

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

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, March 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 Kieft.

Present were Directors Crum, Hendrick, Westbrook and Kieft.

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.

22-06A Director Crum, supported by Director Westbrook, moved to excuse Director Witherell from the meeting for medical reasons.

The motion was unanimously approved.

22-06B Director Crum, supported by Director Westbrook, moved to approve the meeting agenda.

The motion was unanimously approved.

Public Comment Period – John Naser, 1450 S. Ferry Steet, thanked the Board for providing their meeting packet on the website and for adding a second public comment period to the agenda. He expressed disappointment of recent actions by administration and some members of the Board. He feels Director Hendrick's efforts to affect change have been met with denials and exclusion.

Oliver Shampine, 309 North Lake Avenue, echoed John Naser's statements. He expressed concerns regarding transparency and having Board meetings scheduled at 5 PM, stating the time does not give those who work enough time to arrive by the meeting start. He feels Director Witherell should step down if he is unable to return and that the Board is too focused on fighting with each other.

No formal action taken.

22-06C Director Hendrick, supported by Director Crum, moved to approve the consent agenda items. The consent agenda includes:

- Approve the Minutes of the February 16, 2022 Board Work Session, February 17, 2022 Regular Board Meeting, and the February 24, 2022 Special Board Meeting
- Accept and file the February 2022 Financial Statements and Power Supply & Sales Dashboard
- Accept and file the MPPA Energy Services Project Resource Position Report dated February 25, 2022
- Accept and file monthly EGLE/EPA Sims Site Environmental Compliance letters and reports

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- Approve paying bills in the amount of \$2,371,258.52 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$508,271.10 from the Renewal and Replacement Fund
- Confirm Purchase Order #20888-29 to Jaffe Raitt Heuer & Weiss in the amount of \$15,643 for environmental legal services
- Confirm Purchase Order #22153 to Joint Michigan Apprentice Program (JMAP) in the amount of \$16,000 for apprentice line worker training fees
- Confirm Purchase Order #22158 to Utility Financial Solutions, LLC (UFS) in the amount of \$20,000 for an update of the 2021 rate study
- Confirm Purchase Order #22164 to American Public Power Association (APPA) in the amount of \$5,900 for 2022 APPA National Conference registration fees

In a roll call vote of the Board, those in favor: Directors Crum, Westbrook and Kieft; those absent: Director Witherell; those opposed: Director Hendrick. Motion passed.

22-06D Director Crum, supported by Director Kieft, moved to approve the following Purchase Orders:

- Purchase Order #22142 to Siemens Energy, Inc. in the amount of \$229,000 for 5 x 69 kV circuit breakers for North, Osipoff, and Sternberg Substation upgrade projects
- Purchase Order #22143 to RESCO in the amount of \$65,800 for 4 x 15 kV reclosures for North Substation transformer project
- Purchase Order #22144 to Hitachi Energy USA, Inc. in the amount of \$89,306 for 14 x 69 kV potential transformers (PTs) for North, Osipoff, and Sternberg Substation upgrade projects
- Purchase Order #22145 to Siemens Energy, Inc. in the amount of \$79,974 for 2 x 69 KV circuit switchers for North Substation transformer project
- Purchase Order #22146 to RESCO in the amount of \$17,899 for wood power poles to replenish inventory
- Purchase Order# 22157 to Irby Utilities in the amount of \$51,161 for MOIS switch North Substation project

The motion was unanimously approved.

22-06E Director Crum, supported by Director Westbrook, moved to approve the following Resolution:

Resolution to transfer Sims site facility contacts, duly authorized and designated environmental representatives and associated responsibilities to others within the City administrative structure now leading and directing redevelopment and environmental remediation efforts on the site.

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The purpose of this resolution is to transfer these assignments to the city, which was to occur within ten days following the transfer. The city will assign these items to appropriate individuals within the city. The BLP still has a substation on the site and maintains that equipment. The city has assumed the lead on site environmental remediation and is now the contact for EGLE as stated during their February meeting. The BLP has no role in those efforts but is available for support, if needed.

The motion was unanimously approved.

22-06F The Chair and Vice-Chair asked to begin the budget process early this year, which typically begins in April. The General Manager reviewed the initial power supply budget for FY2023 to begin that process.

Approximately 60% of next year's expense budget (excluding debt service and environmental remediation) will be paid to Michigan Public Power Agency (MPPA) for power supply. We are using the hedges to develop this portion of the budget and the current forward short-term energy price curve.

The Balance Sheet was reviewed with the Board. \$17 million of the BLP's cash on hand is designated for CCR cleanup on the Sims site and \$14 million will be used for approved capital improvement projects. Cash reserves will continue to decrease over the next several years and to approach our minimum cash reserve position.

Adequate cash reserves provide the utility the credit we are required to have on hand. MPPA pre-collects cash for power supply purchases from its members, however; counterparties still review our balance sheet for creditworthiness. UFS will calculate these reserves for us. Our minimum position is between \$16-\$18 million.

There is a \$3 million difference between FY2021 to FY2023 in power supply costs. Landfill gas providers are looking at selling to other markets and discussion is being held about buying out of these contracts. Regardless, our landfill contracts will begin to retire in 2026-2027 and will need to be replaced if retired early. Landfill gas is approximately 7.5% of our renewable energy supply.

We knew power supply costs were going to go up; however, we did not pass these additional costs on to our customers in 2022. Going forward, we will begin passing a portion of these increases to our customers through reimplantation of our PSCA on July 1, 2022. We zeroed out the PSCA two years ago due to our transition from having generation to buying all our power supply. Rates are set in accordance with our expense and capital plan. With no changes next year, we are estimating a 3 – 5% increase through the PSCA. From a competitive standpoint, the BLP is still competitive with our neighboring utility, Consumers Energy, because they increased their PCA by approximately 4% this year and will increase it again next year. Costs for power supply are up across the board. We need to keep in mind the BLP's costs are still below where they would have been had we not retired Sims.

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For energy planning, landfill gas energy will be decreasing and will be replaced with solar. Bilateral energy proposed includes energy MPPA is buying for 2023-2026. If the volume of a single purchase rises above \$2 million, it will be brought to the Board for approval. These are financial transactions. There will be some transactions occurring in the next month. We do not pay until we actually use the power.

Planning Capacity – the BLP is fully hedged through planning year 2028.

No formal action taken.

22-06G Purchase Order #22158 to Utility Financial Solutions, LLC was approved earlier this evening to have last year's rate study updated for reimplementation of the power supply cost adjustment. The PSCA is the only significant rate change we are looking at adjusting for FY2023 to begin recovering escalating power supply costs. The PSCA will roll in over a 12-month period. The report should be ready in May 2022.

No formal action taken.

22-06H The General Manager provided an update on City Council's action regarding special legal counsel for the Board. The Board's recommendation to City Council to expand Varnum's services to include labor and employment counsel was denied. Council went further and eliminated Varnum's services altogether. The City Attorney was unaware of Council's further action at the time and is discussing potentially recommending reinstating Varnum as special legal counsel. Ron Bultje, Dickenson Wright, and Dale Rietberg, Varnum, are discussing developing a defined scope of services for Varnum and presenting this to City Council for their approval at a later date.

No formal action taken.

22-06I Director Hendrick, supported by Director Westbrook, moved to approve the following Resolution to waive the requirements of Charter provisions and grant Director Witherell ADA accommodations as he continues in recovery:

Board Resolution in Support of Director Witherell

In consideration of Director Witherell's long term service on the Board of the Grand Haven Board of Light & Power, and Director Witherell's invaluable lifetime service to our city and the surrounding community, and in consideration of the life-threatening medical issues he recently experienced and is working to overcome, and in consideration of the fact Director Witherell is now nearing the time he will be able to return to service, the Board of Light & Power Board of Directors fully supports and recommends approval of Director Witherell's request for the following:

1. That City Council waive the requirement to grant an excusal prior to the expiration of the 60-day period where Director Witherell was absent from the city and unable to perform the duties of his position as Board Director; and,

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2. That City Council waive the automatic declaration of vacancy because Director Witherell was absent from the city and unable to perform the duties of his elected office for sixty days; and,

3. That City Council grant the excusal while Director Witherell continues in recovery; and,

4. Due to Director Witherell's disability and the recent Opinion No. 7318 (the "Opinion") issued by Attorney General Dana Nessel, pursuant to her review of the obligations of Michigan's Open Meetings Act ("OMA") when weighed against the federal law known as the Americans with Disabilities Act (the "ADA"), that City Council approve ADA accommodations for Director Witherell to participate remotely in GHBLP board meetings until such time as he is fully able to return to in person meetings. Remote meeting participation will not cause any undue financial or administrative burdens upon the Board of Light & Power.

Director Witherell has expressed continuing interest in BLP matters with staff and members of the Board throughout his recovery while at Heartwood.

The General Manager has met with Director Witherell several times, along with Chairperson Kieft, Vice Chairperson Westbrook, Director Hendrick, and Renee Molyneux. He is doing well and would like to return to the Board. The mayor has also visited with Director Witherell and has provided her recommendation to Council in support of Director Witherell's return.

The motion was unanimously approved.

22-06J Rob Shelley, Distribution & Engineering Manager, reported the BLP's annual reliability results to the Board. Industry-wide reliability indices include SAIDA (outage hours per customer), SAIFI (average customer outages), CAIDI (average outage length) and ASAI (system availability). Outages that last 5 minutes or longer are tracked.

In 2020, the BLP's SAIFI average customer outages were 0.8 vs 1.62 nationally and our CAIDI average outage length was 91.5 minutes vs 188.51 minutes nationally.

Top causes for outages include planned outages, weather events, trees, animals, and unknown events, meaning we were unable to determine a cause.

We use our Outage Management System to track, which ties to our AMI system. We are getting much better data with these upgraded systems.

No formal action taken.

22-06K The General Manager informed the Board the BLP has achieved Second Place in Group D of the American Public Power Association's 2021 Safety Awards of Excellence. Rob Shelley and Austin Gagnon will accept the award on March 29, 2022 at APPA's 2022 Engineering & Operations Conference.

No formal action taken.

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22-06L The Board scheduled a Special Closed Meeting for the purpose of conducting the performance evaluation of the General Manager at 5:00 PM on Thursday, March 31, 2022.

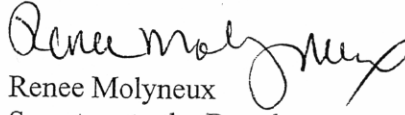
No formal action taken.

Public Comment Period – Director Crum congratulated BLP staff and employees for the safety award and he congratulated the General Manager for his nomination to the APPA Board of Directors.

No formal action taken.

At 8:51 PM by motion of Director Crum, supported by Director Westbrook, the March 17, 2022 Board meeting was adjourned.

Respectfully submitted,


Renee Molyneux
Secretary to the Board

RM