

SPECIAL MEETING

The HBPW Board of Directors met
July 24, 2023
at 4:00 p.m.
625 Hastings Ave.
Holland, Michigan

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

Members Present: Carolyn Maalouf, Paul Lilly, Beth Snyder, Brian Lynn City Council Liaison Nathan Bocks, and Ex Officio Member Keith Van Beek

Members Absent: PJ Thompson, Dave Couch

Staff Present: Dave Koster, Janet Lemson, Ted Siler, Joel Davenport, Chuck Warren, Chris Van Dokkumburg, Amy Yost, Julie DeCook, Angel Kleinbrel, Tamara Black, Steve Bruinsma, Tracy York, Jon Hofman

24.013 **Approval of Agenda**

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

24.014 **Communications From Audience**

None

SPECIAL ACTION ITEMS

24.015 **East Point Substation Excavation and Conduit Installation**

The electrical connections from East Point substation to the new LG Energy Solutions switch house were in the original HBPW scope of work for the project. In the preparation of their site, LG unexpectedly changed the elevation of the switch house to a location significantly below the substation elevation. This caused some difficulties in constructability and an approach not considered during planning for the project. Proposals for excavation and conduit installation on the steep slope created for this portion of the project were verbally requested from multiple construction firms. Two firms responded with interest and visited the site to confirm the conditions. Katerberg Verhage is the firm willing and able to construct to the preferred alignment of the HBPW Electrical Distribution Group. This alignment has fewer bends and allows for an easier cable pull, which is a significant part of the project.

The team recommends awarding the contract for excavation and conduit installation to Katerberg Verhage. The requested amount fits within the total approved budget of \$13,900,000 for the East Point Substation project.

Recommendation: The Board of Directors Approve a contract with Katerberg Verhage in the amount of \$262,860, with a 10% contingency of \$26,286, for a total of \$289,146 pending approval as to form by the City Attorney.

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Lynn</i>
<i>Favor</i>	<i>4</i>
<i>Oppose</i>	<i>0</i>

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

QUARTERLY MONITORING REPORTS

24.016 **Fourth Quarter FY 2023 Insurance Claims**

Following are the claims submitted during FY 2023:

Claim Number	Claimant Name	Date Of Loss	Status	Coverage	Incurred Total	Paid Total	Reserve Total
P011220052301	AT & T	3/18/2022	Final	General Liability PD (GD)	2,400.00	0.00	2,400.00
P011220052201	GREENWOOD, DAVID AND MALONEY, COLEEN	11/26/2022	Final	General Liability PD (GD)	102.50	0.00	0.00
P011230052101	COLLEY, DENISE	3/3/2023	Final	General Liability PD (GD)	537.00	537.00	537.00

P011230052401	SCOTT, MELANIE	3/26/2023	Final	General Liability PD (GD)	425.00	0.00	0.00
P011230052801	MAGNA MIRRORS	4/18/2023	Final	General Liability PD (GD)	313,976.00	0.00	0.00
P011230052601	SANDER, JACQUELINE	4/21/2023	Final	General Liability PD (GD)	92.00	92.00	92.00
P011230052701	MAGNA MIRRORS	5/1/2023	Final	General Liability PD (GD)	189,102.00	0.00	0.00
P011230053001	SPEET, GARY	6/20/2023	Final	General Liability PD (GD)	356.00	0.00	0.00

The Magna Mirrors claims are for production line losses due to electric service interruptions related to undergrounding work. HBPW position is that the interruptions were not due to negligence, and the electric terms of service clearly state that HBPW "shall have no duty, obligation, responsibility, or obligation for or by reason of any such interruption or suspension of service, or for any damage or loss resulting therefrom."

Recommendation: Accept the report of FY 2023 damage claims. No Board action required.

24.017 **Preliminary Month of June and End of Year Financials, FY 2023**

The preliminary financial statements for the month of June and end of year FY 2023 were reviewed.

Recommendation: Accept for information. No Board action required.

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24.018 **Meeder Public Funds Investment Strategy Update dated July 17, 2023**

Meeder Public Funds has prepared an investment strategy update which includes an economic conditions update and portfolio review.

Highlights from the Meeder Report:

- Fed Funds
 - o Federal Reserve Dot Plot consensus shows Fed Funds rates in the 5.0% to 6.0% range for the remainder of calendar 2023, and an expanded range of 3.5% - 5.5% in the second half of calendar 2024.
- Labor, new orders and services PMI remain in expansion territory, although all cooling.
- Inverted yield curve (historical indicator of pending recession) continues, with 3-month yields continuing to far exceed 10-year yields.

Portfolio review:

- Weighted average yield 3.15% (compared to 0.70% at June 30, 2022)
- Weighted average maturity 0.53 years (compared to 0.93 years at June 30, 2022)
- Total portfolio \$61,086,471 (compared to \$60,062,149 at June 30, 2022)

Recommendation: Accept for information the Meeder Public Funds Investment Strategy Update dated July 17, 2023. No Board action required.

24.019 **Energy Risk Management (ERM) Performance Summary Fourth Quarter**

Minimum energy hedge requirements have been updated to reflect the values in the revised ERM policy approved by the Board on December 12, 2022. Note that this change now shows us deficient in all years vs. the minimum energy hedge requirements. This was anticipated and is the reason why approval of the updated ERM policy also provided staff until June 30, 2024, to achieve full compliance with the new minimum energy hedging requirements.

As detailed in the attached report under the ERM program, HBPW has natural gas purchase agreements in place for a total of 5,973,115 dekatherms, at weighted average costs (sans basis) per dekatherm ranging from \$2.60 to \$2.98 for fiscal years 2024-2025. The total cost of the agreements, when exercised, will be \$17,309,468 over the two-year period. The total cost of these agreements is approximately \$2,589,718 less than current market prices (at close of business June 30, 2023) 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 forecasted.

MWh dispatch as follows:

- FY2024 88.4% (policy minimum 80.0%)
- FY2025 41.8% (policy minimum 65.0%)
- FY2026 22.7% (policy minimum 50.0%)
- FY2027 19.8% (policy minimum 35.0%)

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

- FY2024 83.5%
- FY2025 18.3%
- FY2026 0.0%
- FY2027 0.0%

Recommendation: Accept for information the ERM Performance Summary Report. No Board action required.

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24.020 **Fourth Quarter Key Performance Indicators (KPIs) FY 2023**

Governance Policy G002 (Agenda Planning) requires the quarterly reporting of Key Performance Indicators to the Board of Directors. This topic further supports the Results Policies through the regular review of the KPIs and associated benchmarks that define the success of the organization's performance.

Recommendation: Accept for information. No Board action required.

STUDY ITEM

24.021 **Customer Donation Program**

From time to time, the Board of Public Works gets donations to assist customers that are having trouble paying their utility bills. Because of their infrequent nature, staff does not have a formalized program for accepting and applying the donations to customers in need. Staff will review with the Board of Directors a program developed to formalize the acceptance of donations and the partnership with local non-profits to qualify customers for assistance. The goal of the program is to help customers that do not qualify for assistance through the other agencies that help customers with overdue utility bills.

Study topic. No Board action required.

24.022 **General Manager Comments**

- Thank you to those members who came on the Water Assets tour. October is our next asset tour, the HBPW's wastewater assets.
- Our next meeting is a regular meeting taking place August 7.

24.023 **Board Comments**

- Thank you for the assets tour last week! (offered by Board members Couch, Lilly, Thompson, Maalouf, and Van Beek)
- HEP debt is entirely paid off, and we should celebrate. (offered by Board member Lilly)

ADJOURNMENT

A motion to adjourn the meeting of *July 24, 2023*, was made by *Snyder* supported by *Lilly* and agreed upon by the Board of Directors present.

The Board Meeting of July 24, 2023, adjourned at *5:19 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board