REGULAR MEETING

The HBPW Board of Directors met

February 12, 2024

at 4:00 p.m.
625 Hastings Ave.
Holland, Michigan

Chair Thompson called the meeting to order at 4:00 p.m.

Members PJ Thompson, Carolyn Maalouf, Paul Lilly, Brian Lynn, City Council Liaison Scott Corbin and Ex

Present: Officio Member Keith VanBeek

Members Absent:

Dave Couch, Beth Snyder

Staff Ted Siler, Janet Lemson, Chuck Warren, Becky Lehman, Joel Davenport, Pieter Beyer, Mark Present: Gipson, Steve Bruinsma, Dave Koster (remote via teleconference), Julie DeCook, Pete Hoffswell

Guests: Chris Lover, PFM and Kester So, Dickinson Wright (both remote via teleconference)

24.132 Approval of Agenda

Board Member Maalouf made a motion to approve the agenda. The motion was seconded by

Board Member Lilly.

24.133 Communications From the Audience

None

24.134 Board Minutes – Regular Meeting Minutes of January 8, 2024, and Study Session Minutes of January 22, 2024

As part of the Consent Agenda, the Board of Directors approved the minutes as presented.

24.135 Appointment of Budget Subcommittee Members

By Governance Policy G-006, the Board of Directors established both the audit committee and budget committee as standing committees. In accordance with the policy, the full Board votes to appoint members to each committee. As a result of Tim Hemingway's Board term expiration, the budget subcommittee has a vacancy. PJ Thompson is the other member of the two-person committee.

The role of the budget committee is to review the details of the proposed budget from staff, engage in dialogue about the various assumptions driving the budget, and to consider specific revenue changes to support the long-term financial viability of each of the specific HBPW enterprises.

The Board President is requesting the Board appoint Brian Lynn and affirm the continuation of PJ Thompson on the budget subcommittee. This appointment will continue until a vacancy is created or the chair brings a request forward for a change of appointment.

As part of the Consent Agenda, the Board of Directors appointed PJ Thompson and Brian Lynn to the budget subcommittee.

24.136 HBPW Broadband Services Terms of Service Update

Broadband Services currently provides three different services: Dark Fiber, Active Ethernet, and Shared Gigabit. To provide service for the Holland City Fiber project, a fourth service, Fiber Internet

^{*} Red italics indicate information or discussion added during the meeting and/or action taken.

Service, needs to be created. The Broadband Terms of Service has been updated to include the new service. An edited version of the Terms of Service is included with the recommendation to easily identify the additions and changes.

The new Terms of Service will be effective March 1, 2024, to coincide with the Fiber Internet rates already approved by the HBPW Board and City Council

As part of the Consent Agenda, the Board of Directors approved the updated HBPW Broadband Terms of Service.

24.137 Action on Consent items:

Motion to approve, accept, or adopt Consent

Agenda items

Second

Favor

Oppose

Lilly

Maalouf

4

0

0

24.138 Financial Update – Second Quarter FY 2024

For information only

24.139 Major Project Update

For information only

24.140 Review of Prepaid Gas Transactions

Over the past several years, the HBPW staff has presented information regarding prepayment bonds which allow municipal electric providers to receive natural gas supply at discounted rates. The value of that potential discount varies over time based on factors such as the projected escalation of natural gas prices and the arbitrage opportunity between tax-exempt and taxable debt. These market forces are currently favorable for prepaid transactions, and current transactions are seeing discounts around \$0.50 per million BTU (MMBtu). Based on the pricing of our current hedge gas purchases for FY25-FY27, this represents an average discount of around 15%.

HBPW currently has an opportunity to participate in a prepaid gas transaction through the Municipal Gas Authority of Georgia that would allow the utility to take advantage of the favorable market. Before potentially bringing such a transaction to the Board for consideration, staff wanted to provide a refresher on prepaid gas transactions. Chris Lover of PFM Financial Advisors LLC, as the Independent Registered Municipal Advisor for HBPW, will present an overview of the benefits, risks, and financing structures of natural gas prepay programs. Kester So, a municipal finance attorney with Dickinson Wright, will be available to answer questions regarding the legal and financial implications related to prepay transactions.

For information. No Board action needed at this time.

24.141 Budget Amendment for FY 2024 Electric Distribution Capital Budget

The FY 2024 approved budget for the Electric Distribution Underground Lines and Equipment Replacement Projects is \$1,920,000. Electric Distribution is addressing more underground replacement and overhead to underground conversions this year than planned. Because time is being spent on these activities, the Overhead Lines and Equipment capital budget line item has not incurred the costs that were planned.

Staff is requesting a transfer of \$1,200,000 from the Overhead Lines and Equipment budget to

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the Underground Conversion and Replacement budget which will allow for additional replacement of underground cables and overhead to underground conversions to be completed during the

remainder of FY 2024. Washington Boulevard, Howard Avenue, and the South Washington replacement projects are three large projects that are contributing to the additional costs, along with some expense from work around the 6th Street overhead to underground conversion completed earlier in the fiscal year.

The approved budget for the New Underground Lines and Equipment is \$1,600,000. After completing a number of projects this year, we are projecting an additional \$1,000,000 in work that will be completed if the timing remains intact. Fiscal Year 2024 has been active with more new customer additions than expected. West 64th Street area development is a major project that will consume much of this budget line. Many smaller commercial and industrial projects have already been accomplished in our service territory, and additional multi-family residential dwellings continue to be announced that we will serve. Our line extension policy ensures that we can recover our investments to serve new customers, or the customers are required to make a contribution-in-aid of construction to offset our costs.

Recommendation: The Board of Directors approved an Electric Distribution budget amendment to New Underground Lines and Equipment for an additional \$1,000,000, for a revised capital budget of \$2,600,000, and further approved a capital budget transfer of \$1,200,000 from the Overhead Lines and Equipment budget to the Underground Lines and Equipment Replacement budget for a revised budget total of \$3,120,000.

Motion to approve recommendation

Second

Favor

Oppose

Lynn

Maalouf

3

0

24.142 East 32nd Street Water Main Replacement Contract

In 2018, the HBPW started the replacement of the water main in 32nd Street with a project extending from US-31 to the CSX Railroad. This project will continue the replacement from the CSX Railroad to the Morningside neighborhood, which is the eastern city limits. The Morningside neighborhood was also selected for replacement as it is the same vintage pipe and experiencing the same type of breaks. There are more than 20 recorded breaks on the sections being replaced. There are also 15 private galvanized water services that will be replaced with this project.

Construction bids were received from six contractors. A bid from Brenner Excavating was rejected due to the addition of conditions to their bid. The request for bid and contract documents prohibited the conditioning of bids. The remaining 5 (five) bids are provided in the following table:

Bidders	Base Bid		Lining Bid Alternate		
Schippers	\$	3,779,249	\$	114,000	
Milbocker	\$	4,186,932		No Bid	
Wyoming	\$	4,549,439		No Bid	
Georgetown	\$	4,920,234		No Bid	
Diversco	\$	6,130,823	\$	130,000	

HBPW staff recommends the award of the contract to Schippers Excavating based on the base bid price and past performance on HBPW projects. Staff also recommends moving forward with the bid alternate to perform cured-in-place lining of the water main in the railroad ROW in lieu of a more expensive replacement of this section of main in the future. Including the addition of the alternate work, the total value of the construction contract for Schippers is \$3,893,249.

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The overall HBPW project cost is impacted by the following:

- The engineering contract for this project includes an additional \$324,846 of work.
- The project includes road work to be funded by the City's Transportation Department that is estimated at \$325,000.
- The project includes \$83,880 of expense work for the replacement of private side lead service lines.

Factoring these in the total HBPW capital project cost prior to inclusion of a construction contingency is \$3,809,215, which is under the \$3.85M approved capital budget for the project.

Inclusion of a \$350,000 construction contingency on this contract results in a HBPW capital cost of \$4,159,215, which is \$309,215 over the approved budget amount and requires an FY24 budget amendment.

Recommendation: The Board of Directors approved a contract with Schippers Excavating Inc, in the amount of \$3,893,249, with a contingency of \$350,000 for a total of \$4,243,249, pending approval as to form from the City Attorney. Approve an FY24 capital budget amendment in the amount of \$309,215 for costs beyond the approved project budget.

Motion to approve recommendationMaaloufSecondLynnFavor3Oppose0

24.143 General Manager Comments

- Budget committee meeting dates were given
- A special meeting will replace our study session on February 24
- NAESB Proposal coming through at the February 24 meeting
- Fiber services and make-ready for our poles will likely be coming through our special meeting
- Study item utility issues focus will be on wastewater
- We will also have a high-level budget overview on the 24th

ADJOURNMENT

A motion to adjourn the meeting of *February 12, 2024*, was made by *Maalouf* supported by *Lynn* and agreed upon by the Board of Directors present.

The Board Meeting of February 12, 2024, adjourned at 5:40 p.m.

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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