

**SPECIAL MEETING**

The HBPW Board of Directors met  
**July 25, 2022**  
at 4:00 p.m.  
625 Hastings Ave.  
Holland, Michigan

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

**Members Present:** PJ Thompson, Tim Hemingway, Carolyn Maalouf, Paul Lilly, and Ex Officio Member Keith Van Beek

**Members Absent:** Sue Franz, Nathan Bocks

**Staff Present:** Dave Koster, Janet Lemson, Becky Lehman, Joel Davenport, Ted Siler, Chuck Warren, Pieter Beyer, Chris Van Dokkumburg, Julie DeCook, Tracy York, Steve Bruinsma

23.015 **Communications from the Audience**

*None*

23.016 **Approval of Agenda**

*Board Member Hemingway made a motion to approve the agenda. The motion was seconded by Board Member Lilly.*

**QUARTERLY MONITORING REPORTS**

23.017 **YTD Fourth Quarter Preliminary Financials, FY 2022**

An overview of preliminary financial statements for the fourth quarter of FY 2022 was reviewed.

*Accept for information; no Board action needed.*

23.018 **Insurance Claims FY 2022**

A report summarizing FY 2022 insurance claims activity was submitted for Board of Directors review.

The report shows seven claims received totaling \$23,723.45. As of June 30, 2022, six of the claims had been adjudicated for a total of \$19,870.30. One claim is still in process.

*Accept for information; no Board action needed.*

23.019 **Meeder Public Funds Investment Strategy Updated FY 2022 4<sup>th</sup> Quarter**

Highlights from the Meeder Economic Report and related news releases:

- The June 2022 Fed Summary of Economic Projections (SEP) forecasts the Fed Funds Rate at 3.75% by August 2023, 100 basis points higher than the SEP forecast for that date 90 days ago
- Unemployment rate of 3.7% up slightly from March 2022
- Job openings exceed the number of unemployed workers by a ratio of nearly 2 to 1, continuing pressure on wages

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

- Year over year CPI at 9.1% in June. PPI up 11.3%, down slightly from March 2022 11.6%
- 2 year/10 year US Treasury yield curves inverted on July 13 by nearly 22 basis points, the largest inverted spread since 2000.

Highlights from the Meeder Portfolio Review

- Total portfolio at 6/30/2022 \$60,062,149
- Weighted average maturity 0.93 years
- Weighted average yield 0.70%
- Additional pertinent information (not in the Meeder report)
  - o About 70% of the investments with maturities of 1 year or less will be used for retiring debt:
- Electric 2021 Revenue Refunding bonds
  - \$20,000,000 due 7/1/2023
- Water Supply System Refunding Bonds
  - approximately \$1,285,000 due July 1, 2023
- Pension Bond
  - \$1,448,452 due 12/01/2022
  - \$1,490,722 due 12/1/2023
  - o Remaining short-term maturities will be used for various capital improvement projects.

As more funds become available, will begin investing, initially, in the 2-year time frame, then moving a portion of funds to 2-5 year terms once the spreads improve.

*Accept for information; no Board action needed.*

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**Energy Risk Management (ERM) Performance Summary**

As detailed in the attached report, under the ERM program, HBPW has natural gas purchase agreements in place for a total of 7,483,800 decatherms, at weighted average costs (sans basis) per decatherm ranging from \$2.40 to \$2.60 for fiscal years 2023-2025. The total cost of the agreements, when exercised, will be \$18,736,749 over the three-year period. The total cost of these agreements is approximately \$16,841,506 less than current market prices (at June 30, 2022) for the same quantities and periods.

Including energy resources under contract through MPPA, and the natural gas purchase agreements described above, HBPW has hedges in place as a percentage of planned MWh dispatch as follows:

- FY 2023 82.1%
- FY 2024 70.4%
- FY 2025 44.6%
- FY 2026 26.8%

The natural gas hedges (purchase agreements) in place, as a percentage of planned natural gas burn, are:

- FY 2023 66.2%
- FY 2024 57.7%
- FY 2025 22.9%

No new natural gas purchase agreements have been entered into this quarter. A structured objective approach for entering into natural gas hedges is required by the ERM Policy. No value or time based triggers were met during the quarter ended June 30, 2022

*Accept for information; no Board action needed.*

23.021 **Fourth Quarter Key Performance Indicators (KPIs) FY 2022**

As per Governance Policy G002, Key Performance Indicators are reported to the Board of Directors as a quarterly agenda item. KPI reporting further supports the Results Policies that came out of the Strategic Planning Process.

As a supplement to this discussion, a three-year KPI trend analysis was included for comparison.

*Accept for information; no Board action needed.*

**SPECIAL ACTION ITEMS**

23.022 **Declaration of Surplus Property**

The 23.95 acre parcel in Laketown Township, at 4036 Hillside Trail, was acquired by Holland Board of Public Works in June 2001. At the time, given community growth forecasts and existing water treatment plant production and distribution capacities, it appeared prudent to acquire property for a water treatment plant on the south side of the greater Holland metro area. During the ensuing two decades, various water system improvements have been made, including the Wyoming interconnect and the soon to be completed Lakewood Transmission Main that have added appreciable distribution capacity and redundancy to the existing water system. Growth in water demand on the south side of the greater Holland metro area did not materialize to extent expected in 2021. And finally, given current land use restrictions/requirements, locating a water treatment plant in the area originally earmarked on the 23.95 acre parcel would be extraordinarily difficult.

Considering the above, staff has determined that the 4036 Hillside Trail parcel no longer serves an economically viable utility purpose, and requests that it be declared surplus. Staff has requested the City Attorney to draft a 50 foot wide easement for a water intake line along the northern border of the parcel, to preserve HBPW rights to access Lake Michigan water through the parcel, in the event such access is required in the distant future. An alternate to an easement may be negotiating title to this strip of land from a future acquiring party of the parcel, if this is determined to be advantageous to the City and HBPW. The easement/ alternative utility access does not change the nature or purpose of this recommendation.

*Recommendation: The Board of Directors approved declaration of the property at 4036 Hillside Trail, Holland, MI, as surplus, no longer required for a utility purpose*

<i>Motion to approve recommendation</i>	<i>Hemingway</i>
<i>Second</i>	<i>Maalouf</i>
<i>Favor</i>	<i>4</i>
<i>Oppose</i>	<i>0</i>

23.024 **Resolution Approving Ballot for Proposition to Authorize the Sale of 4036 Hillside Trail, Laketown Township**

The property at 4036 Hillside Trail, Laketown Township, has been declared surplus and no longer needed for a utility purpose. It has been determined to be in the best interests of the water utility ratepayers and the City of Holland to sell the property. Section 4.17 of the Holland City Charter requires an affirmative vote of 3/5's of the electorate to permit sale of property with water frontage and Section 12.19 of the Holland City Charter requires an affirmative vote of 3/5's of the electorate to permit the sale of property pertaining to the HBPW.

Adoption and execution of the Resolution Approving Ballot for Proposition to Authorize the Sale of 4036 Hillside Trail, Laketown Township would result in placing the question to sell the 4036

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Hillside Trail property on the November 8, 2022, special City Election, for consideration by the electorate.

*Recommendation: The Board of Directors approved and forwarded to City Council for consideration and adoption the "Resolution Approving Ballot for Proposition to Authorize the Sale of 4036 Hillside Trail, Laketown Township".*

<i>Motion to approve recommendation</i>	<i>Hemingway</i>
<i>Second</i>	<i>Maalouf</i>
<i>Favor</i>	<i>4</i>
<i>Oppose</i>	<i>0</i>

**STUDY ITEMS**

23.025 **Peak Water Demand Reduction and Tiered Water Rates: Tactical Action Results**

Staff recently completed a tactical action to investigate strategies to reduce peak water demand in the summer months in order to preserve existing capacity and defer capital investments in plant expansion. A presentation of findings and recommended next steps will be provided.

*Study item; no action needed.*

23.026 **Business Plan Review**

Each HBPW department updates its Five-Year Business Plans annually. Action Items are categorized into Current Year Action Plans or Future Year Action Plans.

Fiscal Year 2022 included 229 Current Year Action Plans and 144 Future Year Action Plans.

As a part of a Strategic Plan update to the Board of Directors, an update on significant projects will be presented and discussed.

*Study item; no action needed.*

23.027 The Business Services Director, Becky Lehman, presented an overview on the HBPW's DEIB efforts. She also reviewed our DEIB dashboard and how tracking this plugs into our KPIs.

23.028 **General Manager Comments**

- Our next meeting is a regular meeting, scheduled for August 8.
- GM presented a natural gas market update with insights as to the USA vs European supplies of liquefied natural gas and shale gas
- The BPW will host one more public informational session with Q&As on the Holland City Fiber proposal going on the August 2 ballot

**ADJOURNMENT**

A motion to adjourn the meeting of *July 25, 2022*, was made by *Hemingway* supported by *Lilly* and agreed upon by the Board of Directors present.

The Board Meeting of July 25, 2022, adjourned at *6:33 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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