

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
AUGUST 16, 2018

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, August 16, 2018, 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 Smant.

Present were Directors Kieft, VanderMolen, Witherell and Smant.

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

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

Director VanderMolen, supported by Director Kieft, moved to add item 6.A. Reduce Unfunded Liability by \$1,000,000 by September 30, 2018, to the meeting agenda. The motion was unanimously approved.

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

18-8A Director Witherell, supported by Director Kieft, moved to approve the consent agenda. The consent agenda includes:

- Approve the Minutes of the July 19, 2018 Board meeting
- Accept and file the July 2018 Financial Statements and Power Supply and Sales Dashboard
- Approve paying bills in the amount of \$1,640,352.44 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$159,668.86 from the Renewal and Replacement Fund
- Confirm Purchase Order #20068-20073 to Fastenal Company in the amount of \$85,500 for annual blanket purchase orders for materials
- Confirm Purchase Order #20075 to Network Environmental, Inc. in the amount of \$6,238 for 3rd Quarter MATS compliance testing
- Confirm Purchase Order #20082 to Precision Trenching in the amount of \$10,020 for directional boring at Grand Landing
- Confirm Purchase Order #20089 to CC Power in the amount of \$9,213 for ice storm assistance on April 15, 2018
- Confirm Purchase Order #20091 to Precision Trenching in the amount of \$6,577 for directional boring in the area of West Spring Lake Road

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- Confirm Purchase Order #20102 to Northern A-1 Services, Inc. in the amount of \$31,219 for vacuum truck services for high pressure ash system support during piping system repairs
- Confirm Purchase Order #20110 to Michigan Department of Transportation in the amount of \$6,000 for North Substation to Morford/Sternberg Substation DOT permit
- Confirm Purchase Order #20117 to Pro-Seal Service Group, Inc. in the amount of \$15,563 for lime slurry transfer pump replacement
- Confirm Purchase Order #20127 to Northern Boiler Mechanical Contractors in the amount of \$8,251 for high pressure ash line repairs
- Confirm Purchase Order #20142 to Double L Enterprises in the amount of \$17,758 for excavation for emergency repairs to fly ash piping

The motion was unanimously approved.

18-8B Public Comment Period — No comments were heard. No formal action taken.

18-8C Director Witherell, supported by Director Kieft, moved to approve the following purchase orders:

- Approve Purchase Order #20047 to Northern Boiler Mechanical Contractors in the amount of \$29,640 (Reliability repairs to auxiliary boiler at Sims)
- Approve Purchase Order #20048, Johnston Boiler Company, \$22,880 (Reliability repairs to auxiliary boiler at Sims)
- Approve Purchase Order #20120, Bob's Roofing Company, \$13,413 (Replace roof over scrubber vacuum filter floor)
- Approve Purchase Order #20130 to Hometown Connections in the amount of \$18,500 for our annual GreatBlue Customer Satisfaction Survey
- Approve Purchase Order #20116 to Reliable Turbine Services, LLC. in the amount of \$34,114 for steam turbine bearing repairs
- Approve Purchase Order #20140 to Trace Analytical in the amount of \$6,433 for groundwater sampling for inactive ash ponds
- Approve Purchase Order #20148 to Golder Associates, Inc. in the amount of \$10,000 for CCR groundwater program management
- Approve Purchase Order #20154 to Black & Veatch in the amount of \$88,970 for engineering services associated with boiler tube safety inspections and testing as required in Life Assessment Report and 8/8/18 proposal

Purchase Order #'s 20047 and 20048 are for work on the auxiliary boiler to ensure it is ready for heating the plant should the system go down during the winter months and for snowmelt during November 2018 and March 2019 while the plant is offline. We will have invested over \$100,000

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with these reliability repairs. Upon completion of this work, a full “conditional assessment” will be completed.

Purchase order #20154 to Black & Veatch is in response to the life assessment recommendation for tube testing and includes only the engineering services portion of the testing project. Actual testing will be an additional cost.

The motion was unanimously approved.

18-8D Review and Discuss Solar PPA RFPs Received by MPPA and Their Recommendations) – The General Manager discussed trends in the solar industry. Consumers Energy has committed to only renewables by 2040, including 5,000 MW of solar. The MISO interconnection que is backed-up with large amounts of solar projects in Michigan. Most utility scale projects by public power were completed through purchase power agreements (PPA’s) because municipal utilities are not eligible for federal tax incentives.

GHBLP has a signed Energy Services Agreement (ESA) with Michigan Public Power Agency (MPPA). MPPA executes PPAs with third parties, and members such as the GHBLP execute purchase power commitments with MPPA for a portion of the projects in which they choose to participate under the provisions of the ESA. MPPA is GHBLP’s market participant. GHBLP does not transact directly with any third parties.

When Sims retires, the GHBLP will transition from a ‘Self-Directed’ Hedge Plan to a ‘Stability’ Hedge Plan with a 5-year hedge horizon as developed by MPPA and approved by GHBLP.

MPPA has been evaluating solar private developer projects for the last 12-18 months. Solar will continue to be subsidized with federal tax incentives until 2020. The cost of solar continues to decrease every year. MPPA established a need of 100 MW among its municipal members. Lansing is planning to take 20 MWs. MPPA recommends Grand Haven take 10.5 MWs, which will generate approximately 6.4% of the system’s requirements, bringing GHBLP’s renewable energy portfolio to slightly over 20% in total. We are required to have 15% renewables in our portfolio by 2020. Solar has a 55% capacity allocation plus renewable energy credits.

MPPA focused on advanced interconnections filed at MISO, then evaluated projects that were highest in the que. They narrowed the developer list down to 10 projects representing about 1,000 MWs, then to projects in the 50 MW range. MPPA prefers to have two projects. Its Board of Directors approved two PPA’s for solar at its August 8 meeting; a 60 MW project and a 40 MW project.

Both PPA’s are contingent on MPPA receiving commitments from its members. The GHBLP Board will be asked to authorize a power purchase commitment with MPPA at its September meeting. This commitment will generate approximately 20,000 MWh’s annually for 6.4% of our annual energy requirements and 5.8 MW of capacity. The cost of this project is \$41 - \$43 per MWh in 2020, escalating at 2% per year.

No formal action taken.

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18-8E Review and Discuss Sims Operating Schedule through June 1, 2020 – The General Manager presented the budgeted Sims operating schedule. We plan to run three-months on/three-months off through February 2020. We are also reducing the load on the plant to 36-37 MWs. There will be approximately \$8 million of inventory in November, which will get us to February 2020 on this schedule. A coal inventory reduction plan through February 2020 was presented and discussed. The plan is consistent with FY19 budget assumptions.

The General Manager reported there was a fire at Sims the evening of August 15. There was a leak in the coal piping blowing coal dust above the furnace, which accumulated and ignited Wednesday evening. A Plant Utility Worker saw the fire and addressed it immediately.

No formal action taken.

18-8F Review and Discuss City Council/Joint Working Group Activities RE: Review of the BLP's April 24, 2018 Approval to Cease Operations of the Sims Power Plant June 1, 2020 – The joint committee met on July 16 to discuss snowmelt. No other meetings have been held. Chairperson Smant confirmed the committee's full discussion was regarding snowmelt. Some suggestions were made on how to move forward. Burns & McDonnell has been asked to include an evaluation of snowmelt during their engineering and IRP study. No other meetings are scheduled.

The City held two town-hall meetings this month. BLP officials were not asked to present or contribute anything for these meetings. Erik Booth attended both meetings and observed:

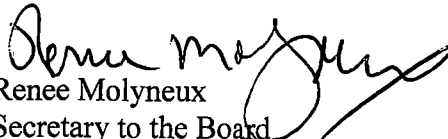
1. This community loves the GHBLP
2. The union's support of the plant closure is helping the community to support the plant closure, which was expressed several times during Thursday's meeting
3. The information that is needed to make an informed decision is getting out to members of the community. Many are visiting the GHBLP's website and are reading the reports.

No formal action taken.

18-8G Reduce Unfunded Liability by \$1,000,000 by September 30, 2018 – Director VanderMolen, supported by Director Kieft, moved to reduce the GHBLP's unfunded pension liability by \$1,000,000 by September 30, 2018. The motion was unanimously approved.

At 5:35 p.m. by motion of Director Witherell, supported by Director Kieft, the August 16, 2018 Board meeting was adjourned.

Respectfully submitted,


Renee Molyneux
Secretary to the Board

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