken.

Public Comment Period – David Barnosky, 14477 Shady Hollow, West Olive stated he is attending because of the complaints raised regarding the August 3<sup>rd</sup> meeting. He had originally thought the General Manager should be fired; however, he has now changed his mind. He said Director Hendrick asks good questions and should be allowed to ask them. He stated he will no longer advocate to have the General Manager fired, but feels the BLP has a dysfunctional Board.

Chairperson Westbrook asked the Board to RSVP to Kim Dutmers their attendance at the upcoming BLP Christmas Party.

No formal action taken.

At 9:20 PM by motion of Director Hendrick, supported by Director Knoth, the November 17, 2022 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux  
Secretary to the Board

RM