

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
FEBRUARY 20, 2020

A joint work session of the Grand Haven Board of Light and Power and Grand Haven City Council was held on Thursday, February 20, 2020, at 6:00 p.m. at the Board's office located at 1700 Eaton Drive in Grand Haven, Michigan.

The meeting was called to order at 6:00 p.m. by Mayor Monetza.

Present were Directors Crum, Kieft, Naser, Witherell, and Smart; and Council members Monetza, Fritz, Cummins, Dora and Scott.

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; Erik Booth, Power Supply Manager; and Pat McGinnis, City Manager.

Chairperson Smart thanked everyone for attending.

David Walters, General Manager provided a presentation reviewing Board and City actions regarding the Harbor Island Redevelopment Project.

The Board approved its 5-year Strategic Plan at its April 2016 meeting and shared that plan with City Council at its May 2016 joint meeting. The Strategic Plan outlines six strategic areas of focus. All areas of the Plan fit together and include: Financial Management, Customer & Community Engagement, Transmission & Distribution, Power Supply, Workforce, and Business Practices & Processes. Addressing all these issues together is what has successfully moved the BLP forward, reducing rates, improving reliability, and providing increased value to the community.

In February 2018, BLP Staff provided the following recommendations to the Board. Each item includes the current ~~status~~ **status**.

1. Begin planning for a June 1, 2020 closure of Sims III – Completed Successfully.
2. Revisit and revise the Sims III operating schedule to optimize economically the remaining life of the plant – Completed Successfully.
3. Complete construction of the necessary 69kV improvements and obtains NITS – Completed Successfully and substantially under budget.
4. Continue working with MPPA to evaluate potential jointly owned projects and PPAs – Doubled renewable energy commitments, hedged short-term energy void, and purchased a portion of our longer-term capacity needs. Ongoing process.
5. Review and revise the GHBLP Energy Risk Management Policy and Hedge Plan – Complete. More education needed to help Council & Board gain better understanding.
6. Continue efforts to evaluate a local replacement of at least some of the lost generation capacity from Sims III and the Diesel Plant – Update to be provided at tonight's work session.
7. Provide for a more sustainable, economical and diversified Power Supply Portfolio – continuously improving and progressing toward this objective.

Discussion regarding capacity resources ensued. In June 2020, Burns & McDonnell recommended, if we are going to build anything local, build something small for stand-by capacity and to run it only when its economical to run.

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If we do not build, the biggest costs associated with the Harbor Island Redevelopment Project includes the Sims demolition and site remediation. We will not be allowed to reimburse ourselves for these costs through revenue bonds if we do not build a utility project(s) on the Island. We are now planning to restore a large portion of the site to a 'pre-industrial' state, which was a coal dock before the BLP developed anything there. Our plan is, and has always been, to stay on the Island and redevelop the remaining portion for utility purposes. City Council and the Board concurred with this direction over the past 2 years.

A Gas Siting Study conducted in 2014 determined Harbor Island to be the best location for a natural gas plant with zero gas infrastructure contributions to Michigan Gas. Today, Michigan Gas Utilities would require the BLP to upgrade gas infrastructure through Grand Haven at a cost of approximately \$6 million for a 36 MW plant. Burns & McDonnell concluded the cost to upgrade the gas line was a deal breaker and recommended we pause on the plant and focus efforts on the other required items. They also recommended we look at the Harbor Island Project as multiple projects rather than as a singular project.

Following the June 2019 Burns & McDonnell Project Definition Report, the Board and City Council agreed to pause on the design of the plant and to focus efforts on the 'must do' items, which include:

1. Complete Sims operations – Completed Successfully
2. Plant Demolition – Specifications developed; bids received, and contract awarded consistent with budget
3. Substation rebuild – Engineering plans, specifications developed, equipment purchased, bids received, contract awarded – over budget
4. Site environmental remediation and mitigation – CCR plan proposed, awaiting EGLE permit approval, bids solicited
5. Snowmelt – Interim to permanent solution proposed, plan being implemented well below initial estimated cost
6. Utility building and facilities design – The BLP engaged ProgressiveAE at tonight's regular meeting ~~for the new building design~~ **to begin this process.**
7. Site plans and buffer zone – On-site wetlands mitigation, floodplain issues – Using ProgressiveAE for assistance
8. Reconfigured RICE generation evaluation – Ongoing efforts

We plan to restore approximately 13 acres of the 26 acres into wetlands, building a buffer zone around the remaining property and retaining ownership. Most of the property then will be restored to a natural state.

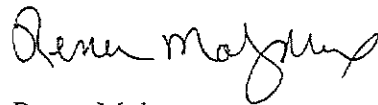
The Board and Council reviewed current generation (or no generation) options that are being evaluated. All options include \$10 million to build other facilities including snowmelt on Harbor Island. We will be meeting with Michigan Gas to determine the amount of gas they are able to supply without charging the BLP substantial costs for improvements to their system. From there, we will right size the generation portion of the project if any.

No formal action was taken.

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At 7:55 p.m., the February 20, 2020, the joint work session was adjourned.

Respectfully submitted,



Renee Molyneux
Secretary to the Board

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