

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
NOVEMBER 13, 2019

A rescheduled meeting of the Grand Haven Board of Light and Power was held on Wednesday, November 13, 2019, at 4:00 p.m. at the Board's office located at 1700 Eaton Drive in Grand Haven, Michigan.

The meeting was called to order at 4:00 p.m. by Chairperson Smart.

Present were Directors 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; Rob Shelley, Distribution & Engineering Manager; Linda Browand, Grand Haven City Clerk and Todd Crum, incoming director.

Director Witherell, supported by Director Naser, moved to excuse Director Kieft from the meeting. The motion was unanimously approved.

Incoming Director Crum was signed into office by Linda Browand, Grand Haven City Clerk. No formal action taken.

19-13A Director Witherell, supported by Director Naser, moved to nominate Director Smart to serve as Chairperson of the Board and to close nominations. The motion was unanimously approved.

19-13B Director Witherell, supported by Director Naser, moved to elect Director Smart to serve as Chairperson of the Board. The motion was unanimously approved.

19-13C Director Naser, supported by Director Crum, moved to nominate Director Witherell to serve as Vice Chairperson of the Board and to close nominations. The motion was unanimously approved.

19-13D Director Naser, supported by Director Crum, moved to elect Director Witherell to serve as Vice Chairperson of the Board. The motion was unanimously approved.

Director Witherell, supported by Director Naser, moved to add item 7.B.5 Capacity Purchase and approve the amended meeting agenda. The motion was unanimously approved.

19-13E Director Witherell, supported by Director Naser, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the October 17, 2019 Board Meeting
- Accept and file the October 2019 Financial Statements and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$2,266,382.10 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$172,599.66 from the Renewal and Replacement Fund
- Confirm Purchase Order #20928 to Duratech Systems, LLC in the amount of \$11,710 for Scrubber rubber repairs

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- Confirm Purchase Order #20994 to McCormick Sand, Inc. in the amount of \$16,013 for pond cleanout and transportation
- Confirm Purchase Order #21019 to Jaffe Raitt Heuer & Weiss in the amount of \$5,982 for CCR legal services

The motion was unanimously approved.

19-13F Public Comment Period – Gale Kroll, Manager of The Village Green of Grand Haven, asked the Board to rethink the security deposit required for mobile homes. She distributed a letter to tenants who moved into their mobile home community within the last year asking if the \$400 deposit amount would have impacted them negatively, many of which said it would.

Heather Rector, Sun Communities, stated she feels the increase in deposit amounts on mobile homes is unfair.

Chairperson Smart thanked the audience for their comments and added this item would be discussed later in the meeting.

No formal action taken.

19-13G Director Witherell, supported by Director Naser, moved to approve the following purchase orders:

- Approve Purchase Order #21009 to PCM Sales, Inc. in the amount of \$5,141 for fiscal year computer purchases
- Approve Purchase Order #21026 to Power Line Supply in the amount of \$107,448 for the Island Substation rebuild 10 x 138 kV switches
- Approve Purchase Order #21028 to Irby Utilities in the amount of \$46,470 for the Island Substation rebuild 2 x 15 kV switches
- Approve Purchase Order #21031 to CDW Computer in the amount of \$37,903 to replace 3 network switches and Cisco security software support for 3 years
- Approve Purchase Order #21035 to Siemens Industry, Inc. in the amount of \$160,333 for Island Substation rebuild 11 x 15 kV breakers
- Approve Purchase Order #21036 to Siemens Industry, Inc. in the amount of \$201,520 for Island Substation rebuild 4 x 138 kV breakers
- Approve Purchase Order #21037 to ABB in the amount of \$33,665 for the Island Substation rebuild 5 x 69 kV PTs

The motion was unanimously approved.

19-13H Director Witherell, supported by Director Naser, moved to approve a Resolution in honor of Director VanderMolen's Years of Service.

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RECOGNITION OF
EXEMPLARY PUBLIC SERVICE
JAMES VANDERMOLLEN

WHEREAS, James VanderMolen, has faithfully and capably served the Grand Haven Community as a Board Director of the Grand Haven Board of Light & Power since June 2001; and,

WHEREAS, during this time he has provided valuable guidance and leadership to the Grand Haven Board of Light & Power and,

WHEREAS, James VanderMolen has faithfully and capably served as an employee of the Grand Haven Board of Light & Power in the positions of Electrical Line Worker, Line Foreman, Field Superintendent and Line Superintendent since October 1953; and,

WHEREAS, his activities in Public Power exemplify his dedication to serve his community and protect the benefits of community-ownership, local control, and not-for-profit service, provided by the Grand Haven Board of Light & Power to Grand Haven and the surrounding area;

NOW, THEREFORE, BE IT RESOLVED, that the Grand Haven Board of Light & Power hereby recognizes James VanderMolen for sixty-six years of outstanding service to the Grand Haven Board of Light & Power and its customer-owners; and,

BE IT FURTHER RESOLVED, that the Board of Directors of the Grand Haven Board of Light & Power extends its heartfelt thanks to James VanderMolen for faithfully and capably discharging the duties of Board Director for the past eighteen years.

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

19-131 Director Witherell, supported by Director Naser, moved to approve a Resolution regarding information sharing with City Council.

BOARD OF LIGHT AND POWER RESOLUTION
REGARDING INFORMATION SHARING WITH THE CITY COUNCIL

WHEREAS, the City Charter (the "Charter") places the City's electric utility "under the control and direction" of the Board of Light and Power (the "Board"). The Board's charge under the Charter is subject to the "general direction" of the City Council (the "Council"). Additionally, the Board is authorized under the Charter to make contracts concerning the electric utility, subject to the "overall control" of Council.

WHEREAS, the Council may be asked in the foreseeable future to approve revenue bond financing of certain Board projects as may be required in the Charter and the Revenue Bond Act. Council desires to stay more informed as to Board activities to better facilitate that review and approval process.

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WHEREAS, the Board will continue to provide Council such documentation, as Council may request from time to time, of any Board approved policies and practices, or of any other utility-related materials it deems necessary to provide “general direction” to the Board.

WHEREAS, the Board will continue to seek appropriate signatures or approvals and provide any other information or filings to the City Clerk, Finance Director, Treasurer, or Council as may be specifically required under the Charter (such signatures, approvals, and filings include checks or warrants drawn for the payment of money under the authority of the Board, dollar limits within the Board’s purchasing policies, Board meeting minutes, Board approved electric utility rates, Board approved annual utility budgets, and the Board’s annual audit and financial statements).

AND WHEREAS, the Council has requested that the Board share additional information with the Council to enable it to better carry out its designated responsibilities.

NOW THEREFORE, BE IT RESOLVED, that the Board implement the following additional measures in response to Council’s request:

(1) All members of the Council shall be provided advance copies of all Board meeting materials, in the same detail and at the same time as Board members.

(2) Each calendar quarter, the Board, through its designated representative(s), shall provide a brief report and presentation directly to Council at a public meeting or work study session, highlighting electric utility activities (including a quarterly financial summary and operations review) that have occurred over the previous quarter and that may be planned over the next.

(3) The Board shall not enter into a contract of a duration of more than five years, unless determined by a resolution of Council to be necessary for the proper operation of the electric utility in accordance with prudent utility practices.

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

19-13J General Manager Walters reported Sims experienced a problem with one of the mills. We have three mills, one mill is no longer operable, and we are unable to get the parts necessary for repairs within the scheduled plant closure timeline; therefore, we are reducing loading on the plant to get it to the end date. If we lose another mill, we will not be able to operate the plant. We have approximately \$2.5 million left in coal inventory and plant employees are doing all they can to keep the unit operational until we have no more coal.

No formal action taken.

19-13K The Board discussed Michigan’s annual calendar year 2018 EIA Revenue Per kWh data, which compares how utilities stand against others in the State of Michigan. This data shows benchmarks of average rates. The BLP has lowered rates over the last few years. There has

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been a slight increase, but that will come back down with adjustments in the Power Cost Adjustment.

No formal action taken.

19-13L Director Witherell, supported by Director Naser, moved to authorize the General Manager to execute a Letter of Authorization for Michigan Public Power Agency to purchase up to 8 MW's of capacity on behalf of Grand Haven for a 15 year term (June 1, 2025 to May 31, 2040) up to a maximum purchase price of \$3.70 per KW Month.

MPPA has indicative pricing that's below the cost to build. We are required to buy approximately 70 MW's of capacity per year. This will fulfill 8 MWs of capacity for a 15 year term, which is a small piece of the BLP's portfolio. MPPA will transact as long as the price does not exceed \$3.70. A purchase of 15 years requires Board approval and City Council determination of necessity and prudence.

The motion was unanimously approved.

19-13M Other Business – Security Deposits

General Manager Walters informed the Board the \$400 security deposit level is based on an average residential customer billing of \$67 per month, or \$402 over a six month period. Historically, we have been collecting about one and a half month's billing deposit from mobile home customers and an estimated six month billing deposit amount on rental properties with signed waivers of liens (where the customer, not the property owner, accepts full responsibility for the electric charges). Rather than assess an estimate, the new policy is to collect a flat amount of \$400 from all properties we cannot lien.

The BLP has two means for collecting unpaid electric charges; 1) through shutoffs, and 2) via property liens. Because the Board opts out of Public Act 95, the BLP is not allowed to shut off a residential customer's electric service for six months out of the year (November 1 – April 15). If the Board does not opt out of PA 95, we will be required to collect about \$1 per meter, per month from all customers, or approximately \$140,000 per year, and send it to the State for distribution to low income customers in need. Unfortunately, Grand Haven would receive back only a small portion of the \$140,000 contribution for BLP customers in need.

Because the Board opts out of PA 95, the BLP needs to collect six months of billings for the security deposit from those customers we cannot lien to protect the rest of our customers from having to pay for uncollectible accounts. The previous flat rate of \$80 is inadequate protection for unpaid electric charges.

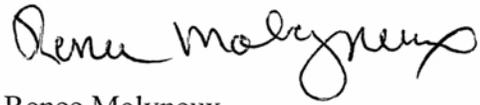
The Board will include security deposits on the December agenda for further discussion.

No formal action taken.

At 5:18 p.m. by motion of Director Witherell, supported by Director Crum, the November 13, 2019 Board meeting was adjourned.

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Respectfully submitted,

A handwritten signature in black ink that reads "Renee Molyneux". The signature is written in a cursive style with a large, looping initial 'R'.

Renee Molyneux
Secretary to the Board

RM