

**REGULAR MEETING**

The HBPW Board of Directors met  
**September 9, 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, Kyle Engbers (arrived late) City Council Liaison Scott Corbin, and Ex Officio Members Dave Couch and Keith Van Beek

**Members Absent:**

**Staff Present:** Dave Koster, Janet Lemson, Becky Lehman, Joel Davenport, Chuck Warren, Nate Johnson, Steve Bruinsma, Theo Van Aken, Grant Koster, Julie DeCook, Pieter Beyer

25.045 **Approval of Agenda**

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

25.046 **Communications From the Audience**

**None**

25.047 **Board Minutes – Regular Meeting Minutes of August 12, 2024, and Study Session Minutes of August 26, 2024**

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

25.048 **Grant of 7 Utility Easements for Holland City Fiber Project**

The properties noted have agreed to utility easements for fiber construction. The easements will allow HBPW to provide fiber service to the residents in their condominium associations or to locate fiber equipment on the property.

*As part of the Consent Agenda, the Board of Directors approved the following easements as have been approved to form, or are pending approval as to form, by the City Attorney:*

*Easement 1:*

*The owners of the property noted as Wilshire Estates Condominium Association on Wilshire Court in the City of Holland and have agreed to an easement to locate new fiber infrastructure.*

*Easement 2:*

*The owners of the property noted as Centennial Villas Condominium Association on Holly Creek Drive in the City of Holland and have agreed to an easement to locate new fiber infrastructure.*

*Easement 3:*

*The owners of the property noted as Candlelight Manor Condo Association on and near Candlelight Drive in the City of Holland and have agreed to an easement to locate new fiber infrastructure.*

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*Easement 4:*

*The owners of the property noted as Central Village Condo Association on Old Mill Drive in the City of Holland and have agreed to an easement to locate new fiber infrastructure.*

*Easement 5:*

*The owners of the property noted as Pioneer Village Condo Association on and around Millbridge and York Avenues in the City of Holland and have agreed to an easement to locate new fiber infrastructure.*

*Easement 6:*

*The owners of the property noted as Timber Ridge Condo Village Association on Hunters Run Road in the City of Holland and have agreed to an easement to locate new fiber infrastructure.*

*Easement 7:*

*The owners of the property noted as Brook Village Condo Association on and around Brook Village Drive in the City of Holland and have agreed to an easement to locate new fiber infrastructure.*

25.049 Action on Consent items:

Motion to approve, accept, or adopt Consent Agenda items	<i>Lynn</i>
Second	<i>Lilly</i>
Favor	<i>4</i>
Oppose	<i>0</i>

25.050 **Major Project Update**

*For information only*

25.051 **WRF Combined Heat and Power (CHP) Long-Term Service Agreement**

2G Energy Inc. (2G) is the supplier of the 550 kW combined heat and power unit (CHP) at the Water Reclamation Facility (WRF). Due to the proprietary nature of the unit's control system, 2G is the only vendor capable of providing the necessary expertise and service to maintain the CHP in optimal operational condition. This control system is integral to the unit's functionality and overall performance. No other service provider has the capability or authorization to perform necessary maintenance and repairs.

Without a LTSA, CHP maintenance must be scheduled with 2G on an as needed basis. 2G prioritizes LTSA customers for parts and labor, it is unlikely for the WRF to maintain optimal operational uptime utilizing on-demand maintenance services. Warranty coverage of the CHP is tied to following the maintenance program prescribed by 2G.

Given an expected run time of 7,000 hours/year, the LTSA is projected to cost \$96,250 in year one. This aligns closely with the \$90,000 value included in the WRF's FY25 budget and equates to \$.027/kWh electricity produced based on the CHP's current average production of 516 kWh. This agreement is to last through the first major overhaul at 60,000 hours (7-8.5 years).

At the major overhaul, renegotiation of this agreement can be pursued as well as evaluating options to provide competition for the LTSA.

Cunningham Dalman has reviewed the agreement and has approved the agreement as to form.

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*Recommendation: The Board of Directors approved entering into a long-term service agreement with 2G Energy Inc.*

*Motion to approve recommendation Lilly  
Second Maalouf  
Favor 4  
Oppose 0*

**25.052 Unit 7 Turbine Generator Inspection**

On July 17, 2024, Unit 7 was scheduled to generate with the purpose of testing stack emissions. However, while attempting to bring the unit online, the generator breaker tripped open twice on vibration of the load gear and once on high transformer current. Subsequent investigation found that the generator breaker was closing when the generator was not synchronized to line voltage and phase. When a generator breaker closes with out of sync conditions, there is the potential for significant mechanical and/or electrical damage to occur to any of the rotating mechanical components or to electrical components, both rotating and stationary. Because of this, it is recommended to not run the unit until a full inspection occurs. Otherwise, there is a risk of potentially catastrophic further damage.

Both GE and Ethos were requested to submit proposals for this work. The scope of work is the same for both with the exception that GE did not include inspection services for the gearbox while Ethos did. Bearings and gears in the gearbox will be inspected for wear, cracks, or breaks. Other inspections include borescoping the turbine and compressor sections looking for cracking blades, and visual and borescope inspections of both the generator rotor and stator looking for dislocated windings or blocking. Various electrical tests will be performed to verify the integrity of windings and insulation in both the generator stator and rotor. Couplings will be inspected for damage and misalignment, and the generator foundation will be inspected for cracking, distortion, or any evidence of movement.

Quotes are listed below for both contractors:

<b>Bidder Name</b>	<b>Business Location</b>	<b>Quote Amount</b>	<b>Meets Specifications</b>	<b>Previous Contracts</b>
Ethos Energy	Houston, TX	\$251,516	Yes	Yes
GE Vernova	Cambridge, MA	\$335,725	Yes	Yes

*Recommendation: The Board of Directors approved a contract with Ethos Energy in the amount of \$251,516, with a 15% contingency of \$38,000 for a total of \$289,516, pending approval as to form from the City Attorney.*

*Motion to approve recommendation Maalouf  
Second Lilly  
Favor 5  
Oppose 0*

**25.053 Electric Distribution Hybrid Bucket Truck Purchases**

Bucket trucks are used to service our overhead electrical distribution system, traffic signals, and street lighting. The Electric Distribution Department researched bucket truck offerings, including testing trucks on site, determining ease of serviceability, and availability of required options. The Electric Distribution team recommends the purchase of an Altec AA55E and an Altec TA60, both with the JEMS hybrid option. With the hybrid option, a DC power system is used to run the

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hydraulics for the aerial lift without the need to run the diesel engine. The energy system can be charged through an advanced alternator while the vehicle is in motion or after hours while plugged into a charger.

The advantages of the hybrid system are avoided maintenance and fuel savings due to reduced engine idling, reduced emissions, and increased engine life, as well as noise reduction to the public and the crews when a truck is performing aerial work. The hybrid technology complies with the Alternative Fuel and Equipment Purchasing Policy to further our goal to reduce fuel usage and emissions. The JEMS hybrid option adds \$72,000 to the cost of the truck, which is an additional 14%.

These two trucks are slightly different in specifications but similar to our existing trucks. The AA55E provides greater side reach and a greater material handling capacity than the TA60, but the TA60 provides greater height reach. The trucks complement each other when paired together in a crew.

The lead time for these pieces of equipment is three years (FY 2028 delivery). The request for pricing was performed with the Michigan MIDeal contract pricing process. Michigan MIDeals is an extended purchasing program which allows units of government to use the State of Michigan contracts to buy vehicles and tools. HBPW saves time and money by avoiding its own bidding process while taking advantage of lower costs established by the MIDeal contract through their competitive bidding processes.

The FY 2025 budget includes \$470,000 to replace Truck #65, which is a 2017 model, and \$480,000 to replace Truck #67 which is 2018 model. A budget amendment for an additional \$164,166 is required to make this purchase. As with our current bucket trucks on order, a larger contingency is requested due to the potential for a chassis price increase when the truck is actually assembled.

*Recommendation: The Board of Directors approved a Purchase Order (PO) with Altec Inc. for one TA60 bucket truck in the amount of \$503,444, with a 10% contingency of \$50,000, for a total of \$553,444. Approve a second PO with Altec Inc., for an AA55E bucket truck in the amount of \$510,722, with a 10% contingency of \$50,000, for a total of \$560,722. Additionally, approve an increase to the Electric Distribution FY 2025 capital budget for \$164,166 to purchase these trucks*

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

25.054 **Amended Belle River Project Contracts**

In 1982, Michigan Public Power Agency (MPPA) acquired an undivided ownership interest in Belle River Units 1 and 2 via the Belle River Participation Agreement (BRPA) between MPPA and the Detroit Edison Company (whose successor in interest is DTE Electric Company). The City of Holland and other member municipalities of MPPA participating in the Belle River Project correspondingly have two contracts in place with MPPA.

- Power Sales Contract – This contract states that the participant receives all revenues and pays all costs (“financial settlements”) at their Power Entitlement Share from the Belle River Project when it is operating. All costs under the Contract are viewed as an operating expense of the participant under the Revenue Bond Act of 1933 (PA 94) and come off the top of the waterfall before a participant’s debt service on any PA 94 bonds.
- Project Support Contract – This contract provides for payments to MPPA for fixed costs such as debt service, capital expenditures, and fixed O&M, during any period when power is not being produced from the Belle River Project. These payment provisions

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were specifically authorized in the Michigan Energy Employment Act of 1976 (PA 448). Payments made by a Participant under this Contract are not considered operating expenses, and instead, have been slotted in the flow of funds below the Participant's debt service payment for its PA 94 bonds.

In accordance with their 2022 Integrated Resource Plan, DTE is planning to convert Unit 1 at Belle River from coal to natural gas in 2025 and Unit 2 in 2026. This conversion required amendment of the BRPA between MPPA and DTE. The agreement was revised and updated to address the natural gas conversion and to modernize the agreement to reflect the current energy market. That amended agreement was approved by the MPPA Board of Commissioners on April 10, 2024, and executed by DTE and MPPA on May 7, 2024.

Amendments are now needed to the Power Sales and Project Support Contracts with each participant. The amendments to those agreements are needed to align the contracts with the amended BRPA between MPPA and DTE and to enable desired financing options for MPPA's share of the Belle River fuel conversion costs. The revised contract language allows for a hybrid financing model whereby each member has the option to choose the level of participation in bond financing and/or funding with cash.

*Recommendation: The Board of Directors approved the Amended Belle River Power Sales and Belle River Project Support Contracts with Michigan Public Power Agency (MPPA) and recommend City Council consider and adopt the attached resolution.*

<i>Motion to approve recommendation</i>	<i>Lynn</i>
<i>Second</i>	<i>Engbers</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

25.055

**General Manager Comments**

- Our next meeting is September 23, covering the topics of IRP, Proposed Board SharePoint site, credentialing
- International Festival in Holland is this Saturday, the 14th

**ADJOURNMENT**

A motion to adjourn the meeting of *September 9, 2024*, was made by *Lilly* supported by *Maalouf* and agreed upon by the Board of Directors present.

The Board Meeting of September 9, 2024, adjourned at *5:09 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board

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