

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
APRIL 20, 2023

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, April 20, 2023, at 6:00 PM 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 6:00 PM by Chairperson Westbrook.

Present: Directors Crum, Hendrick, Knoth, Witherell and Westbrook.

Absent: None.

Others Present: General Manager David Walters, Secretary to the Board Danielle Martin, Finance Manager Lynn Diffell, Operations & Power Supply Manager Erik Booth, Distribution & Engineering Manager Rob Shelley, and Chamber of Commerce President Joy Gaasch.

23-06A Director Witherell, supported by Director Knoth, moved to approve the meeting agenda.

Roll Call Vote:

In favor: Directors Crum, Hendrick, Knoth, Witherell and Westbrook; Opposed: None.
Motion carried.

Visitor Presentation:

Joy Gaasch, Chamber of Commerce President, shared a historical overview of Grand Haven's waterfront and economic development. The BLP has a long history of supporting economic development efforts and the Chamber would like to say thank you for this partnership. Gaasch stated when people are making the decision to live or operate a business in Grand Haven, electrical reliability and cost are two of the key factors considered. The BLP has a history of high ratings in these areas and is a benefit to the community. The BLP contributes \$5,000 a year to the Chamber's economic development efforts in addition to its membership dues.

No formal action taken.

Public Comment Period:

Jim Hagen, 400 Lake Avenue, spoke regarding the proposed Charter amendment. He read the "Your Views" article published in the Grand Haven Tribune titled "Protect our Democracy". Hagen values the right to vote and said the public can not allow any voting rights to be taken away.

Jenni Shepherd-Kelly, 120 Prospect Street, stated she is a happy customer and when her power goes out it is back on within minutes. She cannot understand why anyone would support the Charter change initiative because it takes away the voter's voice.

No formal action taken.

23-06B Director Witherell, supported by Director Knoth, moved to approve the consent agenda. The consent agenda includes:

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- Approve the Minutes of the March 16, 2023, Governance Training Workshop and the March 16, 2023, Regular Board Meeting
- Accept and file the March Financial Statements, Power Supply and Retail Sales Dashboards
- Accept and file the March Key Performance Indicator (KPI) Dashboard
- Accept and file the MPPA Energy Services Project Resource Position Report dated April 7, 2023
- Accept and file the Constellation Energy Market Graphs from April 11, 2023
- Approve paying bills in the amount of \$2,412,334.94 from the Operation and Maintenance Fund
- Approve paying bills in the amount of \$244,904.71 from the Renewal and Replacement Fund
- Confirm Purchase Order 22598 to IPKeys Power Partners, Inc. in the amount of \$8,000 for an annual cybersecurity monitoring subscription
- Confirm Purchase Order 22616 to Power Line Supply Company in the amount of \$5,160 for rubber gloves, sleeves, and hose testing
- Confirm Purchase Order 22617 to Cooperative Response Center, Inc. in the amount of \$9,300 for a CRC Link user license
- Confirm Purchase Order 22619 to Dykstra Landscape Management in the amount of \$6,800 for 2023 lawn care

Constellation Energy creates a wholesale energy report for its customers. The BLP is a customer through MPPA. The graphs show prices in the 2023 prompt year are down. Prices are now 92% above all-time lows, down from 120%. Recent graphs have shown an inverted forward curve, with out-years lower than the prompt year. These out-years have now returned to a more traditional pattern, indicating substantial increases in out-year prices. MPPA is recommending the BLP goes to the maximum level of our hedge plan.

Roll Call Vote:

In favor: Directors Crum, Hendrick, Knoth, Witherell and Westbrook; Opposed: None.
Motion carried.

23-06C Director Crum, supported by Director Witherell, moved to approve the purchase orders. The purchase orders include:

- Purchase Order 22563 to Power Line Supply Company in the amount of \$145,170 for overhead material for the OF34 and OF42 circuit rebuild project

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- Purchase Order 22594 to Irby Utilities in the amount of \$13,995 for 3 x 200 kVAR capacitors
- Purchase Order 22608 to Kent Power Inc. in the amount of \$933,909 for the construction contract for OF34 and OF42 circuit rebuild project
- Purchase Order 22609 to Irby Utilities in the amount of \$50,428 for 7 x 25 kVA and 5 x 50 kVA pole-mount transformers
- Purchase Order 22610 to Resco in the amount of \$125,280 for 7 x 25 KVA, 5 x 50 kVA, and 8 x 75 KVA pole-mount transformers

Last month's purchase orders totaled \$800,000 and this month's total is \$1.2 million. These expenditures are for projects in the approved capital improvement plan. Purchase Order 22608 is related to adding two new circuits that will split load and help improve reliability.

Roll Call Vote:

In favor: Directors Crum, Hendrick, Knoth, Witherell and Westbrook; Opposed: None. Motion carried.

23-06D Fiscal Year 2024 Initial Budget and Capital Plan Presentation.

The General Manager gave a presentation on the initial budget and capital plan for Fiscal Year 2024. Highlights of the presentation are provided below.

- Revenue challenges include a flat recovery post COVID-19 and a substantial reduction in load over the past twenty years.
- Keeping rates stable in a higher cost environment is difficult. The proposed rate schedule keeps base rates the same for the next five years. The 5% increase in fixed rates to cover the snowmelt contribution will continue through FY24. The PSCA using \$59/MWh as the base is currently at \$0.08 and is expected to stay roughly the same next year.
- The budget includes a proposed Environmental Remediation Surcharge beginning July 1, 2023 at a rate of \$3.50/MWh. This surcharge is not an operating revenue and would be placed in a restricted account to be used for remediation activities only. For Fiscal Year 2024 the surcharge would raise approximately \$1 million. This surcharge would appear as a separate line item on customer bills.
- The financial plan represents the BLP's continuing commitment to recover and pay for all appropriately addressed obligation and liabilities associated with our operations of the Sims power plant.

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- The power supply expenses per MWh show a 0% increase from the current year and represents 68.4% of all operating expenses. Payroll and energy optimization budgets are the same as the current year.
- Staff is recommending the minimum cash reserve amount be set at \$18 million. The proposed five-year financial plan will put the BLP cash balance just above this level.

Director Knoth stated he does not support keeping \$4 million in the capital plan for administrative facilities.

Director Crum would like to see options of other ways the Environmental Remediation Surchage could be implemented.

Director Hendrick would like to see line items for the Community and Customer Engagement and Administrative budgets.

Chairperson Westbrook found many positives in the presentation including no increase in base rates, a reduced employee headcount, operational expenses remaining flat, progress in REC's and renewables, and the level of pension funding. He would also like to see alternative options to implement the Environmental Remediation Surchage.

By consensus, the Board scheduled a Work Session to review the proposed budget on Wednesday, May 3rd at 5:30pm.

No formal action taken.

23-06E Update on Evaluation of BLP Reuse of Former City Fire Station Property.

Erik Booth provided answers to questions received from Directors Knoth and Hendrick. Booth stated the BLP needs more space following the closure of the Diesel Plant and Sims Generating Station. However, the former fire station is not a good fit. There are too many hurdles leading to higher costs.

By consensus, the Board feels this project is not a good fit and will not be moving forward.

Director Witherell, supported by Director Knoth, moved to cancel the scheduled work session on April 26th and to direct staff to notify the Mayor and City Manager.

Roll Call Vote:

In favor: Directors Crum, Hendrick, Knoth, Witherell and Westbrook; Opposed: None.
Motion carried.

23-06F Joint Meeting with City Council Planning.

Chairperson Westbrook met with the Mayor and City Manager regarding the Joint Meeting scheduled for Wednesday, April 26th at 6:00pm. The agenda will include a tour of the BLP administrative building and dinner. Each member of the Council and Board will be given six

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minutes to share their thoughts on current BLP and City issues. The Mayor will set ground rules for discussion. Board members can share any input on the agenda with Chairperson Westbrook by Friday afternoon.

No formal action taken.

23-06G BLP Response to Proposed Charter Amendment Petition Announcement and Appropriate Participation in the Process Going Forward by Individual Board Members, the Board as a Whole, and Staff.

Chairperson Westbrook explained the roles and capabilities of individual Board members, the Board as a whole, and staff regarding the proposed Charter amendment. The Board must remain neutral but does have the responsibility to provide education on the value the BLP brings to the community and how this value may be impacted by the change. Chairperson Westbrook would like to see an advisory committee established for educational purposes. The committee will make a recommendation at the Board's next meeting.

Director Crum, supported by Director Witherell, moved to establish an advisory committee, on which Directors Crum and Witherell will serve, to support community education on the value of this community owned utility.

Roll Call Vote:

In favor: Directors Crum, Witherell and Westbrook; Opposed: Hendrick and Knoth.
Motion carried.

23-06H Other Business

May's regular Board meeting will be held May 25th, which is the fourth Thursday.

No formal action taken.

Public Comment Period

Jan O'Connell, Sierra Club, stated the Sierra Club is not financially supporting the BLP Charter Change Coalition.

Mike Welling, 1226 Fulton Street, announced his candidacy for the Board of Light and Power. He stated the BLP has done nothing wrong or improper. He thinks the BLP does a great job because the rates are lower, and the lights are on. He is against the proposed Charter amendment. He is campaigning for the Board, not against it.

Jenni Shepherd-Kelly, 120 Prospect Street, challenged BLP employees to exercise their first amendment rights. She feels the City is in debt and the proposed Charter amendment is a money grab. She is concerned the utility will be sold if under the control of the City.

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Field Reichardt, 1053 Ohio Avenue, encouraged individuals to read the proposed amendment in detail. He stated the BLP is now a distribution company with reduced employee count and is no longer as complex. He stated the City government is strong and this is an efficiency issue to remove administrative overhead.

Director Westbrook commended BLP employees for zero OSHA recordable injuries year to date, 100% participation in safety meetings, and 868 days without a lost time injury.

Director Westbrook read a phone call comment received April 18th from Marcia Howe, 18146 Mohawk Drive, who said she was looking at her calendar and realized it was Lineman Appreciation Day. She wanted to call and say thank you and express how much she appreciates what the lineman do, especially because that job looks “scary as hell” to her.

Director Westbrook read an email comment received March 29th from Peter Harbeck, 815 Verhoeks, saying to a BLP Customer Account Representative, “Thank you for your prompt and professional assistance. Just got off the phone trying to accomplish the same with Michigan Gas Utilities. All serviced out of another country. All I can say is OMG. It was a struggle and I’m not confident that the mission was accomplished.”

No formal action taken.

23-06I At 9:45pm Director Hendrick, supported by Director Knoth, moved for the Board to enter closed session pursuant to Section 8.(1)(d) of the Open Meetings Act to consider the purchase of real estate.

Roll Call Vote:

In favor: Directors Crum, Hendrick, Knoth, Witherell and Westbrook; Opposed: None.
Motion carried.

23-06J At 10:28pm Director Witherell, supported by Director Hendrick, moved to adjourn the closed session and return to open session.

Roll Call Vote:

In favor: Directors Crum, Hendrick, Knoth, Witherell and Westbrook; Opposed: None.
Motion carried.

23-06K Director Hendrick, supported by Director Witherell, moved to schedule a Board work session on Wednesday, April 26th at 5:00pm to discuss a potential real estate transaction and to release the related information on Monday, April 24th upon staff approval.

Roll Call Vote:

In favor: Directors Crum, Hendrick, Knoth, Witherell and Westbrook; Opposed: None.
Motion carried.

(This meeting was later cancelled).

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Adjournment

At 10:30 PM by motion of Director Witherell, supported by Director Hendrick, the April 20, 2023 Board meeting was unanimously adjourned.

Respectfully submitted,



Danielle Martin
Secretary to the Board

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