

REGULAR MEETING

The HBPW Board of Directors met
January 9, 2023
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, Paul Lilly, Carolyn Maalouf, Beth Snyder, City Council Liaison Nathan Bocks, and Ex Officio Member Keith Van Beek

Members Absent: Ex Officio Member Dave Couch

Staff Present: Dave Koster, Janet Lemson, Ted Siler, Becky Lehman, Joel Davenport, Mark Gipson, Pieter Beyer, Julie DeCook

23.134 **Approval of Agenda**

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

23.135 **Communications from the Audience**

None

23.136 **Board Minutes – Regular Meeting Minutes of December 12, 2022, and Special Meeting Minutes of December 19, 2022**

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

23.137 **Public Act 202 of 2017 Pension and OPEB Reports**

The attached reports are designed to provide information on the funding status of defined benefit retirement plans and defined benefit retiree health care plans (OPEB) in the State of Michigan. The City and HBPW operate under a shared defined benefit retirement plan but operate separate defined benefit retiree health care plans. None of these plans are in an underfunded status, as defined by PA 202, as of the most recent reporting period (FYE June 30, 2022).

As part of the Consent Agenda, the Board of Directors accepted for information the Pension and OPEB Public Act 202 reports.

23.138 **Action on Consent items:**

Motion to approve, accept, or adopt Consent Agenda items	<i>Hemingway</i>
Second	<i>Snyder</i>
Favor	<i>5</i>
Oppose	<i>0</i>

23.139 **Financial Update**

For information only

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

23.140 **Major Project Update**

*For information only
Pine Avenue Reconstruction Closeout Memo*

23.141 **Hart Solar Amended and Restated Letter of Authorization**

In June 2021, the HBPW Board of Directors and Holland City Council authorized the HBPW General Manager to execute a Letter of Authorization (LOA) for participation in a solar power project being developed by Hart Solar Partners. The LOA provided for Holland to receive approximately 11.7 MW of installed capacity from the project.

Since the time of the original authorization, the market for solar PPAs has seen a dramatic escalation due to issues including but not limited to supply chain delays, inflation, and tariffs. These same issues have created time delays and cost escalation with the Hart solar development and ultimately placed the completion of the project into jeopardy. Without some concessions from MPPA and its members, it could be more advantageous for the developer to default on the PPA and simply pay penalties.

Recognizing that it is in neither party's interest for the project to fail, MPPA and Hart Solar Investors negotiated in good faith on an amendment. Key issues addressed by the amendment include a new commercial operation date of December 1, 2025, and an escalation of about 15% above the original PPA contract rate. Even at this adjusted rate, the contract remains favorable to market. Staff recommends the execution of this amended and restated LOA in order to maintain the value this deal provides for our power resource portfolio and the continued progress it provides relative to the decarbonization goals of the Community Energy Plan.

Recommendation: The Board of Directors approved the signing of an amended and restated Letter of Authorization by the HBPW General Manager as part of the MPPA Energy Services Project for approximately 11.7 MW of installed capacity of solar power from Hart Solar Partners.

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Hemingway</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

23.142 **Second Amended and Restated System Interconnection Facilities Agreement with METC**

Holland's distribution system has been connected to the larger transmission grid for more than 40 years. The first interconnection dates back to 1974, which essentially was a connection from the James De Young Plant to Consumers Energy's distribution network. In 1980, the HBPW constructed its 138 kilovolt loop and terminated it at the Black River Substation. This change has allowed the HBPW to obtain cost effective external resources.

Since that time, Consumers Energy's transmission system has gone through a couple ownership changes. In the early 2000's, Consumers Energy sold all of their transmission assets to METC. About five years later, ITC Holdings (ITC) acquired METC.

HBPW and ITC (as owner of METC) are parties to a System Interconnection Facilities Agreement which sets forth the terms and conditions for operations and maintenance related to Holland's interconnections at the Black River Substation. One of the responsibilities of HBPW under that agreement is to maintain required reactive power at the interconnection points. Historically, the requirements for reactive power have been dictated by a February 23, 2004, settlement agreement between METC and affected parties, which includes Holland. That settlement agreement provided

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for power factor correction service by METC for a specific charge to remedy situations in which Holland or any other affected party fails to meet specified power factor requirements.

More recently, ITC, Holland, and other MPPA members that are parties to the settlement agreement have expressed a desire to update the reactive power requirements to eliminate the associated charges. The second amendment to the System Interconnection Facilities Agreement makes these desired changes. The settlement agreement itself will also be terminated once all MPPA members which were parties to that settlement similarly approve amendments to their interconnection agreements.

Recommendation: The Board of Directors approved the amended and restated System Interconnection Facilities Agreement with METC, pending approval as to form from the City Attorney.

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Snyder</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

23.143 **Appointment to the Water System Advisory Council (WSAC)**

The WSAC was established by ordinance in December 2018 and organized with bylaws in March 2019 for the purpose of advising and reporting to the Directors of the HBPW relating to public awareness of lead in drinking water and compliance with the new administrative requirements for the Lead and Copper Rule (LCR) adopted by the State of Michigan in June 2018. The bylaws established staggered five-year terms for Council members so that only one member's term expires each year.

The initial term for Sue Franz was set to expire on March 11, 2023. As such, the appointment of a new Council member should be for a full five-year term, expiring on March 11, 2028. The recommended candidate, Matt Allen, currently serves as Environmental Health Team Supervisor within the Ottawa County Department of Public Health. With his background in public health and water issues, Matt is expected to be an excellent addition to the WSAC.

Recommendation: The Board of Directors appointed Matt Allen to a five-year term on the Water System Advisory Council with an expiration date of March 11, 2028

<i>Motion to approve recommendation</i>	<i>Hemingway</i>
<i>Second</i>	<i>Snyder</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

23.144 **General Manager Comments**

- City Council Wednesday discussing in Study Session a status update of Waterfront Holland (swapping Verplank property for the JDY property) 6 p.m. in Council Chambers on River Ave.
- Our next meeting is January 23, Study Session, 2nd quarter end, quarter monitoring reports, KPi's, Utility Issues Discussion with the water utility, some of the information that was presented at the City's Waterfront Holland topic
- Blizzard of Dec 23, City and BPW did great work and kept all things rolling in Holland, very few electric outages on our electric grid

23.145 **Board Comments**

- Mayor Bocks commented on our coverage from the Weather Channel during the Christmastime blizzard.

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ADJOURNMENT

A motion to adjourn the meeting of *January 9, 2023*, was made by *Lilly* supported by *Hemingway* and agreed upon by the Board of Directors present.

The Board Meeting of January 9, 2023, adjourned at *5:22 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board