

REGULAR MEETING

The HBPW Board of Directors met
February 8, 2021
Via Zoom Teleconference
at 4:00 p.m.

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

Members Present: Diane Haworth (Holland, MI), Sue Franz (Allegan, MI), Paul Lilly (Holland, MI), P.J. Thompson (Holland, MI), and Ex Officio Members Bob Shilander (Park Twp., MI) and Keith Van Beek (Holland, MI)

Members Absent: Tim Hemingway, Nathan Bocks

Staff Present: Dave Koster, Janet Lemson, Becky Lehman, Chuck Warren, Joel Davenport, Ted Siler, Chris Van Dokkumburg, Pieter Beyer, Jane Monroe, Andrew Reynolds, Pete Hoffswell, Mark Gipson, Steve Bruinsma

21.147 **Approval of Agenda**

Board Member Lilly made a motion to approve the agenda. The motion was seconded by Board Member Thompson with the addition of Regular Agenda item 6C, Appointment to the Budget Committee

21.148 **Board Minutes – Regular Meeting Minutes of January 11, 2021, and Study Session Minutes of January 25, 2021**

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

21.149 **123.Net Dark Fiber and Co-location Lease Agreement**

123.Net has been an Internet Service Provider (ISP) partner for many years providing services to Holland businesses via HBPW active ethernet connections. In 2018, 123.net entered into a dark fiber lease agreement with HBPW. To access co-location services, 123.Net must sign the recently updated dark fiber lease agreement which includes the new co-location option.

Exhibits with specific installation details will be developed and included before the agreement will be presented for approval as to form by the City Attorney.

As part of the Consent Agenda, the Board of Directors approved a Dark Fiber Lease and Co-location Services agreement with 123.Net, pending approval as to form by the City Attorney.

21.150 **10th Street CSX Railroad Facilities Encroachment Agreement**

10th Street from Van Raalte to Lincoln has been selected for reconstruction during the 2021 construction season. The replacement of the water main will include the portion of the main under the CSX railroad just west of the Lincoln intersection. A facilities encroachment agreement will be necessary to place the new water main under the railroad.

As part of the Consent Agenda, the Board of Directors approved an encroachment agreement with CSX Transportation, Inc. in the amount of \$5,375, as approved to form by the City Attorney.

21.151 **Additional Contract Contingency for Transmission Main Engineering Contract**

In September of 2020 the Board approved a contract with Prein & Newhof, Inc. for \$735,300 to complete the design of the Lakewood Transmission Main. In October of 2020 staff updated the Board that through initial discussions it was determined that additional system resiliency and hydraulic

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benefits could be achieved with a modification to the eastern end of the route, extending it to the intersection of Howard Avenue and River Avenue instead of ending at Beech Street and Douglas Avenue. The modified route would add a net of approximately 1,200 feet to the original 17,900 feet and require the design of a new metering structure to connect the new main to the City of Zeeland's existing transmission system.

BPW requested a proposal from Prein & Newhof to provide engineering services to design this additional section. Their proposed costs of \$84,300 would bring their total contract amount to \$819,600. This additional amount exceeds the \$73,500 of approved contract contingency. To allow a change order to cover the additional design costs and to reestablish 10% contract contingency as the design gets fully underway, a total of \$92,800 additional contract contingency is requested. The new contract amount is within the estimated engineering costs (\$1,155,000) for the project.

As part of the Consent Agenda, the Board of Directors approved additional contract contingency of \$92,800 for the existing contract with Prein & Newhof, Inc. for the design of the Lakewood Transmission Main.

21.152 The Protecting Local Government Retirement and Benefits Act (PA 202 of 2017) Health Care (OPEB) Report for FYE 2020

The reported under-funded status of the HBPW retiree health insurance plan (the OPEB plan) was discussed at length at the July 6, 2020, regular meeting of the Board. At that meeting, the Board approved HBPW's Corrective Action Plan (CAP) to achieve funded status as defined under PA 202. The report being presented today for the Board's acceptance is a recap of the OPEB plan activity and notification of underfunded status. PA 202 requires that the report prepared pursuant to the Act be submitted to HBPW's governing body and posted on HBPW's web site or a public place.

As part of the Consent Agenda, the Board of Directors accepted the Protecting Local Government Retirement and Benefits Act (PA 202 of 2017) Health Care (OPEB) Report for FYE 2020.

21.153 Affirm and Approve Delegation Policies D011 – D013-1

Governance Policy G001 Governing Philosophy establishes the attributes of leadership and the specific practices that the Board intends to demonstrate. Through this policy, the Board Members are called upon to lead proactively and be faithful to the BPW's core purpose and core values. This policy further calls upon the Board to periodically evaluate and discuss its process and performance with respect to Governance and Delegation Policies.

Delegation Policies were last reviewed in the 2008 Strategic Planning Process. Delegation Policies D011 through D013-1 were presented for discussion at the January 25, 2021 Study Session.

At this time the Policies D011 and D013 are presented for affirmation, and Policies D012 and D013-1 are presented for approval with the modifications presented at the Study Session.

As part of the Consent Agenda, the Board of Directors affirmed and approved Delegation Policies D011 to D013-1.

21.154 Action on Consent items:

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

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21.155 **Communications from the Audience**

None

21.156 **Major Project Update**

For information only

21.157 **Engineering and Design Contract for Country Club from 8th Street to Legion Park**

A 6" water distribution main in Country Club has experienced five separate breaks in the past two years, and at least 12 in the last 20 years, due to corrosion. The 1968 cast iron main is located in clay soils which have caused external corrosion of the pipe. Due to the recent frequency and severity of breaks, the water main was selected for accelerated replacement with \$600K in funding included in the FY 2021 Capital Budget for the project.

Staff contacted local engineering design firm Holland Engineering Inc. (HEI) to request a proposal for the design and construction inspection of the water main replacement project. HEI provided a proposal which meets the schedule of the project and with a fee estimate comparable to other proposals recently received by HBPW for similar work. The City of Holland will be partnering with the BPW in the project by upgrading the ROW drainage elements. This partnering has led to the engineering consulting services as the storm drainage design requires State of Michigan review. The City will be billed by the BPW for the services related directly to their infrastructure. The City will also share in the general construction costs, thus reducing the BPW's overall cost.

Recommendation: The Board of Directors approved a contract with Holland Engineering Inc. in the amount of \$214,500 with a 10% contingency of \$21,450 for a total of \$235,950, pending approval as to form from the City Attorney.

<i>Motion to approve recommendation</i>	<i>Thompson</i>
<i>Second</i>	<i>Lilly</i>
<i>Haworth</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Lilly</i>	<i>Y</i>
<i>Thompson</i>	<i>Y</i>
<i>Favor</i>	<i>4</i>
<i>Oppose</i>	<i>0</i>

21.158 **Refunding Water Supply System Revenue Refunding Bonds, Series 2012A**

The Water utility has a bond series outstanding (2012A) with a current balance of \$5,410,000. The bonds in this series have coupon rates of 2.0%-4.0%. The bonds in this series mature, more or less rateably, on July 1 over the next four years. Current interest rates for tax exempt debt are much lower than the Series 2012A coupon rates. This difference in rates has presented an opportunity to save the Water utility about \$260,000 over the next four years. Due to the short term remaining and the relatively small balance, the most cost effective way to achieve these savings is through a direct purchase transaction with a commercial bank.

HBPW has negotiated a direct purchase transaction with PNC Bank, at a rate of 0.95% over a four-year term, which is the same as the remaining term of the Series 2012A bonds. This transaction will be in the form of a bond under essentially the same terms and conditions of the Series 2012A bonds. It is referred to as a direct purchase since PNC Bank will be purchasing the Page 1 of 37 new bond series. This type of transaction helps to keep issuance costs low since no rating, underwriting, or offering memorandum are needed.

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Our financial advisor, PFM, has calculated the expected savings of the refunding transaction to be \$258,676 (based on NPV). A summary of their analysis is attached.

Also attached are:

- the resolution the Board is requested to approve and execute
- the resolution for the City Council to approve the Board's resolution
- the escrow agreement, to be entered into by the HBPW General Manager or Finance Director, as authorized by Board's resolution

Recommendation: The Board of Directors approved the Sixth Supplemental Revenue Bond Resolution Authorizing Water Supply System Revenue Refunding Bonds.

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Thompson</i>
<i>Haworth</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Lilly</i>	<i>Y</i>
<i>Thompson</i>	<i>Y</i>
<i>Favor</i>	<i>4</i>
<i>Oppose</i>	<i>0</i>

21.159 **Appointment of New Board Member to the Budget Committee**

Recommendation: Tim Hemingway made a recommendation that the Board appoint P.J. Thompson to the HBPW's Budget Review Committee.

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Franz</i>
<i>Haworth</i>	<i>Y</i>
<i>Franz</i>	<i>Y</i>
<i>Lilly</i>	<i>Y</i>
<i>Thompson</i>	<i>Y</i>
<i>Favor</i>	<i>4</i>
<i>Oppose</i>	<i>0</i>

21.160 **General Manager Comments**

- Our next meeting, a Study Session, is scheduled for February 22
- The annual report is now up and live on the HBPW website
- Annual Budget Committee review sessions are scheduled for our Board committee from 1-3:00 p.m. on February 24, 26, and March 2 if needed. These will be held in the Service Center Boardroom
- Working to schedule a joint session with Council regarding their priority issue of BPW's Broadband. Anticipated this would be scheduled March 10 at 5:30.

21.161 **Board Comments**

- Lilly requested links to the recorded strategic energy meetings (CEP), be posted in a more publicly accessible/visible place on both the BPW and City website. They are there, but a real challenge to find

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ADJOURNMENT

A motion to adjourn the meeting of *February 8, 2021*, was made by *Lilly* supported by *Thompson* and agreed upon by the Board of Directors present.

The Board Meeting of February 8, 2021, adjourned at *5:08 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board