

**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 Present:** PJ Thompson, Carolyn Maalouf, Paul Lilly, Brian Lynn, City Council Liaison Scott Corbin and Ex Officio Member Keith VanBeek

**Members Absent:** Dave Couch, Beth Snyder

**Staff Present:** Ted Siler, Janet Lemson, Chuck Warren, Becky Lehman, Joel Davenport, Pieter Beyer, Mark 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

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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	<i>Lilly</i>
Second	<i>Maalouf</i>
Favor	<i>4</i>
Oppose	<i>0</i>

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 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.*

<i>Motion to approve recommendation</i>	<i>Maalouf</i>
<i>Second</i>	<i>Lynn</i>
<i>Favor</i>	<i>3</i>
<i>Oppose</i>	<i>0</i>

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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