

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
JULY 16, 2020

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, July 16, 2020 at 4:00 p.m. at the Board's office located 1700 Eaton Drive 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; Renee Molyneux, Administrative Services Manager and Secretary to the Board; Lynn Diffell, Accounting & Finance Manager; Erik Booth, Power Supply Manager; Rob Shelley, Distribution and Engineering Manager; Progressive AE Consultants David Shull, Pete Lazdins, and Robert Ferguson; and Anthony Chmielewski from Power Engineers Collaborative, L.L.C.

Director Witherell, supported by Director Kieft, moved to approve the meeting agenda. The motion was unanimously approved.

20-08A Director Witherell, supported by Director Kieft, moved to approve the consent agenda. The consent agenda includes:

- Approve Minutes of the June 18, 2020 Board Meeting
- Accept and file the June 2020 Financial Statements and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$2,248,843.46 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$1,639,655.84 from the Renewal and Replacement Fund
- Confirm Purchase Order #20934-3 to Trace Analytical in the amount of \$6,151 for additional groundwater monitoring and testing
- Confirm Purchase Order #21333 to Buist Electric in the amount of \$60,120 for Snowmelt electric system upgrades
- Confirm Purchase Order #21369 to Grand Valley Automation, Inc. in the amount of \$53,314 for Snowmelt system automation
- Confirm Purchase Order #21381 to Arch Environmental Group in the amount of \$5,712 for disposal of lab chemicals
- Confirm Purchase Order #21401 to Northern A-1 Services Inc. in the amount of \$17,500 for liquids disposal at the Diesel Plant
- Confirm Purchase Order #21409 to Driesenga & Associates in the amount of \$6,100 for coal yard and perimeter berm topographic survey

The General Manager encouraged the Board to review the General Manager's Report if they have not done so already as it contains detailed information regarding the preliminary Year-End Financial Statements, reporting very positive results. The MERS Actuarial Report dated

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December 31, 2019 was received recently. MERS changes in assumptions substantially increased the BLP's and the City's unfunded pension liability. The Board may need to discuss another potential cash infusion into BLP Plans at a later meeting to address these changes. We are seeing a return to normal electrical loads following the COVID-19 shutdown.

The motion was unanimously approved.

20-08B Public Comment Period — Director Naser, supported by Director Witherell, moved to accept the Public Comment letters submitted for tonight's meeting as information.

Brock Rodgers, 12498 144th Ave, feels it does not make sense to spend money on a gas plant on Harbor Island when it is not going to be utilized very much.

Nancy O'Neill, 216 S. Second, thanked the Board for their service to the community. She asked the Board if we are valuing our own short-term costs and benefits as being more important than the long-term environmental costs that will be paid by future generations. She is placing her faith in the Board and BLP staff to make the right energy and environmental decisions for our community.

Robert Monetza, Grand Haven City Mayor, asked the Board to include the City in the RFP evaluation and decision making process for the Diesel Plant on Harbor Drive.

The General Manager advised the RFP was sent to Jennifer Howland at the City for her review and comment and to all City Council with tonight's Board packet. No comments or revisions have been received. Any proposals received will be shared with the Board, City Council, City Manager, City Planning Committee, and anyone else deemed necessary. Tonight's goal is to finalize the request document.

Field Reichardt, 427 Sand Dr., stated he feels the BLP is moving forward in planning efforts without enough open dialogue with the community. He suggested the Board host a series of community meetings, and an effort should be made to secure questions from the community in advance of those meetings. Mr. Reichardt then asked a series of his own questions for Board consideration and added he was pleased to learn of the plans to sell the Diesel Plant.

The General Manager reported a group of individuals asked City Council to appoint a committee to evaluate the BLP's planning process, which was denied. The General Manager and Power Supply Manager spent approximately 4 hours with several leaders and members of that group last week to answer their questions. This same offer has been extended to Mr. Reichardt. The General Manager is open to sharing all questions and answers discussed during those dialogues, which includes answers to most of the questions Mr. Reichardt presented at this meeting.

Andrea Hendrick, 1514 Pennoyer, thanked the Board for decommissioning Sims. She is part of the group of individuals that met with the General Manager and Power Supply Manager last week and is still concerned there may be other unexplored options available for consideration. She expressed interest in having new offices on the Sims site include public use space and would like to see the Board host public forums.

Josh Brugger, 626 Slayton, stated Ottawa County was awarded a \$300,000 Brownfield Development Grant that could be used at the Diesel Plant. He looks forward to assisting in that process.

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A BLP Customer, (name was missed), is concerned with the plan to build a long term plant on Harbor Island. He wants to know the cost/benefit ratio and asked for more BLP outreach on these efforts.

Chris Gilmartin, 112 Prospect, asked the Board for assistance with a pole and Michigan Gas Utilities antenna that has been placed in the center of his view of Lake Michigan. The General Manager advised we are aware of this issue and the pole placement and antenna location was approved by the DPW. This complaint needs to be brought to the City.

The motion was unanimously approved.

20-08C Director Naser, supported by Director Kieft, moved to approve the following purchase orders:

- Approve Purchase Order #21380 to RESCO in the amount of \$28,752 for 4 x 150 kVA Padmount transformers
- Approve Purchase Order #21419 to Power Line Supply in the amount of \$12,300 for underground wire for BLP inventory

The motion was unanimously approved.

20-08D Director Naser, supported by Director Witherell, moved to approve 2020 Fiscal Year End Write-offs in the amount of \$30,974.40. These are accounts that were determined to be uncollectible and are consistent with past years. The number of accounts and dollar amount is slightly below last year; however, the percentage of retail sales at 0.085% increased slightly from the previous year's amount of 0.072%. We will continue our collection efforts on these accounts.

The motion was unanimously approved.

20-08E Representatives from ProgressiveAE presented a preliminary update on the Sims site redevelopment planning efforts. David Shull reported the highest and best use for that site, with the BLP's current infrastructure, is for the BLP to remain on the site. It would require extensive costs to relocate. Continuity of service is part of a utility's responsibility. Having more than one site will optimize performance.

Robert Ferguson reviewed the planning goals of operational excellence, talent attraction & succession planning, and community presence with the Board, and Pete Lazdins reviewed the preliminary Master Plan for the Sims property. Park items were included as conceptual 'inspiration' only. The City will be making those decisions after the BLP returns that portion of the property to the City if that is ultimately what is done.

Anthony Chmielewski, Vice President of Power Engineers Collaborative presented their generation technology study report to the Board. Their study concurs with the PDR conclusion from Burns & McDonnell that a 36 MW facility on the Sims property is too costly. Primary fatal flaws identified in the PDR are related to the high cost of gas supply upgrades and overall construction complexities related to the 9MW engines selected as prime movers for the proposed project. They evaluated other generation designs that may make more sense for the GHBLP, along with coupling with snowmelt, and determined four or five 2.5 MW RICE Gensets are the

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best fit. They discussed four vs five units with Michigan Gas and verified five 2.5 MW units at approximately 12 MW's total can be supported.

12MW of dispatchable capacity provides a hedge against long term capacity and peak energy pricing allowing for peak shaving if market conditions warrant. The Present Value Expense Analysis at 3% Escalation for a 5-Unit facility would be considered economically beneficial at a year 1 capacity charge of \$4.55/kW-mo or higher. The current cost of new entry (CONE) in Michigan Zone 7 based on 2020/2021 PRA auction results is \$7.85/kW-mo.

The presentation and report will be added to the GHBLP's website.

No formal action taken.

20-08F Director Kieft, supported by Director Naser, moved to approve the RFP with the requested revisions for the Sale and Redevelopment of the Diesel Plant Property at 518 South Harbor Drive.

The purpose of the RFP is to seek proposals from investors in an effort to find out what developers are willing to invest in on the site. It is the Board's responsibility to sell the property, which will need to be approved by City Council. Whatever is decided by the Board will be reviewed and approved by City Council. All BLP studies will be made available to bidders. Proposed revisions will be incorporated into the document, including specifying all existing equipment and fixtures are to remain with the building, that the GHBLP has the right to refuse all proposals, and bidder qualifications on page 19 will also be incorporated on page 11.

The motion was unanimously approved.

20-08G The General Manager provided an update on discussions held with local mobile home park management and owners regarding collateral agreements. Village Green would like to proceed with an Agreement, which is being drafted by our Attorney. North Shore has established a 13 month lease with the first month free to allow their renters to use that money for the BLP deposit, and Sun Communities is considering an Agreement and will get back with us on their decision. Sun Communities is most interested in having the Board 'opt in' to PA95 so customers can access Low Income Heating and Energy Funds throughout the year and the BLP can continue shutoffs throughout the winter months and then reduce the need for higher deposits.

No formal action taken.

20-08H Director Witherell would like to see additional public relations efforts explaining why the BLP is considering generation and assistance in follow-up community meetings, if necessary.

No formal action taken.

At 7:07 p.m. by motion of Director Kieft, supported by Director Witherell, the July 16, 2020 Board meeting was adjourned.

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Renee Molyneux". The signature is fluid and cursive, with a large loop at the end.

Renee Molyneux
Secretary to the Board

RM